
NORTH CAROLINA

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

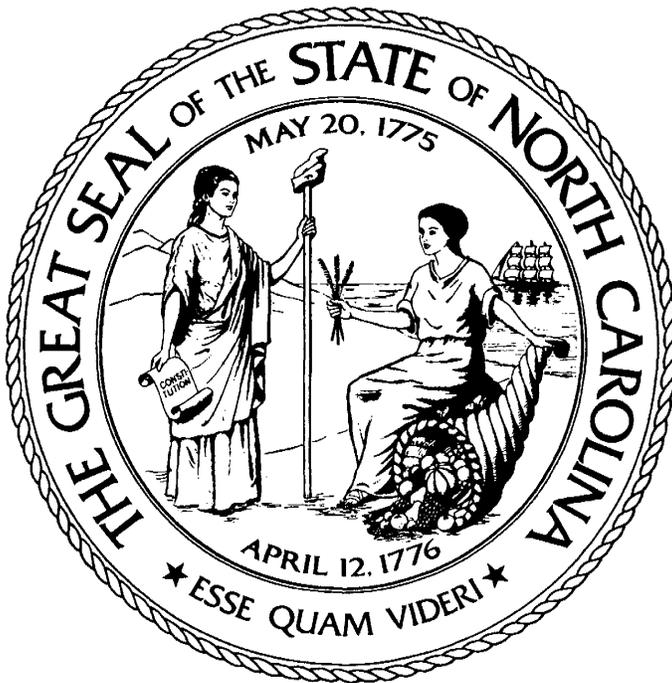


***For the Fiscal
Year Ended
June 30, 2008***

NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2008



MICHAEL F. EASLEY
GOVERNOR

DAVID MCCOY
STATE CONTROLLER

Prepared by Statewide Accounting Division
Office of the State Controller

<http://www.osc.nc.gov>

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Special appreciation is given to the chief fiscal officers and the dedicated accounting personnel throughout the State. Their efforts to contribute accurate and timely financial data for their agencies, universities, community colleges, and institutions made this report possible.



MICHAEL F. EASLEY
Governor of North Carolina

TABLE OF CONTENTS

*Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008*

INTRODUCTORY SECTION

	Page
Letter of Transmittal.....	8
Certificate of Achievement for Excellence in Financial Reporting.....	21
Organization of North Carolina State Government, including principal State officials.....	22

FINANCIAL SECTION

Report of Independent Auditor.....	26
Management's Discussion and Analysis.....	30

Basic Financial Statements**Government-wide Financial Statements**

Statement of Net Assets — Exhibit A-1.....	54
Statement of Activities — Exhibit A-2.....	56

Fund Financial Statements

Balance Sheet—Governmental Funds — Exhibit B-1.....	60
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets — Exhibit B-1a.....	61
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds — Exhibit B-2.....	62
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities — Exhibit B-2a.....	63
Statement of Net Assets—Proprietary Funds — Exhibit B-3.....	64
Statement of Revenues, Expenses, and Changes in Fund Net Assets—Proprietary Funds — Exhibit B-4.....	66
Statement of Cash Flows—Proprietary Funds — Exhibit B-5.....	68
Statement of Fiduciary Net Assets—Fiduciary Funds — Exhibit B-6.....	72
Statement of Changes in Fiduciary Net Assets—Fiduciary Funds — Exhibit B-7.....	73
Notes to the Financial Statements.....	76

Required Supplementary Information

Schedules of Funding Progress—All Defined Benefit Pension Trust Funds.....	172
Schedules of Contributions from the Employers and Other Contributing Entities—All Defined Benefit Pension Trust Funds.....	173
Schedules of Funding Progress—Other Postemployment Benefits.....	174
Schedules of Employer Contributions—Other Postemployment Benefits.....	175
Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual —(Budgetary Basis—Non-GAAP) General Fund.....	176
Notes to Required Supplementary Information—Budgetary Reporting.....	177

Combining Fund Statements and Schedules**Nonmajor Governmental Funds**

Combining Balance Sheet—Nonmajor Governmental Funds — Exhibit C-1.....	184
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds — Exhibit C-2.....	185
Combining Balance Sheet—Nonmajor Special Revenue Funds — Exhibit C-3.....	188
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Special Revenue Funds — Exhibit C-4.....	192
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances —Budget and Actual (Budgetary Basis—Non-GAAP) Nonmajor Special Revenue Funds — Exhibit C-5.....	196
Combining Balance Sheet—Nonmajor Capital Projects Funds — Exhibit C-6.....	204
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Capital Projects Funds — Exhibit C-7.....	205
Combining Balance Sheet—Nonmajor Permanent Funds — Exhibit C-8.....	208
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Permanent Funds — Exhibit C-9.....	209
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance..... —Budget and Actual (Budgetary Basis—Non-GAAP) Nonmajor Permanent Funds — Exhibit C-10.....	210

Proprietary Funds

Nonmajor Enterprise Funds	
Combining Statement of Net Assets—Nonmajor Enterprise Funds — Exhibit D-1.....	216
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets—Nonmajor Enterprise Funds — Exhibit D-2.....	218
Combining Statement of Cash Flows—Nonmajor Enterprise Funds — Exhibit D-3.....	220

*Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008*

	Page
Internal Service Funds	
Combining Statement of Net Assets—Internal Service Funds — Exhibit E-1.....	224
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets—Internal Service Funds — Exhibit E-2.....	226
Combining Statement of Cash Flows—Internal Service Funds — Exhibit E-3.....	228
<u>Fiduciary Funds</u>	
Combining Statement of Fiduciary Net Assets—Private Purpose Trust Funds — Exhibit F-1.....	234
Combining Statement of Changes in Fiduciary Net Assets—Private Purpose Trust Funds — Exhibit F-2.....	235
Combining Statement of Changes in Assets and Liabilities—Agency Funds — Exhibit F-3.....	238
<u>Nonmajor Component Units - Discretely Presented</u>	
Combining Statement of Net Assets—Nonmajor Component Units — Exhibit G-1.....	244
Combining Statement of Activities—Nonmajor Component Units — Exhibit G-2.....	246

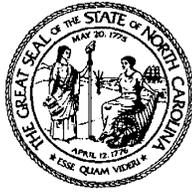
STATISTICAL SECTION

Index to Statistical Section.....	251
Net Assets by Component — Table 1.....	252
Changes in Net Assets — Table 2.....	254
Fund Balances of Governmental Funds — Table 3.....	258
Changes in Fund Balances of Governmental Funds — Table 4.....	260
Schedule of Revenues by Source — General Fund GAAP Basis — Table 5.....	262
Personal Income by Industry — Table 6.....	264
Individual Income Tax Filers and Liability & Individual Income Tax Rates — Table 7.....	266
Taxable Sales by Business Group — Table 8.....	267
Sales Tax Revenue Payers by Business Group — Table 9.....	268
Ratios of Outstanding Debt by Type — Table 10.....	270
Ratios of General Bonded and Similar Debt Outstanding — Table 11.....	272
Schedule of General Obligation Bonds Payable — Table 12.....	274
Schedule of Special Indebtedness Debt — Table 13.....	280
Pledged Revenue Coverage — Table 14.....	282
Schedule of Demographic Data — Table 15.....	286
Principal Employers — Table 16.....	288
Teachers and State Employees by Function — Table 17.....	290
Operating Indicators by Function — Table 18.....	292
Capital Asset Statistics by Function — Table 19.....	296
Required Supplementary Information—Ten-Year Claims Development Information—Public School Insurance Fund — Table 20.....	298

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INTRODUCTORY SECTION



State of North Carolina Office of the State Controller

Michael F. Easley, Governor

David McCoy, State Controller

The Honorable Michael F. Easley, Governor
Members of the North Carolina General Assembly
Citizens of North Carolina

It is our pleasure to furnish you with the 2008 Comprehensive Annual Financial Report (CAFR) of the State of North Carolina in compliance with G.S. 143B-426.40H. 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.

For the convenience of users we have divided the CAFR into three major sections, described as follows:

- The **introductory section** includes this transmittal letter and the State's organization chart, including a listing of principal State officials.
- The **financial section** includes management discussion and analysis (MD&A), the basic financial statements (government-wide financial statements, fund financial statements, and notes), other required supplementary information, the combining and individual fund financial statements, and schedules.
- The **statistical section** includes selected financial, non-financial and demographic information, much of which is presented on a ten-year basis, as well as required supplementary information.

Management of the government 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 State statute, 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 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, 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 and the N.C. State Lottery Fund. The MD&A can be found immediately following the Independent Auditor's Report.

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An Equal Opportunity/Affirmative Action/Americans With Disabilities Employer

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 million, making it the 10th most populated state in the nation. Sixty percent of the population is found in urban areas, while forty percent is found in rural 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 79,261 miles of roads, with Interstate 40 crossing North Carolina east to west, and Interstates 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.

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...."

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; Golden LEAF, Inc., North Carolina Housing Finance Agency, and North Carolina State Education Assistance Authority. 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 k-12 public 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 State 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 (OSBM) 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

The economy over the last twelve months has been battling significant headwinds caused by the slow unwinding of the housing market recession and the subsequent turmoil in the financial markets. The result is that both businesses and consumers will struggle until the financial markets stabilize and the housing market begins to recover.

Problems in the economy began to surface from significant losses in household wealth caused by the housing market recession. As early as 2006, troubles in the housing sector started to appear. At first, the housing slump seemed isolated to a few regions in the nation, but by the start of 2007 most of the nation was feeling the impact from a significant slowdown in housing. The drop in home purchases began to affect industries tied to home sales and construction. For example, retail sales items such as furniture and appliance purchases declined. The fallout from the housing recession began to impact financial markets as well, where loans and investments tied to real estate began to falter.

In the second quarter of 2007, the housing slowdown and financial market troubles deepened and began to show significant signs of affecting the overall economy. While some slowdown is expected in the middle of a business cycle, the impact of the financial market upheaval, exacerbated by the prolonged housing recession, put the economy perilously close to a recession and by the end of the second quarter of 2008 many economist were expecting a recession to occur.

Consumers were starting to feel the strain caused by a slowing economy. In addition to troubles in the housing and financial market, they faced higher commodity prices. Most noticeably they were paying higher prices at the gas pump and in grocery stores. Consumers were being hit hard by these economic conditions. Employment opportunities began to decline, real wages (adjusted for inflation) were falling, credit markets made it difficult to borrow money, and household debt was at an all time high. By the end of the summer of 2008, consumer confidence, as measured by the Consumer Confidence Index survey, dropped to recession-like levels.

One bright spot in the economy has been the global demand for U.S. products. In fact, one of the stronger facets of the nation's economy during 2007, were exports. Strong growth of global economies coupled with falling exchange rates for the dollar fueled demand for U.S. products. Exports helped bolster the national economy and soften the blow caused by problems in the housing and financial sectors.

For North Carolina, economic conditions did not begin to weaken until early in 2008. Through 2007, the State seemed less vulnerable to the nation's economic downturn, which was already well underway. By mid-summer 2008 however, many industry sectors in the State were beginning to feel the strain as financial market conditions deteriorated and consumer spending weakened further. Recent economic developments nationally, globally, and in the State indicate most of 2008, and all

of 2009, will be characterized by stagnant employment growth, lower real wages and reduced consumer spending.

National Economic Outlook

United States Economic Indicators

	FY2006-07 Actual	FY 2007-08 Actual	FY2008-09 Projected	FY2009-10 Projected
Economic Growth (GDP)*	2.9%	2.4%	0.6%	2.4%
Personal Income	6.5%	5.3%	2.7%	4.1%
Corporate Pre-Tax Profits	7.9%	-3.2%	-5.4%	-2.1%
Retail Sales and Food Services	4.2%	3.6%	0.3%	3.3%
CPI	2.6%	3.7%	3.8%	1.7%
30-yr Fixed Mortgage Interest Rate	6.2%	6.1%	6.1%	7.3%

*adjusted for inflation

The nation's economic indicators point to the onset of a slowdown in FY2007-08 and the projected continued downturn in the economy for FY2008-09. Through calendar year 2009, economic growth is expected to be well below the long-term, average growth of 3.1 percent. With this economic slowdown, total personal income growth will slow to 2.7 percent in FY2008-09 and only rise modestly to 4.1 percent the following fiscal year.

Businesses coming out of the last recession experienced a boost in profits from robust growth in sales and cost-cutting efficiencies undertaken during the recession. The current downturn will make it difficult for businesses to maintain current profit levels. The impact of falling consumer demand, the global downturn, plus upward cost pressures (inputs, interest rates, energy) will reduce corporate profits and negative yearly growth is projected for 2008 and 2009. A slight increase in profitability is anticipated for 2010 as both the nation and global economies begin a modest economic recovery.

One indication of how well the economy is performing is retail sales. Projections anticipate this key indicator will experience zero to slightly negative growth the last quarter of 2008 and the first two quarters of 2009. Retail is not expected to fully rebound until 2010. The key to a rebound in retail sales will be a recovery in the real estate market and a stable financial market offering low, attractive interest rates to consumers.

If inflation can be held in check, then the Federal Reserve Board will have more flexibility to continue fighting the economic recession, but there is little more they can do to lower interest rates in response to the housing slump. In fact, forecasted 30-year mortgage rates are expected to fall slightly in 2009 and then increase going into the 2010 fiscal year.

To summarize, a housing recession that began in 2006 grew much worse in 2007. The housing recession led to a financial market crisis that will send the nation into a period of recession-like economic conditions. Conditions marked by higher unemployment, reduced income, and a drop in consumer spending. The earliest an economic recovery is anticipated to occur will be the last half of 2009.

**North
Carolina
Economic
Outlook**

North Carolina Economic Indicators

	FY2006-07	FY2007-08	FY2008-09	FY2009-10
	Actual	Actual	Projected	Projected
Personal Income	6.9%	5.4%	4.1%	3.4%
Wages & Salaries	7.3%	4.4%	2.5%	3.3%
Retail Sales	7.0%	4.9%	0.6%	2.7%
Unemployment Rate	4.7%	5.0%	7.1%	7.5%
Employment (Nonagricultural)	3.4%	1.7%	-0.8%	0.4%
Existing Single-family Home Sales	-0.1%	-21.3%	2.7%	9.8%
Average Hourly Earnings: Manufacturing	2.9%	3.2%	3.9%	3.0%

For North Carolina, the economic slowdown began in earnest the second quarter of 2008. Prior to then, it appeared the State might weather the economic turmoil experienced by some states and avoid recession-like conditions. The initially mild slowdown experienced by the State may be due in part to North Carolina's relatively mild housing problems. The State's housing bubble was limited to a few resort areas, therefore the statewide impact from the initial housing slowdown was far less severe than in many states. Through the first half of 2007, the State continued to experience strong population and employment growth. This growth helped dampen the impact from the housing slump. Even towards the end of 2007, the State's economy remained one of the few state economies still experiencing near-normal employment and income growth. However, by the spring of 2008, the national economic slowdown had spread to North Carolina and employment and income growth began to stall.

Thus, for FY2007-08, State economic indicators such as employment and income growth had noticeably slowed compared to the previous fiscal year. Going forward income growth is projected to continue to slow for the next two fiscal years with a modest rebound in wage and salary growth forecast for 2010. As with the nation, the majority of the housing slump's effects will have worked themselves out by 2009, but residual effects will continue to be a drain on the State's economy. For FY2008-09, the economic downturn and the strain on consumers will result in almost no growth in retail sales (0.6 percent) and falling employment (-0.8 percent).

As the State's economy suffers through the downturn, unemployment will increase and is projected to remain at, or above, 7 percent through 2009 and into 2010. This past year a drop in employment in the housing related industries including financial services, residential construction, and transportation occurred. Long-term negative growth trends in manufacturing continued as the State transitions away from traditional manufacturing jobs. In the last recession, manufacturing, particularly in the furniture and textile industries, shed jobs at a rate of 10 percent per quarter. The State's manufacturing sector will not be as vulnerable during this recession and job losses in this industry sector will continue, but are not projected to fall at the accelerated pace experienced during the last recession.

Additionally, the recent financial market upheaval has had a detrimental impact on the financial service sector's employment. Current estimates indicate job losses in this sector will continue into 2010. Compounding problems in the job market will be employment cutbacks in the service and retail sectors due to falling consumer spending. Thus, the number of people employed in non-agricultural industries in the State are expected to decline in FY2008-09, and the following fiscal year only grow at a rate of 0.4 percent.

An indication of the magnitude of the recession in the housing market can be represented by the 21.3 percent decline of existing-home sales in FY2007-08. This pullback in the sale of real estate can take a long time to recover from and for stability to return to the real estate market. Once the housing market stabilizes and an economic recovery is underway, North Carolina's economy is expected to expand at a faster pace than the nation. This should bode well for overall employment in the State and help bolster income growth going into 2010. Employment losses in the manufacturing industries will continue, but growth in the service and tech industries should rebound and continue to be a major stimulus to economic growth.

There is little doubt that the State will experience an economic slowdown with recession-like conditions possible over the next couple of years, but it is in a position to perform better than the nation as a whole during this period and is expected to bounce back faster than many other regions of the country.

— *Economic analysis prepared by Barry Boardman, Ph.D., Staff Economist
North Carolina General Assembly, Fiscal Research Division
October 31, 2008*

Issues and Observations

BEACON

BEACON (Building Enterprise Access for NC's Core Operational Needs) is a statewide collaborative effort aimed at transforming the way we do business in North Carolina by modernizing and standardizing key business processes in human resources, payroll, budget management, taxation, data storage and accounting. In December 2007, after five years in the planning and development phases, the State completed a historic upgrade of its antiquated business systems by replacing them with SAP's Enterprise Resource Planning (ERP) software solution.

The HR/Payroll system uses a technology framework from SAP that ties agency information together in a single network. The SAP software also allows for future business operations to be added to the central system. The North Carolina State Legislature already has approved funding to add electronic recruiting, which will keep track of state job applicants; and electronic training, which will handle a number of training-related functions, to the new system. Once full stabilization of the HR/Payroll system is achieved, projects like electronic recruitment and others will be prioritized and resources will be directed to those projects.

Planning has started on the next phase of the project, which will potentially add budgeting, accounting and cash management functions. When completed, the BEACON system will provide centralized, coordinated business operations that can improve efficiency and provide timely, accurate information for decision-makers and the public.

Since 2004 the General Assembly has appropriated \$76.831 million in non-recurring funding and approximately \$10 million in recurring dollars to support this initiative. Session Law 2007-323 directed the Office of the State Controller, in cooperation with the State Chief Information Officer, to develop a Strategic Implementation Plan for the integration of data bases and the sharing of information among state agencies and programs. It further directed that the plan be developed under the governance of the BEACON Project Steering Committee, in conjunction with the leadership in the state agencies and with the support of the Office of State Budget and Management.

Subsequent to the initial data integration legislation, SL 2008-107 was passed in response to the unfortunate death of two university students. The legislation directed that the Office of the State Controller, in cooperation with the State Chief Information Officer and under the governance of the BEACON Program Steering Committee, to develop and implement a Criminal Justice Data Integration Pilot Program in Wake County. The objective of the pilot program is to provide law enforcement professionals with enhanced decision making ability through access to a secure network that offers timely, complete and accurate criminal information.

**State Budget
Act**

On July 20, 2006, the General Assembly passed House Bill 914 State Budget Act to replace the Executive Budget Act. This new legislation was effective July 1, 2007 and affects budget development and management by simplifying, reorganizing, updating the current budget statutes, and making changes to conform the statutes to the state constitutional provisions governing appropriations. The State Budget Act defines key budget aspects and increases the targeted balance of the General Fund savings reserve from 5 percent to 8 percent of prior year operating appropriations expenditures. The new legislation provides that agency budgets be classified in accordance with generally accepted accounting principles as interpreted by the State Controller.

As part of the implementation of the State Budget Act, budgetary processes, budget code structures, and budgetary reports have been reviewed and revised as appropriate. Some revisions have required adjustment to the State's budgetary and accounting systems. The State Budget Manual has been updated to reflect changes required by House Bill 914.

**Other Post-
Employment
Benefits:
Retiree
Healthcare**

In April 2004, GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (effective for fiscal year 2006-07), and in June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (effective for fiscal year 2007-08).

The actuarial data for the retiree healthcare benefit plan is disclosed in Note 13, Other Postemployment Benefits, based on the disclosure requirements for a cost-sharing, multiple-employer plan, and is also presented as required supplementary information (RSI). Based on the disclosure requirements of a cost-sharing, multiple-employer plan, the unfunded actuarial liability is not recorded as an accounting liability.

The State retiree healthcare benefit is currently funded on a pay-as-you-go basis, with minimal additional accumulation of funds to pay the retiree health benefit. Based on the current funding method with limited accumulation of funds, the actuarial assumptions reflect a short-term discount rate of 4.25%. The December 31, 2007 actuarial valuation using the projected unit credit cost method indicated an accrued liability of \$28.89 billion for the retiree healthcare plan (\$28.594 billion unfunded), with an annual required contribution (ARC) of \$2.714 billion.

Participating employers in the retiree health care benefit plan include the primary government state employees, local education agencies (LEAs), the University of North Carolina, community colleges, and several local governments. For the fiscal year ended June 30, 2008, retiree healthcare employer contributions were \$601.032 million, representing an annual increase of 13.75%. Retiree healthcare premium costs paid to the State Health Plan were \$523.267 million, representing an annual increase of 19.8%. Plan net assets of \$361.524 million represent an increase of \$90.885 million, or 33.6% from the prior year.

State Governmental Accountability and Internal Control Act

The purpose of the *State Governmental Accountability and Internal Control Act* is to establish internal control standards for State government and to increase fiscal accountability. Recognizing the public interest and the importance of oversight over public institutions, the Governor and General Assembly enacted new legislation that provides for the implementation of an effective and efficient system of internal control providing reasonable assurance that the public's objectives are met. Moving forward, the *State Governmental Accountability and Internal Control Act* will ensure that our State system of internal control incorporates applicable statewide standards and clearly defines and assigns specific internal control related responsibilities.

On February 26, 2008, the Office of the State Controller launched an exciting new initiative for state government. This initiative, referred to as EAGLE, resulted from the passage of the State Governmental Accountability and Internal Control Act (North Carolina General Statutes, Chapter 143D) during the 2007 session of the General Assembly. EAGLE, which stands for *Enhancing Accountability in Government through Leadership and Education*, is intended to meet the public's increasing expectations for effective operations and accountability within state government and provides an opportunity for North Carolina to leverage on the best practices that have recently been implemented in the private sector.

The legislation passed in 2007 defines internal control as: "an integral process, effected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives related to the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations."

During 2008, OSC began a phased-in implementation of the EAGLE Program. In Phase I of the implementation, each agency is required to perform an annual assessment of internal control over financial reporting. By performing these assessments, agencies are able to identify risks and compensating controls that reduce the possibility of material misstatements and misappropriation of assets. Opportunities to increase efficiency and control effectiveness in business processes and operations also result from these assessments.

To assist the agencies in their efforts to comply with the requirements of the Statewide Governmental Accountability and Internal Control Act, the Office of the State Controller conducted statewide training sessions to educate the participants on the EAGLE Program requirements, in addition to providing general guidance on understanding basic internal control concepts/principles. Approximately 300 participants attended the March 31, 2008 training session and another 225 attended the one on October 22, 2008. In addition, our staff has conducted one-on-one agency training sessions. Keeping with our goal of educating agency personnel on internal control concepts/principles, the Office of the State Controller plans to offer additional training opportunities in the future.

The first group of state entities implementing Phase I of the EAGLE Program is nearing completion of their Year 1 efforts. The Office of the State Controller recently solicited comments from the initial participants regarding their implementation experiences. We believe this feedback is imperative for the success of the EAGLE Program. The Office of the State Controller will evaluate the comments received and, where feasible, incorporate necessary changes to the Program.

The EAGLE Program has begun to generate national interest and should further solidify North Carolina's status as a proven national leader in governmental accountability and fiscal management.

North Carolina Internal Audit Act

The North Carolina General Assembly enacted the Internal Audit Act in Chapter 143 of the North Carolina General Statutes. The purpose of the Act is to promote effective use of internal audit efforts throughout the State. The Act requires State agencies and universities to establish a program of internal auditing; establishes the Council of Internal Auditing; and directs the Office of State Budget and Management (OSBM) to serve as staff and support to the Council. The Act applies to State agencies and universities that have an annual operating budget exceeding \$10 million; more than 100 full time equivalent employees; or receive and process more than \$10 million in cash in a fiscal year.

State agencies and universities meeting the Internal Audit Act participation requirements are directed to establish a program of internal auditing that promotes an effective system of internal controls, safeguards public funds and assets, and minimizes incidences of fraud, waste, and abuse. Internal auditing programs review the effectiveness and efficiency of agency and program operations and service delivery. Specifically, state agencies and universities internal audit activities include:

- Appointing an Internal Audit Director
- Establishing an internal audit program
- Complying with auditing standards
- Submitting an audit charter and organizational chart to the Office of Internal Audit (OIA) as they are updated
- Following the North Carolina Internal Audit Manual
- Submitting internal audit plans on a yearly basis
- Submitting internal audit reports regularly
- Submitting reports or information to the OIA as requested by the Council

The Council of Internal Auditing plays a significant role in the implementation of the North Carolina Internal Audit Act. The Council consists of the State Controller, who serves as Chair, the State Budget Officer, the Secretary of Administration, the Attorney General, the Secretary of Revenue, and the State Auditor who serves as a nonvoting member. The Council of Internal Auditing meets every other month and works to:

- Develop guidelines for the uniformity and quality of state agency internal audit activities
- Administer an independent peer review system
- Recommend the number of internal audit employees required by each state agency
- Provide central training sessions, professional development opportunities, and recognition programs for internal auditors
- Administer a program for sharing internal auditors
- Maintain a central database of all internal audit plans and reports
- Issue an annual report including, but not limited to, service efforts and accomplishments of State agency internal auditors
- Propose legislation for consideration by the Governor and General Assembly

To support the Council, OSBM established the Office of Internal Audit (OIA) to assist in carrying out Council's responsibilities. The staff develops yearly objectives based on the legislative mandates and reports the progress of the objectives at each Council meeting. In addition, staff members are working to develop the following programs:

- **Interagency Internal Audit Program:** The Interagency Internal Audit Program provides technical expertise to internal audit functions and assists state agencies with internal audit activities whose budgets are between \$10 and \$70 million. The Program helps agencies develop and implement audit plans to add value and improve a state agency's operations.
- **OIA Peer Review Program:** The OIA Peer Review Program will help state agencies and universities comply with The Institute of Internal Auditors (IIA) Standards for the Professional Practice of Internal Auditing (Standards). In order to comply with the Standards, internal auditing offices are required to have an external assessment at least once every five years. The purpose of an external review is to evaluate and express an opinion on an Internal

Audit function's compliance with the Standards. The Peer Review Program will enable state agencies and universities to obtain their external assessment in a method that is cost-effective and educational.

- On-going Training Opportunities: The OIA provides centralized training for State internal auditors on a yearly basis. Staff members conduct an annual training survey to understand internal auditor needs and interests. One to two trainings are planned per year depending upon fund availability. In addition, staff members provide information on external professional development opportunities on a regular basis.

Additional information on the Council of Internal Auditing and the Office of Internal Audit can be found on the Office of State Budget and Management website.

Economic Development

North Carolina has again been recognized for its economic development efforts. North Carolina, for the fourth year in a row and seven of the last eight years, is the state with the *Top Business Climate* according to *Site Selection* magazine. *Site Selection* is one of the nation's premier magazines for economic development.

"Corporate executives know North Carolina is listening to them and we understand what they need to succeed," Easley said. "We are investing in education to provide a skilled workforce and offering an unmatched quality of life so people want to live and work here. All these make our state the top choice for companies looking to grow."

Site Selection magazine's annual *Top Business Climate* rankings are based on quantitative and qualitative factors that corporate site-seekers, those who help companies expand or relocate, say they consider most important. Fifty percent of the ranking comes from a survey of corporate site selection executives who were asked to rank their top 10 states and 50 percent is based on four measures of new plant activity as tracked by *Site Selection*. The magazine describes the ranking process as "a blend of objective, actual new or expansion project announcements, and subjective input from corporate site seekers." According to the magazine, corporate executives identified incentives, low taxes and an effective economic development team as well as the Governor's commitment to retooling the state's workforce as the factors behind North Carolina's winning business climate.

The article about North Carolina's No. 1 ranking can be found at: www.siteselection.com.

Debt Affordability

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 produces the *Debt Affordability Study* on an annual basis. The report was created to serve as a tool for sound debt management practices by the State of North Carolina. The report provides the Governor and the General Assembly with a basis for assessing the impact of future debt issuance on the State's fiscal position and enables informed decision-making regarding both financing proposals and capital spending priorities. The report also provides a methodology for measuring, monitoring and managing the State's debt levels. The concept of debt affordability is widely regarded as an essential management tool. The methodology used in the study to analyze the State's debt position incorporates historical and future trends in debt levels, peer group comparisons and provides recommendations within adopted guidelines. The study also provides recommendations regarding other debt management related policies considered desirable and consistent with the sound management of the State's debt. Such recommendations were developed by incorporating management practices consistent with those utilized by the most highly rated states.

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, 2007. This was the 14th consecutive year (1994 to 2007) 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 Comprehensive Annual Financial Report should be directed to the Office of the State Controller at (919) 981-5454.

Respectfully submitted,



David McCoy
State Controller

December 8, 2008

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CERTIFICATE OF ACHIEVEMENT

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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

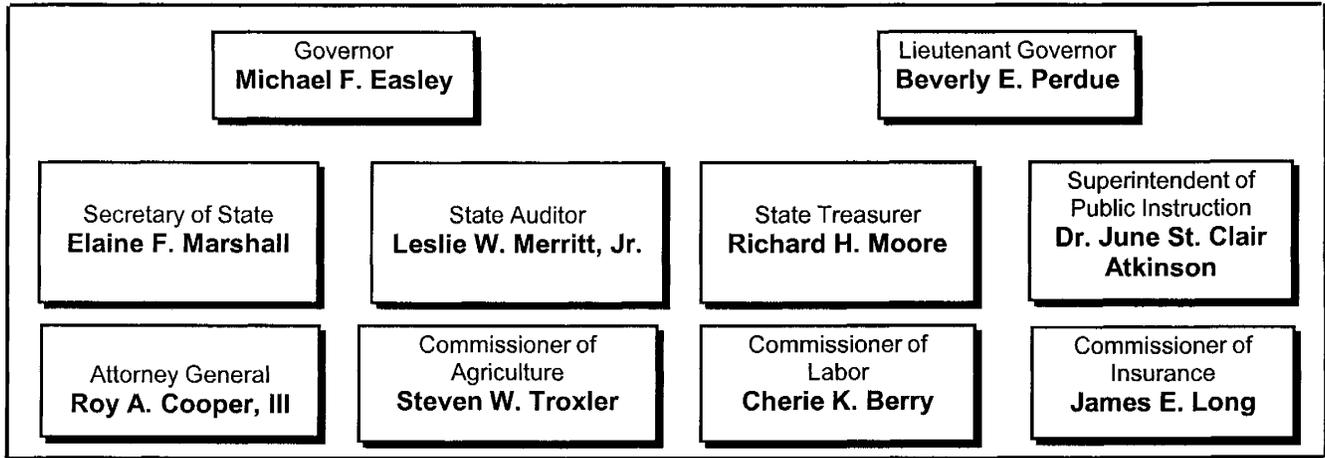
Jeffrey R. Emer

Executive Director

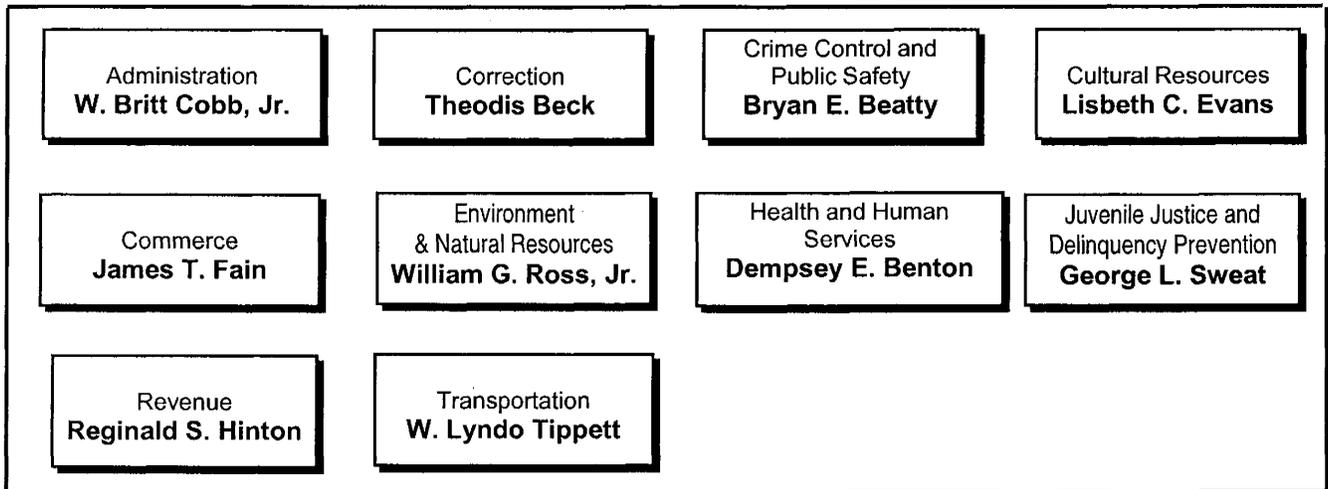
**ORGANIZATION OF NORTH CAROLINA STATE GOVERNMENT
INCLUDING PRINCIPAL STATE OFFICIALS**

EXECUTIVE BRANCH

Council of State



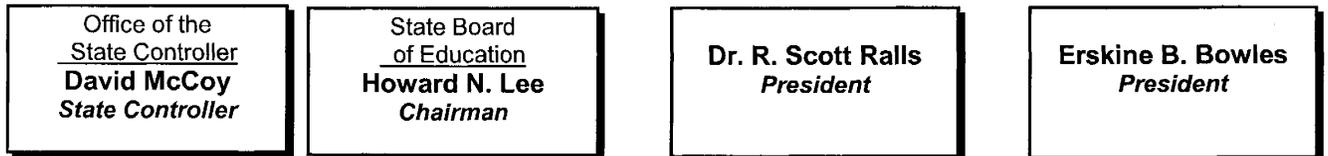
Cabinet Secretaries — Appointed by the Governor



Appointed by Governor, confirmed by Legislature

**Appointed by State Board
of Community Colleges**

**Appointed by University
Board of Governors**



LEGISLATIVE BRANCH

JUDICIAL BRANCH

General Assembly

Senate

President
**Lieutenant Governor
Beverly E. Perdue**

President Pro Tempore
Marc Basnight

Deputy Pres. Pro Tempore
Charlie Smith Dannelly

Majority Leader
Anthony E. Rand

Minority Leader
Philip E. Berger

**House of
Representatives**

Speaker
Joe Hackney

Speaker Pro Tempore
William L. Wainwright

Majority Leader
L. Hugh Holliman

Minority Leader
Paul Stam

**North Carolina
Supreme Court**

Chief Justice
Sarah Parker

Associate Justices
**Edward Thomas Brady
Robert H. Edmunds, Jr.
Paul M. Newby
Mark D. Martin
Patricia Timmons-Goodson
Robin E. Hudson**

Administrative
Office of the Courts
Judge Ralph A. Walker
Director

Component Units

**University of North
Carolina System**

The Golden LEAF, Inc.

**N.C. Housing Finance
Agency**

Community Colleges

**State Education
Assistance Authority**

**Other Component
Units**

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FINANCIAL SECTION



Leslie W. Merritt, Jr., CPA, CFP
State Auditor

STATE OF NORTH CAROLINA
Office of the State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0601
Telephone: (919) 807-7500
Fax: (919) 807-7647
Internet
<http://www.ncauditor.net>

INDEPENDENT AUDITOR'S REPORT

The Honorable Michael F. Easley, Governor
The General Assembly of North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Carolina, as of and for the year ended June 30, 2008, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of North Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the following:

- The financial statements of the North Carolina State Lottery Fund, which is a major enterprise fund and represents 4 percent, 0 percent, and 46 percent, respectively, of the assets, net assets, and revenues of the business-type activities.
- Cash basis claims and benefits of the State Health Plan, which represent 35 percent of the deductions of the fiduciary funds.
- The financial statements of the North Carolina Housing Finance Agency, which represent 7 percent, 3 percent, and 3 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units.
- The financial statements of the State Education Assistance Authority, which represent 17 percent, 4 percent, and 4 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units.
- The financial statements of the University of North Carolina System – University of North Carolina Health Care System – Rex Healthcare, which represent 2 percent, 2 percent, and 4 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units.

The financial statements and financial statement element listed above were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to these amounts, are based on the reports of the other auditors.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the State Education Assistance Authority and the University of North Carolina System – University of North Carolina Health Care System – Rex Healthcare were not audited in accordance with *Government Audit Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating

the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

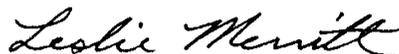
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Carolina, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 22 to the financial statements, the State implemented Governmental Accounting Standards Board Statement No. 45 - *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, Statement 48 - *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, and Statement 50 - *Pension Disclosures (an amendment of GASB Statements No. 25 and 27)* during the year ended June 30, 2008.

In accordance with *Government Auditing Standards*, we will also issue our report dated December 8, 2008 on our consideration of the State of North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. The report on internal control and on compliance and other matters will be published at a later date in the State of North Carolina's *Single Audit Report*.

The management's discussion and analysis and required supplementary information, as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of North Carolina's basic financial statements. The introductory section, the combining fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Leslie W. Merritt, Jr. CPA, CFP
State Auditor

December 8, 2008

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*MANAGEMENT'S
DISCUSSION AND
ANALYSIS*

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The following is a narrative overview and analysis of the State of North Carolina's (the State) financial performance for the fiscal year ended June 30, 2008. Please read it in conjunction with the transmittal letter at the front of this report and with the State's financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements:

- The State's total net assets increased by \$337.17 million or 1.07% as a result of this year's operations. Net assets of governmental activities increased by \$154.87 million, or 0.52%, and the lack of growth is attributable to the slowdown in the national and State economy. Net assets of business-type activities increased by \$182.29 million, or 10.63%, primarily due to the financial results of the Unemployment Compensation Fund. At year-end, net assets of governmental activities and business-type activities totaled \$29.97 billion and \$1.9 billion, respectively.
- Component units reported net assets of \$16.58 billion, an increase of \$986.22 million or 6.32% from the previous year.

Fund Financial Statements:

- The fund balance of the General Fund decreased from \$2.607 billion at June 30, 2007 (as restated) to \$1.679 billion at June 30, 2008, a decrease of 34.84%. For fiscal year 2008, the General Assembly authorized the drawdown of beginning unreserved fund balance to finance the deficiency of total revenues under total expenditures of \$958.166 (excluding other financing sources and uses).
- The fund balance of the State Highway Fund increased from \$678.9 million at June 30, 2007 to \$891.75 million at June 30, 2008, an increase of 31.35%. The significant increase is attributable to \$287.57 million in grant anticipation revenue vehicle bonds (GARVEE's) issued in October 2007.
- The fund balance of the Highway Trust Fund decreased from negative \$67.81 million at June 30, 2007 to negative \$74.62 million at June 30, 2008, a decrease of 10.03%. Total revenues decreased by \$59.53 million or 5.27% due to decreases in gasoline tax and highway use tax revenues.
- The net assets of the Unemployment Compensation Fund (Trust Fund) increased from \$746.11 million at June 30, 2007 to \$847.69 million at June 30, 2008, an increase of 13.61%. However, the Trust Fund's financial performance has weakened because of the recent downturn in the national and State economy.
- The N.C. Education Lottery (NCEL) began selling instant game tickets in March 2007 and Powerball tickets in May 2007. Net ticket sales surpassed \$1 billion, a 21.7% increase from the previous fiscal year. The NCEL transferred \$349.31 million in 2008 to support educational programs.

Capital Assets:

- The State's investment in capital assets (net of accumulated depreciation) was \$32.655 billion, an increase of 5.54% from the previous fiscal year-end.
- This year's major capital asset additions were for highway construction (\$1.5 billion), highway land improvements (\$525 million), construction/improvements of correctional facilities (\$34 million), and construction of a new psychiatric hospital (\$46 million).

Long-term Debt:

- The State had total long-term debt (bonds and similar debt payable) outstanding of \$7.055 billion, an increase of 2.08% from the previous fiscal year-end. The long-term debt balance includes \$1.2 billion of special obligation (non-voted) debt issued for governmental activities.
- The State regained Moody's Rating Service Aaa rating status in January 2007 after having been downgraded to Aa1 in August 2002. In support of the upgrade, Moody's cited strong financial performance, replenishment of depleted reserves, recent economic gains that surpass national averages, and the State's effective fiscal management and healthy financial outlook.
- The State maintained its AAA bond rating with Standard and Poor's and Fitch Ratings.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (General Fund budgetary schedule, pension and other postemployment benefits funding progress and contributions) and other supplementary information (combining financial statements) in addition to the basic financial statements. These components are described below.

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities are two financial statements that report information about the State, as a whole, and about its activities that should help answer this question: Is the State, as a whole, better off or worse off as a result of this year's activities? These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid. The Statement of Net Assets (page 54) presents all of the State's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in net assets measure whether the State's financial position is improving or deteriorating.

The Statement of Activities (pages 56 and 57) presents information showing how the State's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both statements report three activities:

Governmental Activities – Most of the State's basic services are reported under this category. Taxes and intergovernmental revenues generally fund these services.

Business-type Activities – The State charges fees to customers to help it cover all or most of the cost of certain services it provides. The State's Unemployment Compensation Fund, the N.C. State Lottery Fund, and the EPA Revolving Loan Fund are the predominant business-type activities.

Discretely Presented Component Units – Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. A description of the component units and an address for obtaining their separately issued financial statements can be found beginning on page 76. All component units are combined and displayed in a separate discrete column in the government-wide financial statements to emphasize their legal separateness from the State. In addition, financial statements for major component units are presented in the notes to the financial statements (pages 157 and 158).

Fund Financial Statements

The fund financial statements provide more detailed information about the State's most significant funds (i.e., major funds) – not the State as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the State uses to keep track of specific sources of funding and spending for particular purposes. In addition to the major funds, page 184 begins the individual fund data for the non-major funds. The State's funds are divided into three categories, governmental, proprietary, and fiduciary, and they use different accounting approaches.

Governmental funds -- Most of the State's basic services are reported in the governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out (i.e., inflows and outflows of spendable resources) and the balances left at year-end that are available for spending (i.e., balances of spendable resources). Consequently, the governmental fund financial statements provide a detailed short-term view that helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. The State prepares the governmental fund financial statements using the modified

accrual basis of accounting and a current financial resources measurement focus. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation schedule, which follows each of the governmental fund financial statements, explains the relationships (or differences) between them. Information is presented separately in the governmental fund financial statements for the General Fund, the Highway Fund, and the Highway Trust Fund, all of which are considered to be major funds. Data for all other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds -- When the State charges customers for the services it provides, whether to outside customers or to agencies within the State, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) utilize accrual accounting; the same method used by private sector businesses. Enterprise funds are used to report activities for which fees are charged to external users for goods and services. The Unemployment Compensation Fund, the N.C. State Lottery Fund, and the EPA Revolving Loan Fund are our most significant enterprise funds. Internal service funds are used to report activities that provide goods and services to the State's other programs and activities on a cost-reimbursement basis, such as the State Property Fire Insurance Fund, the Motor Fleet Management Fund, Computing Services Fund, and the State Telecommunications Services Fund. Because the State's internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Information is presented separately in the proprietary fund financial statements for the Unemployment Compensation Fund, the N.C. State Lottery Fund, and the EPA Revolving Loan Fund, all of which are considered to be major funds. Conversely, separately aggregated columns are presented for the nonmajor enterprise funds and the internal service funds. Individual fund data for the nonmajor enterprise funds and internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the State's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The State's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. These funds include pension and other employee benefit trust funds, private-purpose trust funds, investment trust funds, and agency funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on **page 74** of this report.

Required Supplementary Information

Following the basic financial statements and notes to the financial statements is Required Supplementary Information (RSI), which accompanies the basic financial statements. The RSI is mandated by the GASB and includes General Fund budgetary comparison schedules reconciling the statutory to the generally accepted accounting principles (GAAP) fund balances at fiscal year-end, and pension plan and other postemployment benefits trend information related to funding progress and contributions.

Other Supplementary Information

Other supplementary information includes the introductory section, the combining financial statements for non-major governmental funds, non-major enterprise funds, internal service funds, fiduciary funds, non-major discretely presented component units, and the statistical section.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Over time, increases or decreases in net assets serve as a useful indicator of whether a government's financial position is improving or deteriorating. The State's combined net assets increased \$337.166 million or 1.07% over the course of this fiscal year's operations. The net assets of the governmental activities increased \$154.873 million or 0.52% and business-type activities increased \$182.293 million or 10.63%. The following table was derived from the government-wide Statement of Net Assets:

Net Assets June 30, 2008 and 2007 (dollars in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current and other non-current assets.....	\$ 15,223,629	\$ 17,524,607	\$ 2,252,278	\$ 2,118,160	\$ 17,475,907	\$ 19,642,767
Capital assets, net.....	32,622,721	30,915,226	32,515	26,673	32,655,236	30,941,899
Total assets.....	47,846,350	48,439,833	2,284,793	2,144,833	50,131,143	50,584,666
Long-term liabilities.....	8,571,615	7,676,773	4,682	3,885	8,576,297	7,680,658
Other liabilities.....	9,303,820	10,947,018	383,342	426,472	9,687,162	11,373,490
Total liabilities.....	17,875,435	18,623,791	388,024	430,357	18,263,459	19,054,148
Net assets:						
Invested in capital assets, net of related debt.....	30,931,799	29,715,168	32,515	26,673	30,964,314	29,741,841
Restricted.....	878,856	1,094,352	1,773,018	1,612,943	2,651,874	2,707,295
Unrestricted.....	(1,839,740)	(993,478)	91,236	74,860	(1,748,504)	(918,618)
Total net assets.....	\$ 29,970,915	\$ 29,816,042	\$ 1,896,769	\$ 1,714,476	\$ 31,867,684	\$ 31,530,518

The largest component of the State's net assets (\$30.964 billion) reflects its investment in capital assets (land, buildings, machinery and equipment, state highway system, and other capital assets), less related debt still outstanding that was used to acquire or construct those assets. Restricted net assets are the next largest component (\$2.652 billion). Net assets are restricted when constraints placed on their use are 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) legally imposed through constitutional provisions. The remaining portion, unrestricted net assets, consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The government-wide statement of net assets for governmental activities reflects a negative \$1.840 billion unrestricted net asset balance. The State of North Carolina, like many other state and local governments, issues general obligation debt and distributes the proceeds to local governments and component units. The proceeds are used to construct new buildings and renovate and modernize existing buildings on the State's community college and university campuses, assist county governments in meeting their public school building capital needs, and to provide grants and loans to local governments for clean water and natural gas projects. Of the \$7.022 billion of bonds and certificates of participation outstanding at June 30, 2008, \$5.41 billion is attributable to debt issued as state aid to component units (universities and community colleges) and local governments. The balance sheets of component unit and local government recipients reflect ownership of the related constructed capital assets without the burden of recording the debt obligation. The policy of selling general obligation bonds and funneling the cash proceeds to non-primary government (non-State) entities has been in place for decades. However, by issuing such debt, the State is left to reflect significant liabilities on its statement of net assets (reflected in the unrestricted net asset component) without the benefit of recording the capital assets constructed or acquired with the proceeds from the debt issuances. Additionally, as of June 30, 2008, the State's governmental activities have significant unfunded liabilities for a court judgment payable of \$749.886 million and compensated absences of \$403.249 million (see Note 7 to the financial statements). These unfunded liabilities also contribute to the negative unrestricted net asset balance for governmental activities.

The following financial information was derived from the government-wide Statement of Activities and reflects how the State's net assets changed during the fiscal year:

Changes in Net Assets
For the Fiscal Years Ended June 30, 2008 and 2007
(dollars in thousands)

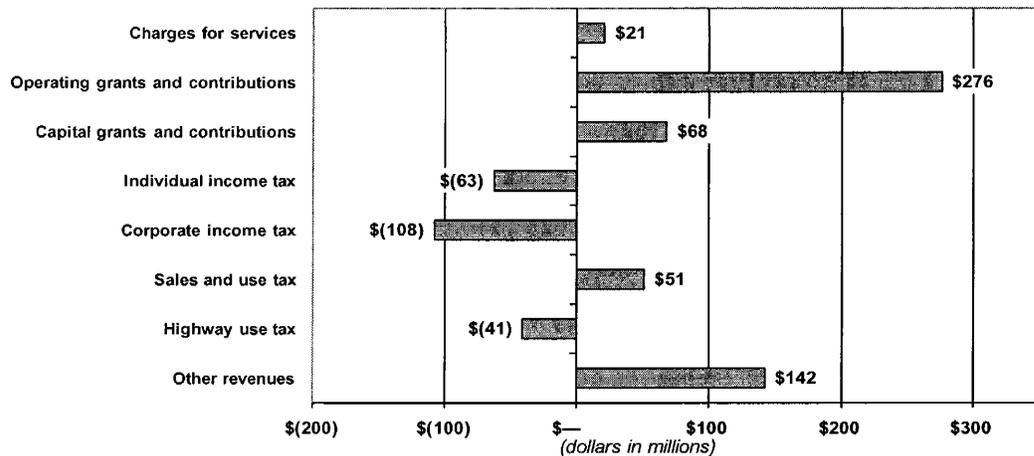
	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services.....	\$ 2,181,235	\$ 2,160,376	\$ 2,237,965	\$ 2,043,306	\$ 4,419,200	\$ 4,203,682
Operating grants and contributions.....	12,302,301	12,026,012	83,695	106,000	12,385,996	12,132,012
Capital grants and contributions.....	826,646	758,910	6,589	142	833,235	759,052
General revenues:						
Taxes						
Individual income tax.....	10,676,156	10,739,562	—	—	10,676,156	10,739,562
Corporate income tax.....	1,357,670	1,466,148	—	—	1,357,670	1,466,148
Sales and use tax.....	5,159,453	5,108,456	—	—	5,159,453	5,108,456
Gasoline tax.....	1,579,847	1,601,764	—	—	1,579,847	1,601,764
Franchise tax.....	738,741	671,151	—	—	738,741	671,151
Highway use tax.....	566,132	607,511	—	—	566,132	607,511
Insurance tax.....	505,936	487,081	—	—	505,936	487,081
Beverage tax.....	258,193	245,990	—	—	258,193	245,990
Inheritance tax.....	158,178	162,746	—	—	158,178	162,746
Tobacco products tax.....	249,664	241,687	—	—	249,664	241,687
Other taxes.....	339,158	330,888	—	—	339,158	330,888
Tobacco settlement.....	168,583	144,075	—	—	168,583	144,075
Unrestricted investment earnings.....	238,239	211,663	—	—	238,239	211,663
Miscellaneous.....	49,345	47,015	—	15	49,345	47,030
Total revenues.....	37,355,477	37,011,035	2,328,249	2,149,463	39,683,726	39,160,498
Expenses:						
General government.....	1,248,228	1,264,132	—	—	1,248,228	1,264,132
Primary and secondary education.....	10,635,026	9,126,169	—	—	10,635,026	9,126,169
Higher education.....	4,207,421	4,500,010	—	—	4,207,421	4,500,010
Health and human services.....	14,956,584	14,117,426	—	—	14,956,584	14,117,426
Economic development.....	746,660	624,106	—	—	746,660	624,106
Environment and natural resources.....	771,783	672,726	—	—	771,783	672,726
Public safety, corrections and regulation.....	2,623,835	2,465,974	—	—	2,623,835	2,465,974
Transportation.....	1,938,394	2,019,942	—	—	1,938,394	2,019,942
Agriculture.....	119,395	88,970	—	—	119,395	88,970
Interest on long-term debt.....	304,020	273,123	—	—	304,020	273,123
Unemployment compensation.....	—	—	1,002,866	864,981	1,002,866	864,981
N.C. State Lottery.....	—	—	712,718	559,373	712,718	559,373
EPA Revolving Loan.....	—	—	12,454	14,228	12,454	14,228
Regulatory commissions.....	—	—	34,791	31,144	34,791	31,144
Insurance programs.....	—	—	17,539	23,892	17,539	23,892
North Carolina State Fair.....	—	—	12,601	11,433	12,601	11,433
Other business-type activities.....	—	—	6,139	5,686	6,139	5,686
Total expenses.....	37,551,346	35,152,578	1,799,108	1,510,737	39,350,454	36,663,315
Increase (decrease) in net assets before contributions and transfers.....	(195,869)	1,858,457	529,141	638,726	333,272	2,497,183
Contributions to permanent funds.....	3,894	3,928	—	—	3,894	3,928
Transfers.....	346,848	312,810	(346,848)	(312,810)	—	—
Increase (decrease) in net assets.....	154,873	2,175,195	182,293	325,916	337,166	2,501,111
Net assets - beginning - restated.....	29,816,042	27,640,847	1,714,476	1,388,560	31,530,518	29,029,407
Net assets - ending.....	\$ 29,970,915	\$ 29,816,042	\$ 1,896,769	\$ 1,714,476	\$ 31,867,684	\$ 31,530,518

Governmental Activities

For fiscal year 2008, revenues outpaced expenses and when combined with transfers from the State's business-type activities, an increase of \$154.873 million in net assets resulted for governmental activities. Total revenues increased 0.93% to \$37.355 billion. Total expenditures grew much faster at 6.82% to \$37.551 billion. The nominal growth in total revenues is attributable, in part, to the slowdown in the national and State economy. In 2008, employment and economic growth stalled, which explains the overall decrease in tax revenues (e.g., individual income, corporate income, highway use taxes, etc). However, transfers-in were higher in fiscal year 2008 due to the larger net profits achieved by the N.C. Education Lottery, a business-type activity.

The following chart reflects the dollar change in the revenues by source of governmental activities between fiscal years 2007 and 2008:

**Dollar Change in Governmental Activities Revenues by Source
Between Fiscal Years 2007 and 2008**



The 6.82% increase in total expenses is attributable to growth in the State's two largest functional areas, primary and secondary education and health and human services. In 2008, primary and secondary education increased 16.53%, due, in part, to a recent court judgment made against the State. A Superior Court judge ruled that the State owed \$749.89 million for certain civil fines and penalties that should have been remitted North Carolina public schools and not diverted to other uses (see Note 21 to the financial statements). Education funding also increased because of enrollment increases at the State's universities, community colleges, and public schools and to salary increases for teachers and faculty. Despite enrollment and other funding increases, higher education expenses fell in fiscal year 2008 due to larger distributions of higher education bond proceeds in the prior year. Distributions of bond proceeds to colleges and universities for capital projects were \$609.63 million in 2007 compared to \$67.28 million in 2008.

Higher education expenses are financed primarily by State appropriations. The State Constitution provides that "the benefits of the University North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense."

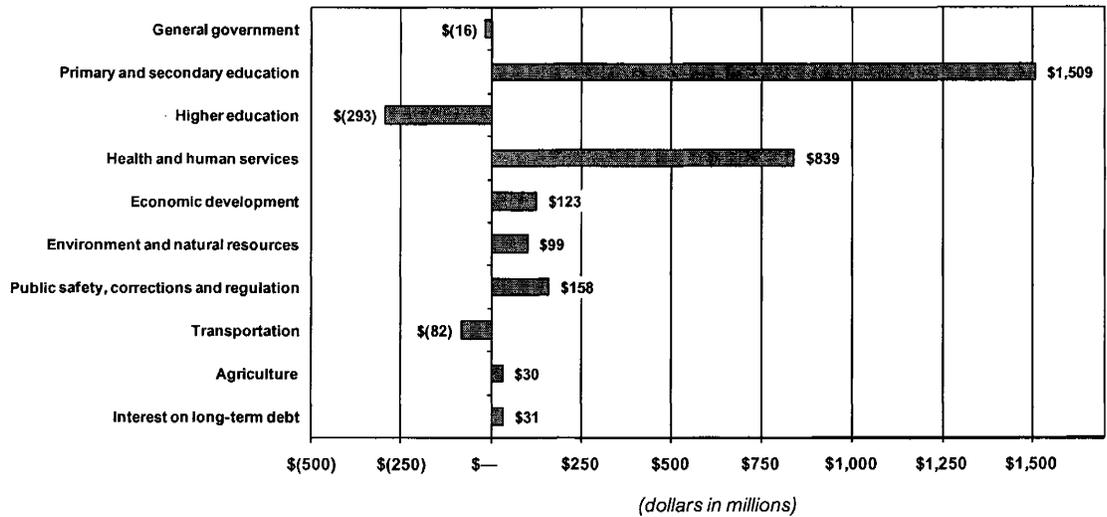
Total health and human services (HHS) spending increased 5.94% in 2008. The growth in health and human services is the result of increased spending for Medicaid (the State's largest public assistance program) and the opening of the new Central Regional psychiatric hospital in Butner. Because the State receives federal matching funds for the Medicaid Program, there was also a corresponding increase in program revenues (e.g., operating grants and contributions). The 2007 Session of the General Assembly enacted legislation requiring the State to assume the counties' share of the nonfederal share of Medicaid costs over a three-year period, beginning October 1, 2007. To provide resources to assume these costs, the legislation phases out the local sales tax by one-half cent and makes a corresponding increase in the State sales tax rate. Below is a schedule of the Medicaid funding changes and the shift in local sales tax to the State:

<u>Date</u>	<u>Medicaid Funding Change</u>	<u>Shift Local Sales Tax to State</u>
10-01-07	State assumes 25% of counties' share	
7-01-08	State assumes 50% of counties' share	
10-01-08		50% of ½% local sales tax is shifted to State
7-01-09	State assumes 100% of counties' share	
10-01-09		Remaining 50% is shifted to State

Medicaid is a federal entitlement program, which means individuals found eligible for Medicaid have legal rights to receive services and cannot be denied coverage by the State. In North Carolina, Medicaid is administered by the State and counties and financed with federal, State, and county funds. Higher growth rates occur during years of economic distress and when major Medicaid expansions are enacted. Lower growth rates occur when the Medicaid eligible population is stable or declining.

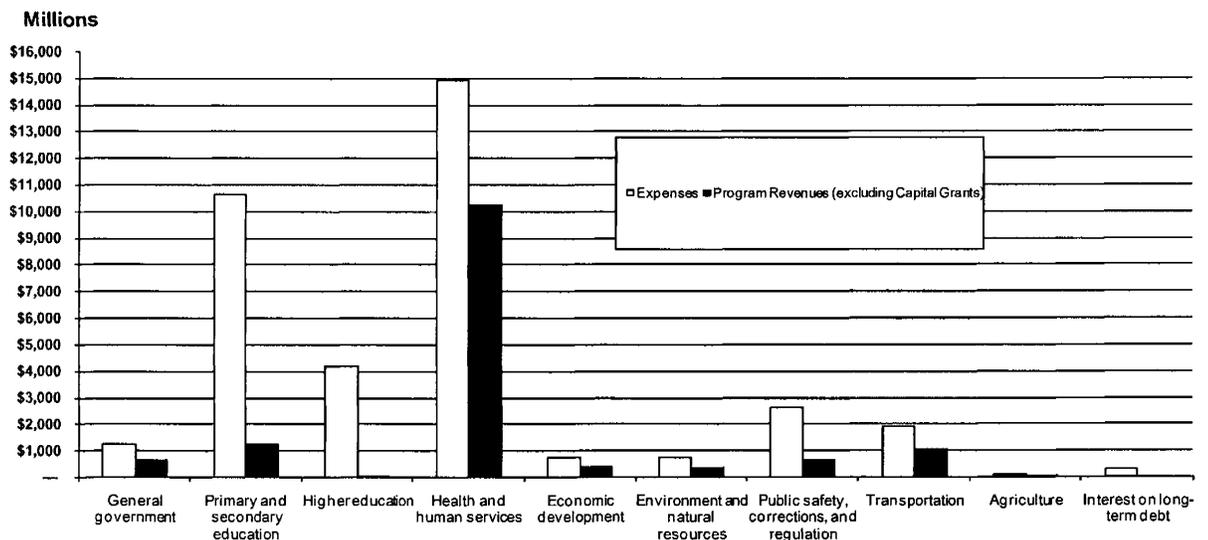
The following chart reflects the dollar change in the functional expenses of governmental activities between fiscal years 2007 and 2008:

Dollar Change in Governmental Activities Functional Expenses Between Fiscal Years 2007 and 2008



The following chart depicts the total expenses and total program revenues of the State's governmental functions. This format identifies the extent to which each governmental function is self-financing through fees and intergovernmental aid or draws from the general revenues of the State.

Expenses - Governmental Activities Fiscal Year Ended June 30, 2008



***Business-type
Activities***

Business-type activities reflect an overall increase in net assets of \$182.293 million or 10.63%, primarily because of the financial results of the Unemployment Compensation Fund. For fiscal year 2008, the Unemployment Compensation Fund had an operating income (excess of operating revenues over operating expenses) of \$90.439 million. The Unemployment Compensation Fund and the EPA Revolving Loan Fund comprise 93% of the total net assets of business-type activities. The N.C. State Lottery Fund has no net assets since its net profits are distributed to the State's governmental activities, as required by statute. A more detailed discussion of the State's business-type enterprise activities is provided in the following section (see Enterprise Funds).

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. As of the end of the fiscal year, the State's governmental funds reported combined ending fund balances of \$5.668 billion, a decrease of 11.06% from the prior fiscal year-end (as restated). The primary contributor to the decline was the General Fund, which had a 35.59% decrease in fund balance in 2008. However, the fund balance decline in the General Fund was partially offset by unspent debt proceeds reported in the Highway Fund and other governmental funds. The State issued debt in fiscal year 2007-08 for transportation improvement projects (Highway Fund) and for capital improvement and repair and renovation projects (other governmental funds). The major governmental funds are discussed individually below.

General Fund

The General Fund is the chief operating fund of the State. The fund balance of the General Fund decreased from \$2.607 billion at June 30, 2007 (as restated) to \$1.679 billion at June 30, 2008, a decrease of 35.59%. For fiscal year 2008, the General Assembly authorized the drawdown of beginning unreserved fund balance to finance the deficiency of total revenues under total expenditures of \$958.166 (excluding other financing sources and uses). While total revenues increased slightly, individual income taxes and sales and use taxes were virtually unchanged (changed less than 1%) and corporate income taxes fell by 6.76%. The tax rate on higher income taxpayers was reduced from 8.25% to 8% for tax year 2007 and from 8% to 7.75% for tax years beginning on or after January 1, 2008. Corporate income taxes are highly volatile over the business cycle. The rise in the North Carolina unemployment rate since June 2007 also contributed to the nominal change in tax revenues. A more detailed analysis of the General Fund is provided in the budgetary highlights section below.

2007-08 General Fund Budgetary Highlights

The appropriated budget included provisions that were designed to adjust General Fund revenues. The most significant revenue adjustments include 1) making permanent the additional 0.25% State sales tax rate that was set to expire on July 1, 2007, 2) reducing the top individual income tax rate from 8% to 7.75% effective January 1, 2008, and 3) authorizing a earned income tax credit for low income individuals and families effective January 1, 2008. In 2001, the General Assembly temporarily raised the State sales tax rate by a half-cent to 4.5% and the highest individual income tax rate from 7.75% to 8.25%. The 2006 Short Session of the General Assembly reduced the State sales tax rate to 4.25%, effective December 1, 2006 and reduced the top income tax bracket to 8%, effective January 1, 2007. Additionally, over-collection of revenues and unexpended appropriations for fiscal year 2006-07 were included to increase General Fund availability for fiscal year 2007-08.

The majority of funding increases for 2008 were for education, health and human services, employee benefit programs, and capital improvement projects. The budget for the public school system included an additional \$308.3 million. These funds were used to implement programs to improve student performance and graduation rates, to expand access to quality education alternatives, and to ensure students and faculty have 21st century technology in all classrooms. Specifically, the More-at-Four Program was increased by \$56 million to provide an additional 10,000 slots for at-risk four-year olds, \$17.6 million was provided to the Disadvantaged School Supplemental Fund, and \$37.5 million was provided to reduce class sizes in elementary school. Finally, \$70 million was appropriated for Accountability Based Curriculum bonuses for public school teachers. The budget for the University of North Carolina System included an additional \$185.5 million. The new EARN (Education Access Rewards North Carolina) scholars program, which will help low and moderate income students attend and graduate from a University of North Carolina campus debt free, is a unique partnership between high schools, community colleges, and universities. The EARN program will provide up to \$4,000 in individual need-based scholarships. Other expansion items that were funded include a summer bridge program designed to reduce dropout rates and recruitment and retention programs for teachers.

State funding for the Medicaid Program totaled \$2.92 billion in 2007-08 (compared to \$2.65 billion in 2006-07) and the total Medicaid budget was \$11.35 billion. The State Medicaid budget included \$252.88 million to support anticipated service cost increases and \$86.2 million to reduce the county share of Medicaid from 15% of the nonfederal share to 11.25% of the nonfederal share, effective October 1, 2007 (Note: the funds required to assume the counties' share were generated by reducing the amounts counties receive from an earmarking of the corporate income tax for school facilities). Additionally, the health and human services budget included \$62.4 million to begin operating the new Central Regional Hospital in Butner. This hospital is the first of three new state-operated psychiatric hospitals being built in North Carolina. Central Regional Hospital, which opened in September 2008, will serve patients from 26 counties.

The budget appropriated an additional \$758.6 million to support employee benefit programs. Specifically, the budget provided an average 5% compensation increase for all staff on the teacher salary schedule, an average 4.44% increase for public school administrators, a 5.0% increase for community college and University System faculty and a 4.0% increase for all other State employees. In addition, the budget provided funds to cover the increase in active and retired employee health-care premiums associated with rising costs. Finally, the budget authorized the final payment to the retirement system for funds that were withheld in fiscal year 2000-01.

The budget provided \$230.7 million in pay-as-you-go appropriations for priority education, public safety and infrastructure projects outlined in the State's Capital Improvement Plan. Specifically, the budget included \$108.2 million for several university systems projects, \$20 million for water resource development initiatives, \$8 million for a secondary data center, and \$7.5 million for infrastructure improvements at the State Ports. In addition, \$145 million from the fiscal year 2006-2007 credit balance was earmarked for the Repairs and Renovations Reserve.

General Fund Budget Variances

The original General Fund budget, including state appropriations and appropriations supported by departmental receipts, serves as a starting point or plan for the Governor to execute the General Fund budget pursuant to the powers granted by the State Budget Act. At the state level in North Carolina, it is not unusual for the budget to change during the fiscal year in relation to budget adjustments made to accommodate departmental receipts. The General Fund budget supported by state appropriation, is a subset of the General Fund financial schedule presented in the CAFR as required supplementary information. The current CAFR schedule reflects all spending required to support the State's General Fund activities and the funding to support those activities, including state tax and non-tax revenues, federal revenues, student tuition, and other fees, licenses, and fines.

Under current state budget management practice, particularly related to departmental federal receipts, primary emphasis is placed on comparisons of the final authorized budget and actual spending.

At the state level, budgetary cuts related to state appropriations are implemented by decreasing allowable actual expenditures, as opposed to decreasing the state appropriation through a formal legislative process. The Governor and state agencies maintain legal authority to spend the dollars originally appropriated to them; however, in recent years the actual spending has been limited by the collection of tax and nontax revenue. In extremely rare cases, the General Assembly has held special sessions to formally amend the state appropriation budget.

The portion of the original budget comprising departmental receipts is not intended to be the sole controlling point to manage the State's General Fund budget. The final budget includes amendments for departmental receipts collected during the fiscal year as allowed by law. General Fund departmental receipts are typically authorized for expenditure within the activity that generated the receipt. Historically, final estimated receipts have varied significantly from the original estimate at the beginning of the fiscal year. State agencies by law must spend departmental receipts prior to spending tax and nontax supported appropriations. If departmental receipts are higher than expected, appropriated dollars may go unspent and be re-appropriated in a subsequent fiscal year.

Variances – Original and Final Budget

In general, the variances between original and final budget are attributable to the timing and length of the budget preparation process. The original budget for the 2007-08 fiscal year was prepared approximately 18 months prior to the final budget existing at June 30, 2008. The final budget reflects all budget revisions made throughout the fiscal year to adjust for known facts. Therefore, the original budget is an estimate based on information that is 18 months old. Consequently, when the original budget is compared to the final budget, it would be expected that significant variances can occur.

Additional factors leading to variances between original and final budget in fiscal year 2007-08 include the following:

- 1) Awarding of new unanticipated federal grants and/or the awarding of unanticipated increased or decreased amounts in long-standing federally supported programs. This also leads to the necessity of budgeting the unanticipated required state match.
- 2) Statewide encumbrance carry-forward budgeted amounts from fiscal year 2006-07 totaled \$379.5 million.
- 3) Allocation of statewide reserves (\$758.6) to agencies and universities for the purposes of legislative increases, salary adjustments, retirement and hospitalization formula adjustments, contingency and emergency, and information technology related programs.
- 4) Receipt of and the budgeting of over-realized receipts, prior year receipts, and unanticipated donations or grants.
- 5) Inaccurate and unreasonable revenue and expenditure budget amounts entered by the agency during the continuation budget preparation process.

Variances - Final Budget and Actual Results

Actual total revenue collected (both tax and non-tax) slightly exceeded budgeted amounts in fiscal year 2007-2008. This primarily occurred because North Carolina adopted a cautious revenue outlook for fiscal year 2007-08 and thus was able to avoid the budget shortfalls affecting so many other states. Reflective of a slowing economy, sales and use tax collections for fiscal year 2007-08 were \$67.7 million under budget, as the consumer continued to fight a tightening labor market, falling home prices, and rising fuel and food prices. The individual and corporate income tax collections fueled by North Carolina's strong employment and income gains slightly exceeded the 2007-08 forecasts.

Departmental federal funds actually received by agencies were less than the final authorized budgeted federal fund revenues. A variance between the budget and actual federal funds will usually occur because federal fund actual receipts are reflective of the actual expenditures. Therefore, if qualifying federal costs are not incurred by an agency, the actual receipt of federal funds could be significantly less than what has been budgeted.

The expenditure variances between the final budget and actual for the functional areas of education, health and human services, justice and public safety, and correction and regulation were the result of these agencies receiving actual departmental revenues that were less than the budgeted amounts. Therefore, expenditures and requirements that are dependent upon the receipts of these revenues could not occur.

Highway Fund

The Highway Fund dates back to 1921, which is when the N.C. General Assembly first imposed the gasoline tax. It accounts for most of the activities of the North Carolina Department of Transportation (NCDOT), including the maintenance and construction of the State's primary and secondary road systems, the Division of Motor Vehicles, the State Highway Patrol, transit, rail and ferry system. The primary revenue sources of the Highway Fund are federal funds, three-fourths of gasoline taxes, vehicle registration fees, and driver's license fees.

The fund balance of the State Highway Fund increased from \$678.9 million at June 30, 2007 to \$891.75 million at June 30, 2008, an increase of 31.35%. The significant increase is attributable to \$287.57 million in grant anticipation revenue vehicle bonds (GARVEE's) issued in October 2007. This innovative financing tool was used to accelerate the funding of transportation improvement projects across the State by leveraging future federal transportation revenues. At June 30, 2008, \$187.79 million of the GARVEE proceeds were unspent.

Total revenues increased by \$117.35 million or 4.28% primarily due to an increase and more timely notification of federal obligational authority required to seek reimbursement from the Federal Highway Administration. However, the increase in federal funds was partially offset by a decrease in gasoline tax collections. Higher gas prices and a cap on the State gas tax are the major causes for the gasoline tax decrease.

Transportation expenditures increased by \$199.71 million or 7.96%. The increase is attributable to national and international demand for steel, concrete and asphalt. The costs for these products have increased by over 79% since 2002. The North Carolina Construction index, which reflects the prices of construction materials for projects, has risen faster than the consumer price index. Higher gas prices also resulted in spending 20% more on fuel this year.

Population growth is placing an increasing demand on the State's transportation system. North Carolina's population grew from 7.65 million in 1999 to 9.27 million in 2008, an increase of 21.18%. This growth is expected to continue for the foreseeable future. The *U.S. Census* estimates North Carolina's population growing to approximately 12.2 million by 2030, which would place the state as the 7th most populated state in the country. According to the *2006 Report on the Condition of the State Highway System*, prepared by the Division of Highways, over the past 10 years (1995 to 2005), the number of paved miles increased by more than 12.3% and the square footage of bridge deck area grew by 20.5%. During this same 10 year period, vehicle miles traveled increased by 32.6%. This rapid increase in vehicle miles traveled places a heavier burden on the existing infrastructure and accentuates the need for additional capacity, safety, and maintenance funding to address the deterioration in service created by the increase in traffic. Furthermore, many of the State's highways were built as farm-to-market roads and were not designed to handle the heavy traffic volumes of today and other highways such as the interstate highway system, which has celebrated its 50th anniversary, are nearing the end of their functional life.

Transportation is fundamental in continuing North Carolina's prosperity and quality of life as the state's population continues to grow. To address the growing demand on the on the transportation system, increased cost of supplies, and declining funding, NCDOT continues to seek innovative solutions to meet the growing stress on the transportation system.

Highway Trust Fund

Legislation creating the Highway Trust Fund was passed by the General Assembly in 1989. It was established to provide a dedicated funding mechanism to meet a specific set of highway construction needs in North Carolina. Additionally, the Highway Trust Fund provides supplemental allocations for secondary road construction, supplemental assistance to municipalities for local street projects, and pays the debt service on the State's general obligation bonds issued for highway purposes.

The principal revenue sources of the Highway Trust Fund are highway use taxes, one-fourth of gasoline taxes, and various title and registration fees. The enabling legislation also specifies that a designated amount will be transferred each year to the General Fund (see Note 9 to the financial statements). The amounts transferred to the General Fund for fiscal years 2008 and 2007 were \$172.543 million and \$57.49 million, respectively. The amount transferred in 2007 was reduced to reflect the repayment of the balance of a loan made to the General Fund in fiscal year 2003.

The fund balance of the Highway Trust Fund decreased from negative \$67.81 million at June 30, 2007 to negative \$74.62 million at June 30, 2008, a decrease of 10.03%. Total revenues decreased by \$59.53 million or 5.27% due to decreases in gasoline tax and highway use tax revenues. The factors contributing to the decrease in gasoline tax revenues were discussed previously in the analysis of the Highway Fund. Gasoline tax revenues decreased as consumers reduced fuel consumption. A decrease in vehicle sales and a lower value per transaction contributed to the overall decrease in highway use tax.

Total expenditures decreased by \$24.67 million or 2.81%. The decrease was due primarily to the Governor's "Moving Ahead" transportation initiative, which is coming to completion.

NCDOT will be challenged in its ability to meet the future transportation needs of the State. Flexibility in current revenues and investigation into other revenue sources and innovative financing will be needed to help meet these demands.

**Enterprise
Funds**

The State's enterprise funds or business-type activities provide the same type of information found in the government-wide financial statements, but in more detail. The major enterprise funds are discussed individually below.

Unemployment Compensation Fund

The net assets of the Unemployment Compensation Fund (Trust Fund) increased from \$746.11 million at June 30, 2007 to \$847.69 million at June 30, 2008, an increase of 13.61%. However, the Trust Fund's financial performance has weakened because of the recent downturn in the national and State's economy. The Trust Fund's operating margin (operating revenues less operating expenses) decreased from \$236.45 million (or 21.5% of operating revenues) in 2007 to \$90.44 million (or 8.28% of operating revenues) in 2008. Unemployment benefit expenses increased 15.97% in fiscal year 2008 to over \$1 billion. The decline in operating margin is explained by the State's rising unemployment rate, which increased from 4.9% in 2007 to 6% in June 2008. The State's unemployment rate in September 2008 rose further to 7%. A 20% surcharge on unemployment contributions, effective January 1, 2005 as required by statute, remained in effect during the current fiscal year. The surcharge was assessed because of the Trust Fund's low reserves in prior years.

N.C. State Lottery Fund

The N.C. Education Lottery Fund (NCEL) first began selling game tickets on March 30, 2006 (instant game) and first began selling multi-state on-line (Powerball) game tickets on May 30, 2006. As required by enabling legislation, net revenues of the NCEL are transferred four times a year to the N.C. Education Lottery Fund (a nonmajor governmental fund). At year end, the net assets of the NCEL are zero. The NCEL has no changes in the net assets from year to year.

For fiscal year 2008, net ticket sales surpassed \$1 billion, a 21.7% from the previous fiscal year. The growth in sales is attributable, in part, to the NCEL creating 51 new instant scratch-off games and increasing instant prize payouts. The NCEL transferred \$348.31 million to the N.C. Education Lottery Fund in 2008 to support educational programs for the State. The amount transferred in 2007 was \$314.354 million.

The Lottery Commission approved a budget for 2008-09 to provide \$385.5 million to the State's Education Lottery Fund. As established in the enabling legislation, lottery funds are to be distributed for educational purposes as follows:

1. 50% to support reduction of class size in early grades and to support prekindergarten programs for at-risk four-year-olds who would otherwise not be served in high-quality settings (*Note: to this point, these programs have been funded by the General Fund*).
2. 40% for public school construction.
3. 10% to the State Education Assistance Authority to fund college and university scholarships.

EPA Revolving Loan Fund

The net assets of the EPA Revolving Loan Fund increased by \$59.68 million during the current fiscal year, a 6.91% increase from the prior fiscal year-end. Operating income was \$11.677 million (excess of operating revenues over operating expenses). Net nonoperating revenues were \$38.087 million, consisting primarily of federal capitalization grants and investment earnings. The \$10.183 million transferred in from other governmental funds (i.e., special revenue funds) consisted of clean water bond proceeds and additional funds to meet a required federal match.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2008, the State's investment in capital assets was \$32.655 billion, an increase of 5.54% from the previous fiscal year-end (see table below).

Capital Assets as of June 30 (net of depreciation, dollars in thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land.....	\$ 10,660,936	\$ 10,083,640	\$ 3,452	\$ 3,114	\$ 10,664,388	\$ 10,086,754
Buildings.....	1,815,826	1,826,814	17,306	12,830	1,833,132	1,839,644
Machinery and equipment.....	671,094	662,798	4,339	3,256	675,433	666,054
Infrastructure:						
State highway system.....	17,081,956	16,314,633	—	—	17,081,956	16,314,633
Other infrastructure.....	97,442	98,644	6,886	6,941	104,328	105,585
Intangible assets.....	103,669	105,734	—	—	103,669	105,734
Art, literature, and other artifacts.....	66,280	64,823	—	—	66,280	64,823
Construction in progress.....	2,125,518	1,758,140	532	532	2,126,050	1,758,672
Total.....	\$ 32,622,721	\$ 30,915,226	\$ 32,515	\$ 26,673	\$ 32,655,236	\$ 30,941,899
Total percent change between fiscal years 2008 and 2007	5.52 %		21.90 %		5.54 %	

This year's major capital asset additions were for highway construction (\$1.5 billion), highway land improvements (\$525 million), construction/improvements of correctional facilities (\$34 million), and construction of a new psychiatric hospital (\$46 million).

The largest component of capital assets is the State highway system. North Carolina has a 79 thousand mile highway system, making it the second largest state-maintained highway system in the nation. The most recent report on the condition of the State highway system (December 2006) noted that while the system continues to grow, the traditional highway maintenance funds necessary to maintain it have not increased significantly when adjusted for inflation.

The State completed construction of a 1,000 bed close custody prison in Columbus County in May 2008 and inmate occupancy began in September 2008. The total cost of this facility was \$102.4 million. The primary funding source for this facility was certificates of participation (COPs). In addition, COPs have been authorized for the planning and construction of a new regional 120 bed medical center and 216 bed mental health center to be located at Central Prison in Raleigh. The estimated cost for the construction of the medical and mental health centers is \$153.4 million, of which \$132.2 million will be financed by COPs. The remaining balance will be financed by capital appropriations and federal grants. At year-end, construction in progress for the Central Prison medical center totaled \$10.06 million.

The Department of Correction is undertaking construction initiatives to address a prison cell shortfall and to allow for the implementation of sentencing reform. The State's correctional facility population has more than doubled since 1980 to approximately 40 thousand inmates as of November 2008. The rapid growth in inmates is attributable to increases in the State's population, increases in length of stay in correctional facilities, and changes in criminal laws.

As further detailed in Note 21(F) to the financial statements, the State has commitments of \$1.22 billion for the construction of highway infrastructure, which are expected to be financed by gasoline tax collections, motor vehicle fees, and federal funds. Other commitments for the construction and improvement of state government facilities totaled \$618.83 million, which are expected to be financed primarily by debt proceeds (certificates of participation), state appropriations, and federal funds.

More detailed information about the State's capital assets is presented in Note 5 to the financial statements.

Long-term Debt

At year-end, the State had total long-term debt (bonds and similar debt payable) outstanding of \$7.055 billion, an increase of 2.08% from the previous fiscal year-end (see table below).

Outstanding Debt as of June 30
(dollars in thousands)

	Governmental Activities	
	2008	2007
General obligation bonds.....	\$ 5,533,760	\$ 5,902,330
Special Indebtedness:		
Lease-purchase revenue bonds.....	235,045	245,045
Certificates of participation.....	965,880	727,640
GARVEE bonds.....	287,565	—
Notes payable.....	33,187	36,901
Total.....	<u>\$ 7,055,437</u>	<u>\$ 6,911,916</u>
Total percent change between fiscal years 2008 and 2007	2.08 %	

During the 2007-08 fiscal year, the State issued \$275 million in certificates of participation (COPs) and \$287.565 million in grant anticipation revenue vehicle bonds (GARVEEs). The proceeds of the COPs will be used to finance various State and university capital improvement projects (\$200 million) and projects for the repair and renovation of State facilities and related infrastructure (\$75 million), which were authorized for special indebtedness financing by previous sessions of the General Assembly. The repair and renovation projects were prioritized based on those projects related to life safety code requirements and water intrusion remediation. The proceeds of the GARVEEs will be used to accelerate the funding of various transportation projects identified in the current State Transportation Improvement Plan (see Note 17).

The State issues two types of tax-supported debt: general obligation bonds and various types of “special indebtedness” (i.e., debt not subject to a vote of the people). General obligation bonds are secured by the full faith, credit, and taxing power of the State. The payments on special indebtedness (e.g., lease-purchase revenue bonds and COPs) and equipment installment purchase contracts are subject to appropriation by the General Assembly. Some appropriated-supported debt may also be secured by a lien on facilities or equipment. Article 9 of Chapter 142 of the General Statutes prohibits the issuance of special indebtedness except for projects specifically authorized by the General Assembly. The use of alternative financing methods provides financing flexibility to the State and permits the State to take advantage of changing financial and economic environments. The GARVEEs are a revenue bond-type debt instrument where the debt service is to be paid solely from federal transportation revenues.

The State’s long-term debt (bonds and similar debt payable) has increased significantly in recent years, rising from \$1.521 billion in 1997 to \$7.055 billion in 2008, in part due to large issuances for higher education capital projects. Prior to 2004, the State only issued general obligation debt. The following is a summary of recent debt authorizations.

Special Indebtedness

The budget bill enacted by the 2008-2009 Session of the General Assembly authorized the issuance of up to \$734.03 million of special indebtedness (e.g., COPs) as follows:

- \$512.22 million for higher education projects. Significant projects include \$109.1 million for the Centennial Campus library at North Carolina State University, \$69 million for a School of Dentistry at East Carolina University, \$69 million for a School of Dentistry expansion at the University of North Carolina at Chapel Hill, and \$57.22 million for the Energy Production Infrastructure Center at the University of North Carolina at Charlotte.

- \$109.09 million for correctional facilities. The projects include \$45.17 million for a health care and mental health facility at the N.C. Correctional Institute for Women, \$26.02 million for minimum security additions at Scotland Correctional Institution and Tabor Correctional Institution, and \$37.9 million for medium security additions at Bertie Correctional Institution and Lanesboro Correctional Institution.
- \$50 million for acquiring State park lands and conservation areas.
- \$62.72 million for other State projects.

The budget bill enacted by the 2007-2008 Session of the General Assembly authorized the issuance of up to \$669.15 million of special indebtedness (e.g., COPs) as follows: \$481.14 million for higher education projects, \$120 million to acquire State park land, natural heritage land, and to acquire waterfront properties or develop facilities for the purposes of providing public and commercial waterfront access, \$35 million for an education and visitors center at Tyron Palace, and \$33.01 million for correctional facilities.

The budget bill enacted by the 2006-07 Session of the General Assembly authorized the issuance of up to \$672.1 million of special indebtedness as follows: \$429.3 million for psychiatric hospitals and a public health laboratory for the Department of Health and Human Services, \$132.2 million for medical and mental health centers for the Department of Correction, \$45.8 million for higher education projects, and \$64.8 million for other State projects.

Repair and Renovation Authorization

The 2002-2003 Session of the General Assembly authorized the issuance of \$300 million of special indebtedness to finance the repair and renovation of State facilities and related infrastructure that are supported by the State's General Fund. Of the \$300 million, approximately \$157 million was allocated to the University of North Carolina System. Each of the 16 constituent institutions of the UNC System received a portion of the proceeds for repairs and renovations. The remaining \$143 million of the proceeds was used to make repairs and renovations to various state facilities. The State has issued all of the authorized repair and renovation debt.

Higher Education Authorization

The 1999-2000 Session of the General Assembly authorized the issuance of \$3.1 billion of higher education improvement bonds, which were subsequently approved by the voters of the State. The \$3.1 billion bond authorization represents the largest debt authorization in the State's history. The proceeds of these general obligation bonds are being used solely to construct new buildings and to renovate and modernize existing buildings on the State's 58 community college and 16 University of North Carolina campuses. These improvements are needed to meet enrollment demands and to ensure that the State's college and university buildings meet modern code requirements and are equipped to prepare graduates for twenty-first century jobs. The bond legislation passed by the General Assembly specifies the amount of bond funding that will flow to each community college and university campus. The State has issued all of the authorized higher education bonds.

Clean Water and Natural Gas Authorization

The 1997-1998 Session of the General Assembly authorized the issuance of \$1 billion of clean water and natural gas general obligation bonds, which were subsequently approved by the voters of the State. The bonds proceeds were allocated as follows: 1) \$800 million to provide grants and loans to local governments for clean water projects and 2) \$200 million to provide grants and loans to public or private entities for construction of natural gas facilities to facilitate the expansion of natural gas service to unserved areas of the State. The State has issued all of the authorized clean water and natural gas bonds.

Highway Bond Authorization

The 1995-1996 Session of the General Assembly authorized the issuance of \$950 million of highway general obligation bonds, which were subsequently approved by the voters of the State. The bond proceeds were allocated to pay capital costs as follows: 1) \$500 million for urban loops, 2) \$300 million for highways in the Intrastate System, and 3) \$150 million for paving unpaved roads of the secondary highway system. The State has issued all of the authorized highway bonds.

Debt Affordability Advisory Committee

During the 2003-04 Session, the General Assembly created a Debt Affordability Advisory Committee (Committee) to annually advise the Governor and the General Assembly on the estimated debt capacity of the State for the upcoming ten fiscal years. 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.

In February 2008, the State Treasurer completed the most recent Debt Affordability Study for North Carolina. The report provides the Governor and the General Assembly with a basis for assessing the impact of future debt issuance on the State’s fiscal position and enables informed decision-making regarding both financing proposals and capital spending priorities. A secondary purpose of the report is to provide a methodology for measuring, monitoring and managing the State’s debt levels, thereby protecting, and perhaps enhancing North Carolina’s bond ratings.

The Committee adopted the following target and ceiling guidelines as the preferred measure used to determine the amount of net tax-supported debt that can be prudently authorized by the State:

- 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%;
- 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
- 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 definition of net tax-supported debt excludes obligations of component units, highway fund debt paid from highway fund revenues, non tax-supported special indebtedness (e.g., COPs) paid from non-general fund supported trust funds, other self-supporting or non-tax supported debt such as revenue bonds and short term tax anticipation notes, and other postemployment benefits (“OPEB”).

According to the report, all of the State’s debt ratios are at or below the median levels for the State’s peer group composed of states rated “triple A” by all three rating agencies. Thus, the study concludes that North Carolina’s debt is considered manageable at current levels. Credit rating agencies consider a debt affordability study as a positive factor when evaluating issuers and assigning credit ratings.

Credit Ratings

Credit ratings are the rating agencies’ assessment of a governmental entity’s ability and willingness to repay debt on a timely basis. Credit ratings are an important factor in the public credit markets and can influence interest rates a borrower must pay. The State’s general obligation bond credit ratings are as follows:

State of North Carolina General Obligation Bond Credit Ratings		
<u>Rating Agency</u>	<u>Rating</u>	<u>Outlook</u>
Fitch Ratings	AAA	Stable
Moody’s Investors Service	Aaa	Stable
Standard & Poor’s Rating Services	AAA	Stable

These ratings are the highest attainable from all three rating agencies. On January 12, 2007, Moody’s reinstated North Carolina’s Aaa rating, citing the State’s strong financial performance, replenishment of depleted reserves, recent economic gains that surpass national averages, and the State’s effective fiscal management and healthy financial outlook.

The COPs and lease-purchase revenue bonds issued by the North Carolina Infrastructure Finance Corporation have underlying ratings of AA+ by Fitch Ratings, Aa1 by Moody's Investors Service, and AA+ by Standard & Poor's. Special indebtedness, such as COPs, is not subject to a vote of the people and its repayment is based on the State's annual debt service appropriation. For these reasons, special indebtedness is rated lower than the State's general obligation bonds and typically carries a higher interest rate.

Limitations on Debt

The Constitution of North Carolina (Article 5, Section 3) imposes limitations upon the increase of certain state debt. It restricts the General Assembly from contracting debts secured by a pledge of the faith and credit of the State, unless approved by a majority of the qualified voters of the State, except for the following purposes:

1. To fund or refund a valid existing debt;
2. To supply an unforeseen deficiency in the revenue;
3. To borrow in anticipation of the collection of taxes due and payable within the current fiscal year to an amount not exceeding 50 percent of such taxes;
4. To suppress riots or insurrections; or to repel invasions;
5. To meet emergencies immediately threatening the public health or safety, as conclusively determined in writing by the Governor; and
6. For any other lawful purpose, to the extent of two-thirds of the amount by which the State's outstanding indebtedness shall have been reduced during the preceding biennium.

More detailed information about the State's long-term liabilities is presented in Note 7 to the financial statements.

Next Year's Budget and Rates

During the budget deliberations, the Governor recommended lowering revenue expectations for fiscal year 2008-09 because of a slowing national economy. The budgeted revenue forecast for fiscal year 2008-09 assumed slow growth in the first half of the fiscal year, with strengthening to begin in the spring of 2009. In order to deal with the possibility of a weaker than expected April, the Governor directed the Office of State Budget and Management to take steps necessary to ensure that the budget is balanced on June 30, 2009. Specifically, allotments (on an annualized basis) for general government agencies were reduced by 5% and allotments for other state agencies were reduced between 1.5 % and 4%. In addition, capital projects paid for with cash will be delayed, reserves and unspent capital funds will be retained, and repairs and renovations of state buildings will be delayed.

The 2007 Session of the General Assembly enacted the following changes to revenue laws:

- Effective October 1, 2008, the 4.25% state sales tax rate will increase to 4.5%, and effective October 1, 2009, the rate will increase to 4.75%. On these effective dates, there will be a corresponding reduction in the local sales and use tax rates. These changes reflect the State's decision to begin a phased-in assumption of county Medicaid payments and include hold harmless provisions that will be paid from state sales and use tax collections.
- The top individual income tax rate of 8% is statutorily set to decrease to 7.75% for taxable years beginning on or after January 1, 2008.
- The existing cap on the variable component of the motor fuels tax was extended. The variable wholesale component of the motor fuels tax rate is capped at 12.4 cents per gallon for the period July 1, 2007 through June 30, 2009 for a total tax of 29.9 cents per gallon.

Conditions Expected to Impact Future Operations

State Health Plan

The State Health Plan (Plan) ended fiscal year 2008 with a deficit of \$140.14 million (see Note 15 to the financial statements). The deficit was incurred because the Plan underestimated administrative expenses, which increased by 19%, and used an incorrect forecasting model. More specifically, the Plan did not fully realize savings associated with member out-of-pocket cost sharing and provider discounts under the preferred provider organization (PPO) options. In addition, utilization of medical services, including outpatient services in particular, was higher than projected. The phase-out of the indemnity plan, including the transition of all members to one of three PPO options, was completed, effective July 1, 2008. The Plan revised its financial projections for fiscal year 2009 as a result of the financial performance in fiscal year 2008 and to address forecasting concerns and other factors. Current estimates indicate the Plan will need \$300 million in additional resources to operate through the end of fiscal year 2009, and to ensure cash availability going into fiscal year 2010.

Providing Retirement Benefits

It is widely anticipated that the progression of the baby boomer cohort from full-time career status into retirement will have significant economic, social, and political impact throughout the country. Predicting specific ramifications of this phenomenon is difficult. In North Carolina, we anticipate some impact to the State's public sector workforce, as boomers increasingly leave active service and retire, and to the state and local government retirement systems. The impact to the retirement systems could be both financial and administrative.

Administratively, the significant increase in the number of retirements to process and maintain will challenge current operations. The total number of members receiving a retirement benefit in the state and local system is approximately 209,000 (includes system retirees, beneficiaries, and members receiving a disability retirement allowance). That number is projected to increase to 345,000 by the year 2025 – roughly a 65% increase in the total number of state and local retiree accounts maintained by the agency over the next 17 years. To help address this need, the Retirement Systems Division is currently increasing organizational efficiencies and improving customer service through its new information technology system, which went live in October 2007.

Financially, the North Carolina retirement systems are better positioned than most retirement systems for the current financial difficulties. The primary system was funded at 104.7% at the end of 2007. The primary system is also conservatively invested, with significant holdings of U.S. Treasury and agency bonds. However, the State has taken advantage of the overfunding in recent years to reduce its contribution below the cost of currently accruing benefits. It is likely that the State will have to increase its contribution in future years to levels that are more in line with historical funding and the cost of current accruals. In addition, a significant increase in cost may come from providing cost of living adjustments (COLAs) for a significantly larger retiree pool since those are not pre-funded.

Impact of Current Market Conditions on Retirement System Funding

The N.C. Retirement Systems are designed and administered to fare better than those in many other states in the current financial turmoil. They are generally overfunded and conservatively invested, and do not guarantee cost of living adjustments. However, the financial crisis could have the following key impacts on the Retirement Systems:

- **State Contribution.** The State has reduced its contribution to the Teachers' and State Employees' Retirement System (TSERS) in recent years by spending the overfunding in the system. The State is currently contributing 3.36% of pay for most employees, totaling about \$400 million. This contribution is significantly lower than the actuarial normal contribution of 6.26%. The State's employer contribution will need to increase modestly to 3.57%, equivalent to approximately \$29 million, in the next fiscal year. However, continuing market difficulties impacting investment returns could speed the necessary acceleration of the State's employer contribution toward the actuarial normal level. By the 2010-2011 fiscal year, the State's contribution to TSERS could increase to close to 6%.

- Local Government Contribution. Local governments have paid essentially the same contribution for over 20 years, but current market conditions may force them to increase their contribution.
- Cost of Living Adjustments (COLAs). COLAs for retirees are not guaranteed in the N.C. Retirement Systems, so limited funds in both the Retirement Systems and the State budget will likely result in lower or no COLAs. The contribution increases noted above are before granting any COLAs. Any COLAs that the Governor and the General Assembly want to provide for next fiscal year and the year after will require additional appropriations.

Escheats Fund

Legislation passed in 2005 authorized the State Treasurer to diversify the investments of the Escheats Fund (Fund). Previously, the Fund was limited to participating in the Long Term Investment Portfolio. The State Constitution mandates that proceeds of the Fund shall be used to aid needy and worthy North Carolina students enrolled in public institutions of higher education. The continuing demand on resources at the universities and community colleges has necessitated regular tuition increases. The establishment of a modern investment allocation strategy aimed at increasing returns was identified as a way to enhance the Fund's constitutionally provided purpose. Under the new provisions, the State Treasurer is authorized to invest up to 20% of the assets of the Fund in other public and private investments. As of June 30, 2008, the Fund had invested \$89.9 million in these investment types.

University of North Carolina System

Dental Education and Outreach. The University of North Carolina at Chapel Hill (UNC) and East Carolina University (ECU) have engaged in a collaborative effort for dental education and dental outreach. The core steps are to expand the size of the dental school at UNC with a focus on education, research, and outreach and to establish a new dental school at ECU, which would expand the education of comprehensive general dentistry practitioners, conduct research, and extend dental services into unserved and underserved primarily rural areas of North Carolina. This initiative is expected to raise the national recognition of dental education in North Carolina through an expansion of the availability of primary care dentists, the development of innovative clinical educational models for the provision of dental service to the underserved, the extensive use of distance education and teledentistry clinical consultation, and expanded research.

UNC Online. The University of North Carolina System established a common gateway, UNC Online, to provide online courses and degree programs offered by the sixteen campuses of the University of North Carolina in March 2007. This project takes the current on-line education offerings from the system's sixteen campuses and centralizes them with plans to expand the operation into a national program. The first focus is to serve students within the State, then advertise in surrounding states to become the dominant regional provider of online education.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the North Carolina Office of the State Controller, Accounting and Financial Reporting Section, 1410 Mail Service Center, Raleigh, N.C. 27699-1410. In addition, this financial report is available on the Office of the State Controller's internet home page at <http://www.osc.nc.gov/financial/financial.html>.



*BASIC
FINANCIAL
STATEMENTS*

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*GOVERNMENT-WIDE
FINANCIAL
STATEMENTS*

STATEMENT OF NET ASSETS

June 30, 2008

Exhibit A-1

(Dollars in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3).....	\$ 5,052,983	\$ 859,534	\$ 5,912,517	\$ 1,814,547
Investments (Note 3).....	477,021	60,587	537,608	2,853,932
Securities lending collateral (Note 3).....	4,815,114	262,094	5,077,208	—
Receivables, net (Note 4).....	3,010,784	411,266	3,422,050	980,522
Due from component units (Note 18).....	15,693	—	15,693	15,806
Due from primary government (Note 18).....	—	—	—	77,923
Internal balances.....	719	(719)	—	—
Inventories.....	183,893	1,408	185,301	97,016
Prepaid items.....	6,173	2,662	8,835	19,477
Advances to component units (Note 18).....	32,922	—	32,922	—
Notes receivable, net (Note 4).....	344,127	655,446	999,573	5,024,704
Investment in joint venture.....	—	—	—	8,319
Deferred charges.....	—	—	—	34,184
Securities held in trust.....	60,735	—	60,735	—
Pension assets (Note 11).....	3,527	—	3,527	—
Restricted/designated cash and cash equivalents.....	529,495	—	529,495	1,990,191
Restricted investments (Note 3).....	690,443	—	690,443	3,980,283
Restricted due from primary government (Note 18).....	—	—	—	191,288
Restricted due from component units (Note 18).....	—	—	—	103,263
Capital assets-nondepreciable (Note 5).....	12,852,734	3,984	12,856,718	2,114,824
Capital assets-depreciable, net (Note 5).....	19,769,987	28,531	19,798,518	8,629,643
Total Assets.....	47,846,350	2,284,793	50,131,143	27,935,922
Liabilities				
Accounts payable and accrued liabilities.....	1,472,468	88,690	1,561,158	645,774
Medical claims payable.....	871,345	—	871,345	—
Unemployment benefits payable.....	—	12,216	12,216	—
Tax refunds payable.....	1,286,033	—	1,286,033	—
Obligations under securities lending.....	4,815,114	262,094	5,077,208	—
Interest payable.....	84,248	—	84,248	84,523
Short-term debt (Note 6).....	—	—	—	176,657
Due to component units (Note 18).....	269,211	—	269,211	119,069
Due to primary government (Note 18).....	—	—	—	15,693
Unearned revenue.....	395,490	20,340	415,830	169,783
Advance from primary government (Note 18).....	—	—	—	32,922
Deposits payable.....	86	2	88	9,726
Funds held for others.....	109,825	—	109,825	1,218,689
Long-term liabilities (Note 7):				
Due within one year.....	533,211	260	533,471	860,443
Due in more than one year.....	8,038,404	4,422	8,042,826	8,021,316
Total Liabilities.....	17,875,435	388,024	18,263,459	11,354,595
Net Assets				
Invested in capital assets, net of related debt.....	30,931,799	32,515	30,964,314	7,656,986
Restricted for:				
Nonexpendable:				
Environment and natural resources.....	66,976	—	66,976	—
Higher education.....	552	—	552	1,594,039
Expendable:				
Primary and secondary education.....	4,788	—	4,788	—
Higher education.....	643,480	—	643,480	3,409,133
Health and human services.....	12,828	—	12,828	4,597
Economic development.....	13,577	—	13,577	597,356
Environment and natural resources.....	17,617	—	17,617	—
Public safety, corrections, and regulation.....	14,086	—	14,086	—
Transportation.....	12,398	—	12,398	—
Unemployment compensation.....	—	847,690	847,690	—
EPA revolving loan.....	—	922,784	922,784	—
Other purposes.....	92,554	2,544	95,098	—
Unrestricted.....	(1,839,740)	91,236	(1,748,504)	3,319,216
Total Net Assets.....	\$ 29,970,915	\$ 1,896,769	\$ 31,867,684	\$ 16,581,327

The accompanying Notes to the Financial Statements are an integral part of this statement.

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STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General government.....	\$ 1,248,228	\$ 365,920	\$ 243,967	\$ 1,382	\$ (636,959)
Primary and secondary education.....	10,635,026	12,895	1,236,211	—	(9,385,920)
Higher education.....	4,207,421	425	20,071	—	(4,186,925)
Health and human services.....	14,956,584	315,363	9,929,258	—	(4,711,963)
Economic development.....	746,660	30,442	321,479	—	(394,739)
Environment and natural resources.....	771,783	159,960	142,003	68,059	(401,761)
Public safety, corrections, and regulation.....	2,623,835	501,837	150,545	3,860	(1,967,593)
Transportation.....	1,938,394	777,059	244,364	749,513	(167,458)
Agriculture.....	119,395	17,334	14,403	3,832	(83,826)
Interest on long-term debt.....	304,020	—	—	—	(304,020)
Total Governmental Activities.....	<u>37,551,346</u>	<u>2,181,235</u>	<u>12,302,301</u>	<u>826,646</u>	<u>(22,241,164)</u>
Business-type Activities:					
Unemployment Compensation.....	1,002,866	1,091,856	21,378	—	110,368
N.C. State Lottery.....	712,718	1,053,131	8,897	—	349,310
EPA Revolving Loan.....	12,454	17,297	44,921	—	49,764
Regulatory commissions.....	34,791	37,163	1,134	—	3,506
Insurance programs.....	17,539	16,991	6,478	—	5,930
North Carolina State Fair.....	12,601	15,029	310	58	2,796
Other business-type activities.....	6,139	6,498	577	6,531	7,467
Total Business-type Activities.....	<u>1,799,108</u>	<u>2,237,965</u>	<u>83,695</u>	<u>6,589</u>	<u>529,141</u>
Total Primary Government.....	<u>\$ 39,350,454</u>	<u>\$ 4,419,200</u>	<u>\$ 12,385,996</u>	<u>\$ 833,235</u>	<u>\$ (21,712,023)</u>
Component Units:					
The Golden LEAF, Inc.	\$ 140,822	\$ 54	\$ (16,676)	\$ —	\$ (157,444)
University of North Carolina System.....	7,891,720	4,536,193	812,665	446,901	(2,095,961)
Community Colleges.....	1,706,114	263,017	488,865	218,527	(735,705)
N.C. Housing Finance Agency.....	297,975	280,084	40,256	—	22,365
State Education Assistance Authority.....	406,585	203,100	86,892	—	(116,593)
Other component units.....	203,708	56,832	5,929	137,457	(3,490)
Total Component Units.....	<u>\$ 10,646,924</u>	<u>\$ 5,339,280</u>	<u>\$ 1,417,931</u>	<u>\$ 802,885</u>	<u>\$ (3,086,828)</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2008

Exhibit A-2

(Dollars in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in Net Assets:				
Net (expense) revenue	\$ (22,241,164)	\$ 529,141	\$ (21,712,023)	\$ (3,086,828)
General Revenues:				
Taxes:				
Individual income tax.....	10,676,156	—	10,676,156	—
Corporate income tax.....	1,357,670	—	1,357,670	—
Sales and use tax.....	5,159,453	—	5,159,453	—
Gasoline tax.....	1,579,847	—	1,579,847	—
Franchise tax.....	738,741	—	738,741	—
Highway use tax.....	566,132	—	566,132	—
Insurance tax.....	505,936	—	505,936	—
Beverage tax.....	258,193	—	258,193	—
Inheritance tax.....	158,178	—	158,178	—
Tobacco products tax.....	249,664	—	249,664	—
Other taxes.....	339,158	—	339,158	—
Tobacco settlement.....	168,583	—	168,583	—
Unrestricted investment earnings.....	238,239	—	238,239	—
State aid.....	—	—	—	3,950,199
Miscellaneous.....	49,345	—	49,345	2,463
Contributions to permanent funds.....	3,894	—	3,894	—
Contributions to endowments.....	—	—	—	120,385
Transfers.....	346,848	(346,848)	—	—
Total general revenues, contributions, and transfers.....	<u>22,396,037</u>	<u>(346,848)</u>	<u>22,049,189</u>	<u>4,073,047</u>
Change in net assets.....	154,873	182,293	337,166	986,219
Net assets — July 1, as restated (Note 23).....	29,816,042	1,714,476	31,530,518	15,595,108
Net assets — June 30.....	<u>\$ 29,970,915</u>	<u>\$ 1,896,769</u>	<u>\$ 31,867,684</u>	<u>\$ 16,581,327</u>

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*FUND FINANCIAL
STATEMENTS*

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2008

Exhibit B-1

(Dollars in Thousands)

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Highway Trust Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents (Note 3).....	\$ 2,401,698	\$ 864,744	\$ 6,811	\$ 1,701,514	\$ 4,974,767
Investments (Note 3).....	2,233	—	—	455,148	457,381
Securities lending collateral (Note 3).....	3,147,335	548,297	24,258	1,065,210	4,785,100
Receivables, net: (Note 4)					
Taxes receivable.....	1,735,612	103,214	36,770	2,123	1,877,719
Accounts receivable.....	257,113	10,076	107	29,730	297,026
Intergovernmental receivable.....	744,395	35,850	3,999	6,426	790,670
Interest receivable.....	14,324	3,349	108	8,627	26,408
Other receivables.....	—	3,170	—	—	3,170
Due from other funds (Note 9).....	2,599	17,398	47	21,794	41,838
Due from component units (Note 18).....	1,478	—	—	13,104	14,582
Inventories.....	55,705	87,604	—	40,369	183,678
Advances to component units (Note 18).....	—	—	11,180	21,742	32,922
Notes receivable, net (Note 4).....	25,427	1,025	96	317,579	344,127
Securities held in trust.....	423	17,933	—	42,379	60,735
Restricted/designated cash and cash equivalents.....	69,839	—	—	459,656	529,495
Restricted investments (Note 3).....	—	187,793	—	502,650	690,443
Total Assets.....	<u>\$ 8,458,181</u>	<u>\$ 1,880,453</u>	<u>\$ 83,376</u>	<u>\$ 4,688,051</u>	<u>\$ 15,110,061</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities:					
Accounts payable.....	\$ 122,103	\$ 240,402	\$ 61,029	\$ 110,010	\$ 533,544
Accrued payroll.....	4,134	35,244	—	676	40,054
Intergovernmental payable.....	586,582	102,772	52,746	14,870	756,970
Claims payable.....	—	—	—	26,218	26,218
Medical claims payable.....	871,345	—	—	—	871,345
Tax refunds payable.....	1,276,922	6,833	2,278	—	1,286,033
Obligations under securities lending.....	3,147,335	548,297	24,258	1,065,210	4,785,100
Due to fiduciary funds (Note 9).....	103,901	—	—	47	103,948
Due to other funds (Note 9).....	18,617	7,982	17,398	16,180	60,177
Due to component units (Note 18).....	50,439	—	—	218,772	269,211
Deferred revenue.....	562,357	15,201	282	21,775	599,615
Deposits payable.....	—	—	—	86	86
Funds held for others.....	35,368	31,975	—	42,482	109,825
Total Liabilities.....	<u>6,779,103</u>	<u>988,706</u>	<u>157,991</u>	<u>1,516,326</u>	<u>9,442,126</u>
Fund Balances:					
Reserved (Note 10).....	173,850	233,579	11,276	937,868	1,356,573
Unreserved/Designated (Note 10).....	685,965	—	—	—	685,965
Unreserved/Undesignated, reported in:					
General Fund.....	819,263	—	—	—	819,263
Special Revenue Funds.....	—	658,168	(85,891)	1,947,009	2,519,286
Capital Projects Funds.....	—	—	—	284,536	284,536
Permanent Funds.....	—	—	—	2,312	2,312
Total Fund Balance.....	<u>1,679,078</u>	<u>891,747</u>	<u>(74,615)</u>	<u>3,171,725</u>	<u>5,667,935</u>
Total Liabilities and Fund Balances.....	<u>\$ 8,458,181</u>	<u>\$ 1,880,453</u>	<u>\$ 83,376</u>	<u>\$ 4,688,051</u>	<u>\$ 15,110,061</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

June 30, 2008

Exhibit B-1a

(Dollars in Thousands)

Total fund balances - governmental funds (see Exhibit B-1) \$ 5,667,935

Amounts reported for governmental activities in the Statement of Net Assets are different because:

- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (see Note 5). These consist of:		
Cost of capital assets (excluding internal service funds).....	\$ 32,978,140	
Less: Accumulated depreciation (excluding internal service funds).....	(471,813)	
Net capital assets.....		32,506,327
- Some assets , such as receivables, are not available soon enough to pay for current period expenditures and thus, are offset by deferred revenue in the governmental funds.		209,085
- Pension assets , resulting from contributions in excess of the annual required contribution are not financial resources and, therefore, are not reported in the funds (see Note 11).		3,527
- Long-term debt instruments , such as bonds and notes payable, are not due and payable in the current period and, therefore, the outstanding balances are not reported in the funds (see Note 7). Also, unamortized debt premiums, discounts, and losses on refundings are reported in the Statement of Net Assets but are not reported in the funds. These balances consist of:		
General obligation bonds payable.....	(5,533,760)	
Lease-purchase revenue bonds payable.....	(235,045)	
Certificates of participation payable.....	(965,880)	
GARVEE bonds payable.....	(287,565)	
Unamortized debt premiums (to be amortized as interest expense).....	(287,272)	
Less: Unamortized debt discounts (to be amortized as interest expense).....	126	
Less: Unamortized loss on refunding (to be amortized as interest expense).....	76,923	
Notes payable.....	(33,187)	
Capital leases payable.....	(24,659)	
Net long-term debt.....		(7,290,319)
- Other liabilities not due and payable in the current period and, therefore, not reported in the funds (see Note 7 as applicable) consist of:		
Accrued interest payable.....	(84,248)	
Compensated absences (excluding internal service funds).....	(398,324)	
Obligations for workers' compensation.....	(88,749)	
Arbitrage rebate payable.....	(3,025)	
Deferred death benefit payable.....	(565)	
Court judgment payable.....	(749,886)	
Cost settlement payable.....	(35,300)	
Net pension obligation.....	(522)	
Total other liabilities.....		(1,360,619)
- Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets (see Exhibit B-3).		234,979
Total net assets - governmental activities (see Exhibit A-1)		<u>\$ 29,970,915</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2008

Exhibit B-2

(Dollars in Thousands)

	General Fund	Highway Fund	Highway Trust Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Individual income tax.....	\$ 10,672,362	\$ —	\$ —	\$ 3,794	\$ 10,676,156
Corporate income tax.....	1,265,654	—	—	87,202	1,352,856
Sales and use tax.....	5,125,674	—	—	31,413	5,157,087
Gasoline tax.....	—	1,163,527	387,776	28,437	1,579,740
Franchise tax.....	739,947	—	—	—	739,947
Highway use tax.....	—	—	566,132	—	566,132
Insurance tax.....	492,699	—	—	13,237	505,936
Beverage tax.....	257,393	—	—	800	258,193
Inheritance tax.....	158,789	—	—	—	158,789
Tobacco products tax.....	249,664	—	—	—	249,664
Other taxes.....	185,351	—	—	153,670	339,021
Federal funds.....	10,843,765	904,400	—	348,189	12,096,354
Local funds.....	486,536	20,989	5,452	14,348	527,325
Investment earnings.....	385,833	67,905	2,592	164,499	620,829
Interest earnings on loans.....	113	12	—	5,031	5,156
Sales and services.....	102,445	863	—	182,540	285,848
Rental and lease of property.....	8,006	13,700	1,999	4,032	27,737
Fees, licenses, and fines.....	614,990	649,948	103,884	225,071	1,593,893
Tobacco settlement.....	159,954	—	—	—	159,954
Contributions, gifts, and grants.....	16,054	13,329	1,199	109,993	140,575
Funds escheated.....	—	—	—	74,743	74,743
Miscellaneous.....	128,368	24,387	1,367	13,327	167,449
Total revenues.....	31,893,597	2,859,060	1,070,401	1,460,326	37,283,384
Expenditures:					
Current:					
General government.....	1,083,760	—	—	83,330	1,167,090
Primary and secondary education.....	9,463,994	—	—	415,608	9,879,602
Higher education.....	3,880,171	—	—	326,993	4,207,164
Health and human services.....	14,822,331	—	—	95,737	14,918,068
Economic development.....	400,812	—	—	346,916	747,728
Environment and natural resources.....	284,244	—	—	404,875	689,119
Public safety, corrections, and regulation.....	2,167,484	—	—	462,083	2,629,567
Transportation.....	—	2,709,713	764,005	—	3,473,718
Agriculture.....	93,181	—	—	24,199	117,380
Capital outlay.....	—	—	—	346,764	346,764
Debt service:					
Principal retirement.....	368,736	3,100	54,055	1,659	427,550
Interest and fees.....	287,047	6,607	34,788	1,371	329,813
Debt issuance costs.....	3	667	78	1,393	2,141
Total expenditures.....	32,851,763	2,720,087	852,926	2,510,928	38,935,704
Excess revenues over (under) expenditures.....	(958,166)	138,973	217,475	(1,050,602)	(1,652,320)
Other Financing Sources (Uses):					
Special indebtedness issued.....	—	—	—	275,000	275,000
GARVEE bonds issued.....	—	287,565	—	—	287,565
Other debt issued.....	4,590	—	—	2,835	7,425
Premium on debt issued.....	—	12,231	—	9,612	21,843
Sale of capital assets.....	11,592	11,549	1,073	5,356	29,570
Insurance recoveries.....	540	6,525	—	252	7,317
Transfers in (Note 9).....	789,758	53,458	—	1,723,925	2,567,141
Transfers out (Note 9).....	(745,653)	(300,257)	(225,351)	(952,177)	(2,223,438)
Total other financing sources (uses).....	60,827	71,071	(224,278)	1,064,803	972,423
Net change in fund balances.....	(897,339)	210,044	(6,803)	14,201	(679,897)
Fund balances — July 1, as restated (Note 23).....	2,606,718	678,902	(67,812)	3,154,899	6,372,707
Increase (decrease) in reserve for related assets.....	(30,301)	2,801	—	2,625	(24,875)
Fund balances — June 30.....	\$ 1,679,078	\$ 891,747	\$ (74,615)	\$ 3,171,725	\$ 5,667,935

The accompanying Notes to the Financial Statements are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

Exhibit B-2a

Net change in fund balances - total governmental funds (see Exhibit B-2) \$ (679,897)

Amounts reported for governmental activities in the Statement of Activities are different because:

- Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlays (including construction-in-progress)	\$ 2,401,659	
Less: Depreciation expense (excluding internal service funds)	(611,162)	
Net capital outlay adjustment		1,790,497
- Proceeds from the sale of capital assets increase financial resources in the funds, whereas in the Statement of Activities only the gain or loss on the sale is reported. This adjustment reduces the proceeds by the book value of the capital assets sold.		(102,677)
- Donations of capital assets do not appear in the governmental funds because they are not financial resources, but increase net assets in the Statement of Activities.		115
- Long-term debt proceeds provide current financial resources to governmental funds, while the repayment of the related debt principal consumes those financial resources. These transactions, however, have no effect on net assets. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. In the current period, these amounts consist of:		
Debt issued or incurred:		
Bonds and similar debt issued	(569,990)	
Premiums on debt issued	(21,843)	
Principal repayments:		
Bonds, notes, and similar debt	426,469	
Capital leases	1,081	
Net debt adjustments		(164,283)
- Some revenues in the Statement of Activities do not provide current financial resources and, therefore, are deferred in the funds. Also, revenues related to prior periods that became available during the current period are reported in the funds but are eliminated in the Statement of Activities. This amount is the net adjustment.		19,692
- Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not recognized in the funds. Also, some payments related to prior periods are recognized in the funds but are eliminated in the Statement of Activities. In the current period, the net adjustments consist of:		
Accrued interest	(2,460)	
Compensated absences (excluding internal service funds)	(21,542)	
Workers' compensation	(4,327)	
Arbitrage rebate	2,692	
Deferred death benefit	(155)	
Court judgment	(749,886)	
Cost settlement	15,000	
Net pension obligation	3,705	
Amortization of deferred amounts	28,253	
Net expense accruals		(728,720)
- Inventories of governmental funds are recorded as expenditures when purchased but in the Statement of Activities are recorded as expenses when consumed.		(24,875)
- Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues of internal service funds are included with governmental activities in the Statement of Activities (see Exhibit B-4).		45,021
Change in net assets - governmental activities (see Exhibit A-2)		<u>\$ 154,873</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

June 30, 2008

(Dollars in Thousands)

**Business-type Activities —
Enterprise Funds**

	Unemployment Compensation Fund	EPA Revolving Loan Fund	N.C. State Lottery Fund	Other Enterprise Funds	Total Enterprise Funds
Assets					
Current Assets:					
Cash and cash equivalents (Note 3).....	\$ 503,905	\$ 261,671	\$ 38,755	\$ 55,203	\$ 859,534
Investments (Note 3).....	—	—	—	53,831	53,831
Securities lending collateral (Note 3).....	22,569	165,809	25,633	48,083	262,094
Receivables: (Note 4)					
Accounts receivable, net.....	30,076	—	13,728	4,643	48,447
Intergovernmental receivable.....	—	129	—	—	129
Interest receivable.....	137	3,823	418	65	4,443
Premiums receivable.....	—	—	—	1,281	1,281
Contributions receivable, net.....	330,535	—	—	—	330,535
Notes receivable, net (Note 4).....	—	39,549	—	—	39,549
Due from fiduciary funds (Note 9).....	—	—	—	—	—
Due from other funds (Note 9).....	3,025	—	—	—	3,025
Due from component units (Note 18).....	—	—	—	—	—
Inventories.....	—	—	910	498	1,408
Prepaid items.....	—	—	—	2,662	2,662
Restricted investments (Note 3).....	—	2,244	—	—	2,244
Total current assets.....	<u>890,247</u>	<u>473,225</u>	<u>79,444</u>	<u>166,266</u>	<u>1,609,182</u>
Noncurrent Assets:					
Investments (Note 3).....	—	—	—	721	721
Receivables:					
Contributions receivable, net.....	26,431	—	—	—	26,431
Notes receivable, net (Note 4).....	—	615,897	—	—	615,897
Restricted investments (Note 3).....	—	—	—	3,791	3,791
Capital assets-nondepreciable (Note 5).....	—	—	—	3,984	3,984
Capital assets-depreciable, net (Note 5).....	—	83	1,487	26,961	28,531
Total noncurrent assets.....	<u>26,431</u>	<u>615,980</u>	<u>1,487</u>	<u>35,457</u>	<u>679,355</u>
Total Assets.....	<u>916,678</u>	<u>1,089,205</u>	<u>80,931</u>	<u>201,723</u>	<u>2,288,537</u>
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities:					
Accounts payable.....	17,860	116	50,160	1,149	69,285
Accrued payroll.....	—	2	405	75	482
Intergovernmental payable.....	3,578	—	10	—	3,588
Claims payable.....	—	—	—	15,335	15,335
Unemployment benefits payable.....	12,216	—	—	—	12,216
Obligations under securities lending.....	22,569	165,809	25,633	48,083	262,094
Due to other funds (Note 9).....	109	30	3,564	41	3,744
Unearned revenue.....	12,656	—	7	7,677	20,340
Deposits payable.....	—	—	—	2	2
Compensated absences.....	—	21	57	182	260
Total current liabilities.....	<u>68,988</u>	<u>165,978</u>	<u>79,836</u>	<u>72,544</u>	<u>387,346</u>
Noncurrent Liabilities:					
Compensated absences.....	—	360	1,095	2,967	4,422
Total noncurrent liabilities.....	<u>—</u>	<u>360</u>	<u>1,095</u>	<u>2,967</u>	<u>4,422</u>
Total Liabilities.....	<u>68,988</u>	<u>166,338</u>	<u>80,931</u>	<u>75,511</u>	<u>391,768</u>
Net Assets					
Invested in capital assets, net of related debt.....	—	83	1,487	30,945	32,515
Restricted for:					
Capital outlay.....	—	—	—	2,544	2,544
Unrestricted.....	847,690	922,784	(1,487)	92,723	1,861,710
Total Net Assets.....	<u>\$ 847,690</u>	<u>\$ 922,867</u>	<u>\$ —</u>	<u>\$ 126,212</u>	<u>\$ 1,896,769</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-3

Governmental
Activities —
Internal
Service
Funds

\$	78,216
	19,640
	30,014
	14,336
	—
	111
	1,337
	—
	—
	7
	20,671
	1,111
	215
	6,173
	—
	<u>171,831</u>
	—
	—
	—
	3,396
	112,998
	<u>116,394</u>
	<u>288,225</u>
	2,779
	747
	1
	8,207
	—
	30,014
	1,613
	4,960
	—
	325
	<u>48,646</u>
	4,600
	<u>4,600</u>
	<u>53,246</u>
	116,394
	—
	118,585
\$	<u>234,979</u>

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS**

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	Business-type Activities — Enterprise Funds				Total Enterprise Funds
	Unemployment Compensation Fund	EPA Revolving Loan Fund	N.C. State Lottery Fund	Other Enterprise Funds	
Operating Revenues:					
Employer unemployment contributions.....	\$ 1,064,643	\$ —	\$ —	\$ —	\$ 1,064,643
Federal funds.....	27,213	—	—	—	27,213
Sales and services.....	—	1,883	1,048,349	1,208	1,051,440
Interest earnings on loans.....	—	15,414	—	—	15,414
Rental and lease earnings.....	—	—	—	7,362	7,362
Fees, licenses, and fines.....	—	—	4,579	49,701	54,280
Insurance premiums.....	—	—	—	16,991	16,991
Miscellaneous.....	—	—	203	419	622
Total operating revenues.....	<u>1,091,856</u>	<u>17,297</u>	<u>1,053,131</u>	<u>75,681</u>	<u>2,237,965</u>
Operating Expenses:					
Personal services.....	—	4,013	13,793	30,914	48,720
Supplies and materials.....	—	59	120	1,332	1,511
Services.....	—	970	105,071	15,851	121,892
Cost of goods sold.....	—	—	—	374	374
Depreciation/amortization.....	—	25	382	1,226	1,633
Lottery prizes.....	—	—	588,485	—	588,485
Claims.....	—	—	—	11,434	11,434
Unemployment benefits.....	1,001,417	—	—	—	1,001,417
Insurance and bonding.....	—	—	4	3,585	3,589
Other.....	—	553	1,791	4,464	6,808
Total operating expenses.....	<u>1,001,417</u>	<u>5,620</u>	<u>709,646</u>	<u>69,180</u>	<u>1,785,863</u>
Operating income (loss).....	<u>90,439</u>	<u>11,677</u>	<u>343,485</u>	<u>6,501</u>	<u>452,102</u>
Nonoperating Revenues (Expenses):					
Noncapital grants.....	—	26,407	—	189	26,596
Noncapital gifts.....	—	—	—	338	338
Investment earnings.....	21,378	18,514	8,350	7,932	56,174
Interest and fees.....	—	(13)	—	—	(13)
Insurance recoveries.....	—	—	—	2	2
Gain (loss) on sale of equipment.....	—	—	—	—	—
Miscellaneous.....	(1,449)	(6,821)	(2,525)	(1,852)	(12,647)
Total nonoperating revenues (expenses).....	<u>19,929</u>	<u>38,087</u>	<u>5,825</u>	<u>6,609</u>	<u>70,450</u>
Income (loss) before contributions.....					
and transfers.....	110,368	49,764	349,310	13,110	522,552
Capital contributions.....	—	—	—	6,589	6,589
Transfers in (Note 9).....	2,006	10,183	—	4,500	16,689
Transfers out (Note 9).....	(10,792)	(263)	(349,310)	(3,172)	(363,537)
Change in net assets.....	101,582	59,684	—	21,027	182,293
Net assets — July 1, as restated (Note 23).....	746,108	863,183	—	105,185	1,714,476
Net assets — June 30.....	<u>\$ 847,690</u>	<u>\$ 922,867</u>	<u>\$ —</u>	<u>\$ 126,212</u>	<u>\$ 1,896,769</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B-4

Governmental Activities — Internal Service Funds	
\$	—
	—
	283,108
	—
	20
	140
	19,257
	422
	<u>302,947</u>
	60,885
	15,936
	113,419
	617
	28,058
	—
	1,170
	—
	18,203
	56,412
	<u>294,700</u>
	<u>8,247</u>
	—
	—
	4,850
	—
	153
	168
	<u>(1,407)</u>
	<u>3,764</u>
	12,011
	29,865
	3,307
	<u>(162)</u>
	45,021
	<u>189,958</u>
\$	<u><u>234,979</u></u>

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	Business-type Activities — Enterprise Funds				
	Unemployment Compensation Fund	EPA Revolving Loan Fund	N.C. State Lottery Fund	Other Enterprise Funds	Total Enterprise Funds
Cash Flows From Operating Activities:					
Receipts from customers.....	\$ 1,072,174	\$ 1,883	\$ 975,093	\$ 72,267	\$ 2,121,417
Receipts from federal agencies.....	27,212	—	—	—	27,212
Receipts from other funds.....	—	—	—	—	—
Payments to suppliers.....	—	(1,153)	(31,484)	(22,824)	(55,461)
Payments to employees.....	—	(4,007)	(13,117)	(30,401)	(47,525)
Payments for prizes, benefits, and claims.....	(1,005,766)	—	(598,203)	(8,955)	(1,612,924)
Payments to other funds.....	—	—	—	—	—
Other receipts (payments).....	(577)	(423)	548	(2,117)	(2,569)
Net cash flows provided (used) by operating activities.....	<u>93,043</u>	<u>(3,700)</u>	<u>332,837</u>	<u>7,970</u>	<u>430,150</u>
Cash Provided From (Used For)					
Noncapital Financing Activities:					
Grant receipts (refunds).....	—	26,386	—	189	26,575
Interest expense and issuance cost.....	—	(13)	—	—	(13)
Transfers from other funds.....	2,006	10,183	—	4,500	16,689
Transfers to other funds.....	(10,792)	(263)	(348,327)	(3,172)	(362,554)
Gifts.....	—	—	—	367	367
Total cash provided from (used for) noncapital financing activities.....	<u>(8,786)</u>	<u>36,293</u>	<u>(348,327)</u>	<u>1,884</u>	<u>(318,936)</u>
Cash Provided From (Used For)					
Capital and Related Financing Activities:					
Acquisition and construction of capital assets.....	—	(19)	(587)	(306)	(912)
Proceeds from the sale of capital assets.....	—	—	—	157	157
Insurance recoveries.....	—	—	—	—	—
Total cash provided from (used for) capital and related financing activities.....	<u>—</u>	<u>(19)</u>	<u>(587)</u>	<u>(149)</u>	<u>(755)</u>
Cash Provided From (Used For)					
Investment Activities:					
Purchase into State Treasurer investment pool.....	—	(1,489)	—	—	(1,489)
Redemptions from State Treasurer investment pool.....	—	6,140	—	—	6,140
Loan issuances.....	—	(60,909)	—	—	(60,909)
Loan repayments — interest.....	—	14,981	—	—	14,981
Loan repayments — principal.....	—	41,102	—	—	41,102
Investment earnings.....	20,431	11,634	5,266	1,587	38,918
Total cash provided from (used for) investment activities.....	<u>20,431</u>	<u>11,459</u>	<u>5,266</u>	<u>1,587</u>	<u>38,743</u>
Net increase (decrease) in cash and cash equivalents.....	104,688	44,033	(10,811)	11,292	149,202
Cash and cash equivalents at July 1, as restated.....	399,217	217,638	49,566	43,911	710,332
Cash and cash equivalents at June 30.....	<u>\$ 503,905</u>	<u>\$ 261,671</u>	<u>\$ 38,755</u>	<u>\$ 55,203</u>	<u>\$ 859,534</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Governmental
Activities —
Internal
Service
Funds**

\$	46,510
	—
	254,354
	(185,302)
	(59,811)
	(3,668)
	(14,573)
	(1,304)
	<u>36,206</u>
	—
	—
	3,307
	(162)
	—
	<u>3,145</u>
	(17,805)
	241
	<u>153</u>
	<u>(17,411)</u>
	—
	—
	—
	—
	—
	<u>1,800</u>
	<u>1,800</u>
	23,740
	<u>54,476</u>
\$	<u><u>78,216</u></u>

Continued

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	Business-type Activities —				
	Enterprise Funds				
	Unemployment Compensation Fund	EPA Revolving Loan Fund	N.C. State Lottery Fund	Other Enterprise Funds	Total Enterprise Funds
Reconciliation of Operating Income to Net Cash Provided					
From (Used For) Operating Activities:					
Operating income (loss).....	\$ 90,439	\$ 11,677	\$ 343,485	\$ 6,501	\$ 452,102
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation/amortization.....	—	25	382	1,226	1,633
Interest earnings on loans classified as investing activity.....	—	(15,414)	—	—	(15,414)
Restatements and adjustments.....	—	—	—	2,732	2,732
Nonoperating miscellaneous income (expense).....	(577)	—	546	36	5
(Increases) decreases in assets:					
Receivables.....	6,120	—	(2,674)	(1,367)	2,079
Due from other funds.....	(2,851)	—	—	—	(2,851)
Due from fiduciary funds.....	—	—	—	—	—
Due from component units.....	—	—	—	—	—
Inventories.....	—	—	(115)	(49)	(164)
Prepaid items.....	—	—	—	(178)	(178)
Increases (decreases) in liabilities:					
Accounts payable and accrued liabilities.....	4,900	7	(9,074)	1,387	(2,780)
Due to other funds.....	93	2	—	(4)	91
Unemployment benefits payable.....	(6,076)	—	—	—	(6,076)
Compensated absences.....	—	3	288	506	797
Unearned revenue.....	995	—	7	(2,822)	(1,820)
Deposits payable.....	—	—	(8)	2	(6)
Total cash provided from (used for) operations.....	<u>\$ 93,043</u>	<u>\$ (3,700)</u>	<u>\$ 332,837</u>	<u>\$ 7,970</u>	<u>\$ 430,150</u>
Noncash Investing, Capital, and Financing Activities:					
Noncash distributions from the State Treasurer					
Long-Term Investment Portfolio and/or other agents.....	\$ —	\$ —	\$ —	\$ 3,127	\$ 3,127
Donated or transferred assets (fair value).....	—	—	—	6,560	6,560
Assets acquired through the assumption of a liability.....	22,569	165,809	25,633	48,083	262,094
Change in fair value of investments.....	—	—	—	1,148	1,148

**Governmental
Activities —
Internal
Service
Funds**

\$ 8,247

28,058

—

112

37

(268)

(1,867)

4

47

119

3,197

(2,716)

130

—

774

332

—

\$ 36,206

\$ —

29,865

30,014

434

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

June 30, 2008

Exhibit B-6

(Dollars in Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private- Purpose Trust Funds	Agency Funds
Assets				
Cash and cash equivalents (Note 3).....	\$ 812,048	\$ 17,733	\$ 100,992	\$ 3,349,938
Investments (Note 3):				
U.S. government and agency securities.....	446,222	—	2,073	—
Collateralized mortgage obligations.....	404,982	—	—	—
Asset-backed securities.....	32,554	—	—	—
Repurchase agreements.....	2,100	—	—	—
Commercial mortgage backed securities.....	57,715	—	—	—
Annuity contracts.....	27,925	—	—	—
Corporate bonds.....	254,193	—	—	45,893
Corporate stocks.....	—	—	—	1,011
Certificates of deposit.....	619	—	63,602	392
Mutual funds.....	3,824,915	—	—	—
State Treasurer investment pool.....	72,894,447	441,790	—	44,163
Securities lending collateral (Note 3).....	15,648,705	260,172	412	1,756,444
Receivables:				
Taxes receivable.....	—	—	—	136,400
Accounts receivable.....	66,291	—	—	15,460
Intergovernmental receivable.....	17,923	—	—	—
Interest receivable.....	16,703	4,968	2	1
Contributions receivable.....	135,021	—	—	—
Due from other funds (Note 9).....	89,271	—	—	14,677
Due from component units.....	15,207	—	—	—
Notes receivable.....	177,619	—	—	—
Sureties.....	—	—	905,225	93,286
Capital assets-depreciable, net.....	138	—	—	—
Total Assets.....	94,924,598	724,663	1,072,306	5,457,665
Liabilities				
Accounts payable and accrued liabilities:				
Accounts payable.....	69,571	—	—	595
Intergovernmental payable.....	7,392	—	—	635,598
Benefits payable.....	9,659	—	—	—
Medical claims payable.....	263,242	—	—	—
Obligations under securities lending.....	15,648,705	260,172	412	1,756,444
Due to other funds (Note 9).....	7	—	—	—
Unearned revenue.....	25,057	—	—	—
Deposits payable.....	—	—	—	1,821
Funds held for others.....	—	—	—	3,063,207
Notes Payable.....	11,870	—	—	—
Compensated absences.....	193	—	—	—
Total Liabilities.....	16,035,696	260,172	412	5,457,665
Net Assets				
Held in trust for:				
Employees' pension and other benefits.....	78,888,902	—	—	—
Pool participants.....	—	464,491	—	—
Individuals, organizations, and other governments.....	—	—	1,071,894	—
Total Net Assets.....	\$ 78,888,902	\$ 464,491	\$ 1,071,894	\$ —

The accompanying Notes to the Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 2008

Exhibit B-7

(Dollars in Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private- Purpose Trust Funds
Additions:			
Contributions:			
Employer.....	\$ 3,389,501	\$ —	\$ —
Members.....	1,849,863	—	—
Trustee deposits.....	—	—	145,487
Other contributions.....	71,929	—	—
Total contributions.....	<u>5,311,293</u>	<u>—</u>	<u>145,487</u>
Investment income:			
Investment earnings (loss).....	(194,724)	26,655	3,738
Less investment expenses.....	(922,715)	(9,805)	(31)
Net investment income (loss).....	<u>(1,117,439)</u>	<u>16,850</u>	<u>3,707</u>
Pool share transactions:			
Reinvestment of dividends.....	—	16,850	—
Net share purchases/(redemptions).....	—	274,767	—
Net pool share transactions.....	<u>—</u>	<u>291,617</u>	<u>—</u>
Other additions:			
Fees, licenses, and fines.....	5,147	—	—
Interest earnings on loans.....	13,026	—	—
Miscellaneous.....	3,225	—	—
Total other additions.....	<u>21,398</u>	<u>—</u>	<u>—</u>
Total additions.....	<u>4,215,252</u>	<u>308,467</u>	<u>149,194</u>
Deductions:			
Claims and benefits.....	6,244,251	—	—
Medical insurance premiums.....	523,672	—	—
Refund of contributions.....	116,204	—	—
Distributions paid and payable.....	—	16,850	—
Payments in accordance with trust arrangements.....	—	—	131,409
Administrative expenses.....	188,114	—	9
Other deductions.....	7,640	—	—
Total deductions.....	<u>7,079,881</u>	<u>16,850</u>	<u>131,418</u>
Change in net assets.....	<u>(2,864,629)</u>	<u>291,617</u>	<u>17,776</u>
Net assets — July 1, as restated (Note 23).....	81,753,531	172,874	1,054,118
Net assets — June 30.....	<u>\$ 78,888,902</u>	<u>\$ 464,491</u>	<u>\$ 1,071,894</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS
INDEX

	Page
Note 1—Summary of Significant Accounting Policies	76
A. Financial Reporting Entity.....	76
B. Basis of Presentation	79
C. Measurement Focus and Basis of Accounting.....	81
D. Cash and Cash Equivalents	82
E. Investments.....	82
F. Securities Lending.....	82
G. Receivables and Payables.....	82
H. Inventories and Prepaid Items	82
I. Restricted/Designated Assets	82
J. Capital Assets.....	82
K. Tax Refund Liabilities.....	83
L. Compensated Absences.....	83
M. Long-Term Liabilities.....	83
N. Sureties.....	84
O. Net Assets/Fund Balance.....	84
P. Revenues and Expenses.....	84
Q. Food and Nutrition Services.....	84
Note 2—Stewardship, Compliance, and Accountability	85
DETAIL NOTES ON ALL FUNDS AND ACTIVITIES	
Note 3—Deposits and Investments.....	86
A. Deposits and Investments with State Treasurer	86
B. Deposits Outside the State Treasurer.....	93
C. Investments Outside the State Treasurer	93
Note 4—Receivables	101
Note 5—Capital Assets.....	102
Note 6—Short-Term Debt	106
Note 7—Long-Term Liabilities	107
A. Changes in Long-Term Liabilities.....	107
B. Bonds, Certificates of Participation, and Notes Payable	109
C. Bonds Authorized but Unissued.....	109
D. Demand Bonds	109
E. Interest Rate and Basis Swaps.....	113
F. Swaptions	120
G. Debt Service Requirements	121
H. Bond Defeasances	123
I. Bond Redemptions	123
Note 8—Lease Obligations—Operating and Capital.....	124
Note 9—Interfund Balances and Transfers	125
A. Interfund Balances.....	125
B. Interfund Transfers.....	126
Note 10—Fund Balance Reserves and Designations	127

NOTES TO THE FINANCIAL STATEMENTS

	Page
Note 11—Retirement Plans	128
A. Plan Descriptions and Contribution Information.....	128
B. Summary of Significant Accounting Policies and Plan Asset Matters	131
C. Actuarial Methods and Assumptions.....	131
D. Annual Pension Cost and Net Pension Obligation	132
E. Funding Status and Funding Progress	134
F. Optional Retirement Plan	134
G. Special Separation Allowance.....	134
Note 12—Deferred Compensation Plans	135
Note 13—Other Postemployment Benefits	137
A. Summary of Significant Accounting Policies and Plan Asset Matters	137
B. Plan Descriptions and Contribution Information.....	137
C. Actuarial Methods and Assumptions.....	140
Note 14—Risk Management and Insurance	142
A. Public Entity Risk Pool	142
B. Employee Benefit Plans	142
C. Other Risk Management and Insurance Activities	144
Note 15—Individual Plan Financial Statements - Pension and Other Employee Benefit Trust Funds	150
Note 16—Segment Information	154
Note 17—Pledged Revenues	155
Note 18—Component Units—Financial Information	157
Note 19—Related Organizations	159
Note 20—Related Party Transactions	160
Note 21—Commitments and Contingencies	161
A. No Commitment Debt	161
B. Litigation	161
C. Federal Grants	163
D. Highway Construction.....	164
E. USDA-Donated Commodities.....	164
F. Construction and Other Commitments.....	164
G. Tobacco Settlement	164
H. Other Contingencies	165
Note 22—Changes in Financial Accounting and Reporting	166
Note 23—Fund Equity Reclassifications and Restatements	167
Note 24—Subsequent Events	168

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The accompanying government-wide financial statements present the State of North Carolina and its component units. The State of North Carolina, as primary government, consists of all organizations that make up its legal entity. All funds, organizations, agencies, boards, commissions, and authorities that are not legally separate are, for financial reporting purposes, part of the primary government. The primary government has a separately elected governing body (the General Assembly) and the primary government must be both legally separate and fiscally independent. Component units are legally separate entities for which the State is financially accountable. Accountability is defined as the State's substantive appointment of a majority of the component unit's governing board. Furthermore, to be financially accountable, the State must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the State. Financial accountability also exists when an organization is fiscally dependent upon the State. The State's defined benefit pension plans, deferred compensation plans, and other employee benefit plans, being fiduciary in nature, were not evaluated as potential component units but instead are reported as fiduciary funds.

The State's component units are either blended or discretely presented. The blended component unit is so intertwined with the State that it is, in substance, the same as the State and, therefore, is reported as if it was part of the State primary government. The "Component Units" column in the accompanying financial statements includes the financial data of the State's discretely presented component units. They are combined and reported in a separate column in the government-wide financial statements to emphasize their legal separateness from the State.

Blended Component Unit**The North Carolina Infrastructure Finance Corporation**

The North Carolina Infrastructure Finance Corporation (Corporation) was created by the General Assembly and organized as a separate not-for-profit corporation. It is managed by a three-member board appointed by the State Treasurer. The Corporation is authorized to issue tax-exempt debt to finance the acquisition, construction, repair and renovation of State facilities and related infrastructure. The debt obligations are secured by lease-purchase agreements or installment financing contracts with the State, which constitute the imposition of a financial burden on the State. The substance of the financing agreements is that the assets and debt are those of the State (lessee). The Corporation is reported with the State's governmental funds since it provides services entirely to the State.

Discretely Presented Component Units - Major**The Golden LEAF (Long-term Economic Advancement Foundation), Inc.**

The Golden LEAF, Inc. (Foundation) is a legally separate not-for-profit corporation ordered to be created by the Consent Decree and Final Judgment in the State of North Carolina vs. Philip Morris, et al. The Foundation was established to receive and distribute fifty percent of the tobacco settlement funds allocated to North Carolina, such funds to be used to provide economic impact assistance to economically affected or tobacco-dependent regions of North Carolina. The Foundation is governed by a fifteen-member board, all of whom are appointed by either the Governor, President Pro Tempore of the Senate, or the Speaker of the House. The State assigned fifty percent of its share of the settlement to the Foundation, creating a financial benefit/burden relationship.

University of North Carolina System

The Board of Governors of the consolidated University of North Carolina (UNC) System is a legally separate body, composed of thirty-two members elected by the General Assembly. The Board of Governors establishes system-wide administrative policies while budgetary decisions are exercised at the State level. Within the consolidated System are UNC-General Administration, which is the administrative arm of the Board of Governors; the sixteen constituent universities; a constituent high school; and the University of North Carolina Health Care System (UNCHCS). Each of the sixteen universities and the high school, in turn, is governed by its own separate board of trustees that is responsible for the operations of that campus only. UNCHCS is governed by a separate board of directors. Funding for the UNC System is accomplished by State appropriations, tuition and fees, sales and services, federal grants, state grants, and private donations and grants.

Also included in the System are the financial data of the universities' significant fund-raising foundations (and similarly affiliated organizations). Although the universities do not control the timing or amount of receipts from their foundations, the majority of resources (or income thereon) that the foundations hold and invest are restricted to the activities of the respective universities by the donors. Because these restricted resources held by the foundations can only be used by, or for the benefit of, the specific universities, the foundations are considered component units of the universities and are included in the universities' financial statements. The foundations are private not-for-profit organizations that report under Financial Accounting Standards Board pronouncements. As such, certain revenue recognition criteria and presentation features are different from that of the Governmental Accounting Standards Board. The foundations' financial statement formats were modified to make them compatible with the universities' financial statement formats.

NOTES TO THE FINANCIAL STATEMENTS

The following constituent institutions comprise the UNC System for financial reporting purposes:

UNC General Administration
 Appalachian State University
 East Carolina University
 Elizabeth City State University
 Fayetteville State University
 North Carolina Agricultural and Technical State University
 North Carolina Central University
 North Carolina School of the Arts
 North Carolina State University
 University of North Carolina at Asheville
 University of North Carolina at Chapel Hill
 University of North Carolina at Charlotte
 University of North Carolina at Greensboro
 University of North Carolina at Pembroke
 University of North Carolina at Wilmington
 Western Carolina University
 Winston-Salem State University
 University of North Carolina Health Care System
 North Carolina School of Science and Mathematics

Community Colleges

There are currently 58 community colleges located throughout the State of North Carolina. Each is a separate component unit of the reporting entity and is legally separate. The State does not appoint a voting majority of each community college board of trustees. However, the State is financially accountable for these institutions because the State Board of Community Colleges (the Board) approves the budgeting of state and federal funds, the associated budget revisions, and the selection of the chief administrative officer of each individual community college. The Board is comprised of state officials or their appointees. Each community college is similar in nature and function to all of the others, and the operations of no single community college are considered major in relation to the operations of all community colleges in the system. Therefore, aggregated financial information is presented in this CAFR for all community colleges.

The aggregated financial information for community colleges also includes the financial data of the institutions' significant fund-raising foundations. Although the community colleges do not control the timing or amount of receipts from their foundations, the majority of resources (or income thereon) that the foundations hold and invest are restricted to the activities of the respective community colleges by the donors. Because these restricted resources held by the foundations can only be used by, or for the benefit of, the specific community colleges, the foundations are considered component units of the community colleges and are included in the community colleges' financial statements. The foundations are private not-for-profit organizations that report under Financial Accounting Standards Board pronouncements. As such, certain revenue recognition criteria and presentation features are different from that of the Governmental Accounting Standards Board. The foundations' financial statement formats were modified to make them compatible with the community colleges' financial statement formats.

The following are the State's 58 community colleges:

Alamance Comm. College	Asheville-Buncombe Technical Comm. College
Beaufort County Comm. College	Bladen Community College
Blue Ridge Comm. College	Brunswick Comm. College
Caldwell Comm. College and Tech. Institute	Cape Fear Comm. College
Carteret Comm. College	Catawba Valley Comm. College
Central Carolina Comm. College	Central Piedmont Comm. College
Cleveland Comm. College	Coastal Carolina Comm. College
College of The Albemarle	Craven Comm. College
Davidson County Comm. College	Durham Technical Comm. College
Edgecombe Comm. College	Fayetteville Technical Comm. College
Forsyth Technical Comm. College	Gaston College
Guilford Technical Comm. College	Halifax Comm. College
Haywood Comm. College	Isothermal Comm. College
James Sprunt Comm. College	Johnston Comm. College
Lenoir Comm. College	Martin Comm. College
Mayland Comm. College	McDowell Technical Comm. College
Mitchell Comm. College	Montgomery Comm. College
Nash Comm. College	Pamlico Comm. College
Piedmont Comm. College	Pitt Comm. College
Randolph Comm. College	Richmond Comm. College
Roanoke-Chowan Comm. College	Robeson Comm. College
Rockingham Comm. College	Rowan-Cabarrus Comm. College
Sampson Comm. College	Sandhills Comm. College
South Piedmont Comm. College	Southeastern Comm. College
Southwestern Comm. College	Stanly Comm. College
Surry Comm. College	Tri-County Comm. College
Vance-Granville Comm. College	Wake Technical Comm. College
Wayne Comm. College	Western Piedmont Comm. College
Wilkes Comm. College	Wilson Technical Comm. College

North Carolina Housing Finance Agency

The North Carolina Housing Finance Agency is a legally separate organization established to administer programs to finance housing opportunities for low and moderate income individuals. The Agency has a thirteen-member board of directors, with twelve appointed by either the Governor or the General Assembly. The thirteenth member is elected by the other twelve. The Agency's mission is defined in its authorizing statute, which is modified or expanded from time to time by the General Assembly. The General Assembly also appropriates funds that assist the Agency in its mission to finance housing for very low income individuals and those with special needs.

State Education Assistance Authority

The State Education Assistance Authority is a legally separate authority created to provide a system of financial assistance, consisting of grants, loans, work-study or other employment, and other aids, to qualified students to obtain an education beyond the high school level by attending public or private educational institutions. The Authority is governed by a seven-member board of directors, all of whom are appointed by the Governor. The State provides significant operating subsidies to the Authority; therefore, a financial benefit/burden relationship exists between the State and the Authority.

NOTES TO THE FINANCIAL STATEMENTS**Discretely Presented Component Units - Other****North Carolina Phase II Tobacco Certification Entity, Inc.**

The North Carolina Phase II Tobacco Certification Entity, Inc. (Entity) is a legally separate organization established to serve as the certification entity for the State for the National Tobacco Grower Settlement Trust. Under the settlement, tobacco companies agreed to create a trust fund for tobacco growers and quota holders in 14 grower states, including North Carolina. The Entity is governed by a fourteen-member board. Three members serve by virtue of their positions as state officials and nine members are appointed by either the Governor, President Pro Tempore of the Senate, or the Speaker of the House. The State has the ability to impose its will since appointed members may be removed without cause. The Tobacco Buyout Bill enacted in October 2004 ended the trust agreement that the Entity was formed to oversee. The Entity made a final payment to quota and tobacco owners in late 2005. The Entity wrapped up its affairs and filed Articles of Dissolution with the Secretary of State on June 19, 2008.

North Carolina Global TransPark Authority

The North Carolina Global TransPark Authority (formerly North Carolina Air Cargo Airport Authority) is a legally separate authority created to administer the development of the North Carolina Global TransPark. Of the twenty-member governing board, nineteen are voting members. Seven of the voting members are appointed by the Governor and six are appointed by the General Assembly. The State has obligated itself to provide significant funding to the Authority; therefore, a financial benefit/ burden relationship exists between the State and the Authority. Also included in the Authority are the financial data of its blended component unit, the North Carolina Global TransPark Foundation (Foundation). The Authority appoints a majority of the Foundation's governing board and receives financial benefits from the Foundation.

North Carolina State Ports Authority

The North Carolina State Ports Authority is a legally separate authority established to operate the State's port facilities in Wilmington and Morehead City. It is governed by an eleven-member board, all of whom are appointed by either the Governor or the General Assembly. The State has obligated itself to provide significant funding to the Authority; therefore, a financial benefit/burden relationship exists between the State and the Authority.

North Carolina Railroad Company

The North Carolina Railroad Company is a legally separate, for-profit corporation owned by the State for the purpose of promoting trade, industry, and transportation within North Carolina and advancing the economic interests of the State. The Railroad is governed by a thirteen member board, all of whom are elected by shares held by the State. A financial benefit/burden relationship exists between the State and the Railroad. Also, the State is financially accountable since the State's intent in owning the Railroad's stock is to directly enhance its ability to provide governmental services.

North Carolina Agricultural Finance Authority

The North Carolina Agricultural Finance Authority is a legally separate authority created to administer the financing of loans to farmers and agribusiness at reasonable terms and interest rates. The Authority is governed by a ten-member board, one of whom is a state official and nine of whom are appointed by either the Governor or the General Assembly. A financial benefit/burden relationship exists between the State and the Authority.

North Carolina Partnership for Children, Inc.

The North Carolina Partnership for Children, Inc. is a legally separate organization established to develop a comprehensive long-range strategic plan for early childhood development. A twenty-six-member board governs the Partnership. Certain elected state officials appoint twenty-two of the members, while four members serve ex officio by virtue of their state positions. The State provides significant operating subsidies to the Partnership creating a financial benefit/burden relationship.

Regional Economic Development Commissions:**North Carolina's Northeast Commission**

North Carolina's Northeast Commission is a legally separate organization created to facilitate economic development in the sixteen counties in northeastern North Carolina. The Commission consists of eighteen members, with six members appointed by the Governor, six by the Speaker of the House, and six by the President Pro Tempore of the Senate. The Secretary of Commerce serves as an ex-officio member. The State provides significant program and operating support to the Commission, creating a benefit/burden relationship.

Southeastern North Carolina Regional Economic Development Commission

The Southeastern North Carolina Regional Economic Development Commission is a legally separate organization created to build economic strength in southeastern North Carolina. The Commission consists of fifteen members, with three appointed by the Governor, two by the Lieutenant Governor, five by the Speaker of the House, and five by the President Pro Tempore of the Senate. The State provides significant program and operating support to the Commission, creating a benefit/burden relationship.

Western North Carolina Regional Economic Development Commission

The Western North Carolina Regional Economic Development Commission is a legally separate organization created to improve economic opportunity in western North Carolina with sensitivity to the resources of that region. The Commission consists of nineteen members, with seven appointed by the N.C. House of Representatives, seven by the N.C. Senate, three by the Governor, and two by the Lieutenant Governor. The State provides significant program and operating support to the Commission, creating a benefit/burden relationship.

NOTES TO THE FINANCIAL STATEMENTS

North Carolina Turnpike Authority

The North Carolina Turnpike Authority was created to study, design, plan, construct, finance, and operate a system of toll roads, bridges, and/or tunnels supplementing the traditional non-toll transportation system serving the citizens of the State. The Turnpike Authority is governed by a nine member board consisting of four members appointed by the General Assembly and five members appointed by the Governor, including the Secretary of Transportation. The State has the ability to impose its will since appointed members may be removed without cause.

Availability of Financial Statements

Complete financial statements for the following component units can be obtained from the Office of the State Auditor, 2 South Salisbury Street, 20601 Mail Service Center, Raleigh, N.C. 27699-0601.

Constituent institutions in the UNC System
Community colleges
North Carolina Turnpike Authority
North Carolina State Ports Authority
North Carolina Partnership for Children, Inc.
North Carolina Agricultural Finance Authority
North Carolina Global TransPark Authority

Complete financial statements for the following component units can be obtained from the respective administrative offices of those units listed below:

The Golden LEAF, Inc. 301 North Winstead Avenue Rocky Mount, NC 27804	N.C. Housing Finance Agency P.O. Box 28066 Raleigh, NC 27611-8066
State Education Assistance Authority P.O. Box 14103 Research Triangle Park, NC 27709-4103	North Carolina Railroad Company 2809 Highwoods Boulevard, Suite 100 Raleigh, NC 27604-1000
N.C. Phase II Tobacco Certification Entity, Inc. 3000 Highwoods Boulevard, Suite 315 Raleigh, NC 27604	North Carolina's Northeast Commission 119 West Water Street Edenton, NC 27932
Southeastern N.C. Regional Economic Development Commission P.O. Box 2556 Elizabethtown, NC 28337	Western N.C. Regional Economic Development Commission 134 Wright Brothers Way Fletcher, NC 28732

The North Carolina Infrastructure Finance Corporation does not issue separate financial statements.

B. Basis of Presentation

The accompanying financial statements of the State of North Carolina financial reporting entity have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") as applicable to governments. The Governmental Accounting Standards Board (GASB) establishes standards of financial accounting and reporting for state and local governmental entities. Private sector standards of accounting and financial reporting issued on or before November 30, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent those pronouncements do not conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The State has elected not to follow subsequent private-sector guidance. The financial statements of the North Carolina Railroad Company (Railroad), a for-profit corporation (discretely presented component unit), have been prepared in accordance with FASB pronouncements.

The financial statements are presented as of and for the fiscal year ended June 30, 2008, except for the USS North Carolina Battleship Commission whose statements are as of and for the fiscal year ended September 30, 2007, and the North Carolina Deferred Compensation Plan, the 401(k) Supplemental Retirement Income Plan, and the North Carolina Railroad Company whose statements are as of and for the fiscal year ended December 31, 2007.

The basic financial statements include both government-wide (based on the State as a whole) and fund financial statements as follows:

Government-wide Financial Statements

The statement of net assets and the statement of activities display information on all the nonfiduciary activities of the primary government (the State) and its component units. Fiduciary activities are excluded from the government-wide statements because they cannot be used to support the State's own programs. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used between functions. Elimination of these charges would misstate both the expenses of the purchasing function and the program revenues of the selling function. These statements distinguish between the governmental and business-type activities of the State. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

NOTES TO THE FINANCIAL STATEMENTS

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly associated with a specific function or identifiable activity. Certain charges to other funds or programs for “centralized” expenses also include an overhead markup that is included in direct expenses. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or identifiable activity (including fees, fines and forfeitures and certain grants and contracts that are essentially contracts for services) and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or identifiable activity (including restricted investment earnings or losses). Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Unrestricted resources internally dedicated by the State’s governing body (General Assembly) are reported as general revenues rather than as program revenues. The State does not allocate general government (indirect) expenses to other functions.

Fund Financial Statements

The fund financial statements provide information about the State’s funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and major enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The State reports the following major governmental funds:

General Fund

This is the State’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Highway Fund

This fund accounts for most of the activities of the Department of Transportation, including the construction and maintenance of the State’s primary and secondary road systems. In addition, it supports areas such as the N.C. Ferry System, the Division of Motor Vehicles, public transportation, and railroad operations. The fund provides revenue to other State agencies to support initiatives such as the State Highway Patrol and driver’s education. The principal revenues of the Highway Fund are motor fuels taxes, motor vehicle registration fees, driver’s license fees, and federal aid. A portion of the motor fuels taxes is distributed to municipalities for local street projects.

Highway Trust Fund

This fund was established by legislation (Chapter 692 of the 1989 Session Laws) to provide a dedicated funding mechanism to meet highway construction needs for North Carolina. Taxes were increased for the specific purpose of improving identified primary transportation corridors within

the State and for the completion of urban loops around seven major metropolitan areas. Additionally, this fund provides supplemental allocations for secondary road construction and supplemental assistance to municipalities for local street projects. The fund also makes transfers to the General Fund and the Highway Fund. The principal revenues of the Highway Trust Fund are highway use taxes, motor fuels taxes, and various title and registration fees.

The State reports the following major enterprise funds:

Unemployment Compensation Fund

This fund accounts for the State’s unemployment insurance program, which is part of a national system established to provide temporary benefit payments to eligible unemployed workers. The unemployment benefits are financed primarily by State unemployment insurance taxes, distributions of federal unemployment insurance taxes, and federal funding for the unemployment benefits of civilian and military employees. The unemployment taxes collected from employers are transferred to the United States Treasury and deposited into North Carolina’s Unemployment Insurance Trust Fund.

N.C. State Lottery Fund

This fund accounts for the activities of the N.C. Education Lottery Commission, which began ticket sales on March 30, 2006. The net profits of the fund are transferred periodically to the Education Lottery Fund, a nonmajor special revenue fund.

EPA Revolving Loan Fund

This fund accounts for the activities of the State’s clean water and drinking water revolving loan programs, which provide low cost loans to units of local government for the construction of wastewater facilities and drinking water infrastructure. These programs are financed primarily by federal capitalization grants from the United States Environmental Protection Agency (EPA), interest earnings on loans, loan repayments, and State funds (i.e., bond proceeds and State appropriations).

Additionally, the State reports the following fund types:

Internal Service Funds

These funds account for workers compensation and state property fire insurance coverages, motor fleet management services, mail services, temporary staffing services, computing and telecommunication services, and surplus property services provided to other departments or agencies of the State and its component units, or to other governments, on a cost-reimbursement basis.

Pension and Other Employee Benefits Trust Funds

These funds account for resources held in trust for the members and beneficiaries of the State’s defined benefit pension plans, Internal Revenue Code (IRC) Section 401(k) plan, IRC Section 457 plan, other defined contribution plans, death benefit plan, disability income plan, State health plan, and retiree health benefit fund.

NOTES TO THE FINANCIAL STATEMENTS

Investment Trust Fund

This fund accounts for the external portion of the Investment Pool sponsored by the Department of State Treasurer.

Private-purpose Trust Funds

These funds account for resources held in trust for insurance carriers, designated beneficiaries by the Administrative Office of the Courts, and other departmental trust funds in which the principal and income benefit individuals, private organizations, or other governments.

Agency Funds

These funds account for sales tax collections held on behalf of local governments, resources held by the Administrative Office of the Courts for distribution to designated beneficiaries, the Investment Pool's securities lending assets and liabilities allocated to participating component units, insurance company receivership assets, and other resources held by the State in a purely custodial capacity for individuals, private organizations, or other governments. Insurance company receivership assets are held by the Commissioner of Insurance exclusively in his capacity as Receiver. These assets belong to insurance companies and other entities in receivership and are not the property of the State.

C. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Lottery games are sold to the public by contracted retailers. For Powerball, revenue is recognized at the time of sale. For instant games, revenue is recognized at the time a pack of tickets is settled. For Powerball, prize expense is recorded at fifty percent of sales. For instant games, prize expense is accrued based on the final production prize structure percentage provided by the gaming vendor for each game and recorded on the value of packs settled. For instant games with prize tickets, the final prize structure percentage used is adjusted to eliminate the value of the prize tickets.

Nonexchange transactions, in which the State receives (or gives) value without directly giving (or receiving) equal value in exchange, include taxes; fines and forfeitures; grants, entitlements, and similar items; and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Income taxes, sales taxes, and other

similar taxes on earnings or consumption are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when the underlying exchange transaction has occurred. Franchise taxes, other taxes, and fines and forfeitures are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Grants, entitlements, and donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection. Amounts received before all eligibility requirements have been met are reported as deferred revenues. Grants and similar aid to other organizations are recognized as expenses as soon as recipients have met all eligibility requirements. Amounts paid before all eligibility requirements have been met are reported as prepaid items.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The operating statement presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of general long-term debt are reported as other financing sources.

Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. Generally, the State considers revenues reported in the governmental funds to be available if they are collected within thirty-one days after year-end. Exceptions are individual income tax revenues and federal and county funds accrued for the matching share of medicaid claims payable, which the State considers to be available if they are collected within twelve months after year-end. Furthermore, in the circumstance where underpayments exceed overpayments, individual income tax revenues are recognized to the extent of estimated overpayments (i.e., refunds payable and applied refunds). Principal revenue sources considered susceptible to accrual include taxes, federal funds, local funds, and investment earnings. Other revenues are considered to be measurable and available only when cash is received by the State.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, obligations for workers' compensation, and arbitrage rebate liabilities, which are recognized as expenditures when payment is due. Pension contributions to cost-sharing pension plans are recognized as expenditures in the period to which the payment relates, even if payment is not due until the subsequent period.

NOTES TO THE FINANCIAL STATEMENTS**D. Cash and Cash Equivalents**

This classification includes undeposited receipts; petty cash; deposits held by the State Treasurer in the Short-term Investment portfolio (see Note 3); and demand and time deposits with private financial institutions, excluding certificates of deposit. The Short-term Investment portfolio maintained by the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty.

E. Investments

This classification includes deposits held by the State Treasurer in certain investment portfolios (see Note 3) as well as investments held separately by the State and its component units. Investments are generally reported at fair value. Additional investment valuation information is provided in Note 3. The net increase (decrease) in the fair value of investments is recognized as a component of investment income.

F. Securities Lending

Cash received as collateral on securities lending transactions are reported as assets in the accompanying financial statements. Liabilities resulting from the securities lending transactions are also reported. Certain component units of the State deposit funds with the State Treasurer's Investment Pool, which participates in securities lending activities. The component units' position in the pool and related securities lending assets and liabilities are reported in an agency fund. Additional disclosures about the State Treasurer's securities lending transactions are provided in Note 3.

G. Receivables and Payables

Receivables in all funds represent amounts that have arisen in the ordinary course of business and are shown net of allowances for uncollectible amounts.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds related to services provided and used, reimbursements, and transfers are classified as "due to/due from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

In the fund financial statements, advances between funds (and to component units) and notes receivable are offset by a reserve account in applicable governmental funds to indicate

that they are not available for appropriation and are not expendable available financial resources.

H. Inventories and Prepaid Items

The inventories of the State and component units are valued at cost using either the first-in, first-out, last invoice cost, or average cost method. These inventories consist of general supplies and materials. Institutions of the UNC System and community colleges also use these valuations along with the retail inventory method for some bookstore operations. The State Highway Fund (special revenue fund) accounts for its maintenance and construction inventories using the average cost method.

Except for maintenance and construction inventories of the State Highway Fund, inventories in the State's governmental funds are recorded as expenditures when purchased. In the fund financial statements, inventories are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All other inventories of the State and its component units are recognized as expenses or expenditures when consumed.

In governmental funds, prepaid items are recorded as expenditures when purchased and balances of prepaid items are not reported as assets.

I. Restricted/Designated Assets

In the government-wide and enterprise fund financial statements, certain resources are reported as restricted assets because restrictions on asset use change the nature or normal understanding of the availability of the asset. The following resources are not available for current operations and are reported as restricted assets: 1) resources restricted or designated for the acquisition/construction of the government's own's capital assets, 2) resources legally segregated for the payment of principal and interest as required by debt covenants, 3) temporarily invested debt proceeds, and 4) nonexpendable resources of permanent funds.

J. Capital Assets

Capital assets, which include property, plant, equipment; easements; and infrastructure assets (e.g., State highway network, utility systems, and similar items), are reported in the government-wide financial statements and the fund financial statements for proprietary funds. Purchased or constructed capital assets are reported at cost or estimated historical cost. The State highway network constructed prior to July 1, 2001 is recorded at estimated historical cost. Since July 1, 2001 the State highway network is recorded at cost. The initial estimated historical cost of the network is based on construction expenditures reported by the Department of Transportation less amounts estimated for the cost of right-of-ways and land

NOTES TO THE FINANCIAL STATEMENTS

improvements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized. Donated capital assets are recorded at their estimated fair value at the date of donation.

Generally, capital assets are defined by the State and component units as assets with an initial value or cost greater than or equal to \$5,000 and an estimated useful life of two or more years. Exceptions are certain component units (The Golden LEAF, Inc., N.C. Housing Finance Agency, N.C. Phase II Tobacco Certification Entity, Inc., N.C. Railroad Company, and N.C. Regional Economic Development Commissions), which maintain minimum thresholds of \$1,000 or below.

The value of assets constructed by the State and its component units for their own use includes all material direct and indirect construction costs that are increased as a result of the construction. In proprietary funds and component units, interest costs incurred (if material) are capitalized during the period of construction.

The depreciation methods and estimated useful lives used by the State and its component units are as follows:

<u>Asset Class</u>	<u>Method</u>	<u>Estimated Useful Life</u>
Buildings.....	Straight-line	10-75 years
Machinery and Equipment.....	Straight-line	2-25 years
	Units of output for motor vehicles	90,000 miles
Intangible assets	Straight-line	2-40 years
Art, literature, and other artifacts	Straight-line	2-25 years
General infrastructure	Straight-line	10-75 years
State highway network.....	Composite	50 years

For the State highway network, depreciation is based on a weighted average of the estimated useful lives of dissimilar assets in the network (e.g., subsurface foundations, roadway surfaces, bridges, traffic control devices, guardrails, markings, signage, etc.).

K. Tax Refund Liabilities

Tax refund liabilities consist primarily of accrued income and sales and use tax refunds due to taxpayers. During the calendar year, the State collects employee withholdings and taxpayers' payments for income taxes. At June 30, the State estimates the amount it owes taxpayers for income tax overpayments during the preceding six months. Sales and use tax refund liabilities are also estimated at June 30. These liabilities are recorded as "Tax refunds payable."

L. Compensated Absences

Employees of the State and component units are permitted to accumulate earned but unused vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Also, when determining the vacation pay liability due within one year, leave is considered taken on a last in, first out (LIFO) basis. In governmental funds, a liability for these amounts is reported only as payments come due each period upon the occurrence of relevant events such as employee resignations and retirements. The State's policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each January 1 or for which an employee can be paid upon termination of employment. Also, any accumulated vacation leave in excess of 30 days at year end is converted to sick leave.

In addition to the vacation leave described above, compensated absences include the accumulated unused portion of the special annual leave bonuses awarded by the North Carolina General Assembly. The bonus leave balance on December 31 is retained by employees and transferred into the next calendar year. It is not part of the 30 day maximum applicable to regular vacation leave and is not subject to conversion to sick leave.

There is no liability for unpaid accumulated sick leave because the State has no obligation to pay sick leave upon employee termination or retirement. However, additional service credit for retirement pension benefits is given for accumulated sick leave upon retirement.

M. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the columns for governmental activities, business-type activities, and component units. These amounts are also reported as liabilities in the fund financial statements for proprietary funds. If material, debt premiums of the State are deferred and amortized over the life of the debt using the effective interest method. Losses on the State's refundings are deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method. Losses on refundings of the NC Housing Finance Agency are deferred and amortized using the straight-line method. If material, debt premiums, discounts, and losses on refundings of the University of North Carolina System (component unit) are generally deferred and amortized using the straight-line method. Long-term debt is reported net of the applicable debt premium, discount, and/or deferred loss on refunding. Debt issuance costs of the State's governmental activities and the University of North Carolina System (component unit) are generally expensed. Debt issuance costs of the NC Housing Finance Agency and the NC State Education Assistance Authority (component units) are deferred and amortized over the life of the debt using the straight-line method.

NOTES TO THE FINANCIAL STATEMENTS

In the fund financial statements, governmental fund types recognize debt premiums, as well as debt issuance costs, during the current period. The face amount of the debt issued and premiums received are reported as other financing sources. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

N. Sureties

Sureties include various assets, including securities from insurance companies and bail bondsmen doing business within North Carolina, that have been placed in safekeeping with a financial institution or the State Treasurer, as required by applicable general statutes.

O. Net Assets/Fund Balance

Net assets are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions. Constraints placed on net asset use by enabling legislation are not reported as net asset restrictions since such constraints are not legally enforceable. An Attorney General Advisory Opinion referenced that the Governor, pursuant to his constitutional authority under Article III, Section 5(3), may use resources restricted by enabling legislation in his discretion to meet a budget shortfall. Legal enforceability means that the State can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation. Situations where the State's internal governing body (General Assembly) places restrictions on existing resources or earmarks existing revenue sources are considered to be constraints that are internally imposed. Such internally dedicated net assets are presented as unrestricted.

Under some programs, the State has the option of using either restricted or unrestricted resources to make certain payments. When both restricted and unrestricted resources are available for use, generally it is the State's policy to use receipts first (which include restricted and unrestricted resources), then State appropriations as necessary. Receipts are defined as all funds collected by an agency or institution other than State appropriations. The decision to use restricted or unrestricted receipts to fund a payment is transactional-based within the departmental management system in place at the agency or institution. For projects funded by tax-exempt debt proceeds and other sources, the debt proceeds are always used first.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are (a) externally restricted for a specific use, (b) not available for appropriation or expenditure because the underlying asset is not an available financial resource, or (c) for encumbrances, which represent commitments related to unperformed contracts for services and undelivered goods. Designations of fund balance represent

tentative management plans that are subject to change (See Note 10, Fund Balance Reserves).

P. Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Proprietary fund operating revenues result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as noncapital grants and investment earnings, result from nonexchange transactions or ancillary activities. Capital contributions are reported separately, after nonoperating revenues and expenses.

Q. Food and Nutrition Services

In accordance with GASB Statement No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance, the State recognizes distributions of food and nutrition services benefits as revenue and expenditures in the General Fund. Revenues and expenditures are recognized based on the fair market value at the time the benefits are distributed to the individual recipients. In North Carolina, benefits are distributed in electronic form, thus distribution takes place when the individual recipients use the benefits.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Fund Balance / Net Assets Deficit**Primary Government**

At June 30, 2008, the following internal service fund reported a net assets deficit: Mail Service Center, \$518 thousand.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: DEPOSITS AND INVESTMENTS

A. Deposits and Investments with State Treasurer

Unless specifically exempt, every agency of the State and certain component units are required by General Statute 147-77 to deposit moneys received with the State Treasurer or with a depository institution in the name of the State Treasurer. Certain local governmental units that are not part of the reporting entity are also allowed to deposit money with the State Treasurer. Expenditures for the primary government and certain component units are made by warrants issued by the agencies and drawn on the State Treasurer. The State Treasurer processes these warrants each day when presented by the Federal Reserve Bank. General Statute 147-69.1 authorizes the State Treasurer to invest all deposits in obligations of or fully guaranteed by the United States; obligations of certain federal agencies; specified repurchase agreements; obligations of the State of North Carolina; time deposits with specified financial institutions; prime quality commercial paper with specified ratings; specified bills of exchange or time drafts; asset-backed securities with specified ratings; and corporate bonds and notes with specified ratings.

General Statute 147-69.2 authorizes the State Treasurer to invest the deposits of certain special funds, including the pension trust funds, the State Health Plan, the Disability Income Plan of N.C., the Escheat Fund, the Public School Insurance Fund, the State Education Assistance Authority, and trust funds of the University of North Carolina System, in the investments authorized in General Statute 147-69.1; general obligations of other states; general obligations of North Carolina local governments; asset-backed securities bearing specific ratings; and obligations of any company incorporated within or outside the United States bearing specific ratings. The deposits of the pension trust funds may be invested in all of the above plus certain insurance contracts; group trusts; individual, common or collective trusts of banks and trust companies; real estate investment trusts; limited partnership interest in limited liability partnerships or limited liability companies; and certain stocks and mutual funds.

External Investment Pool

To ensure that these and other legal and regulatory limitations are met, all cash deposited with the State Treasurer, except for the UNC Hospitals, Public Hospitals, Escheat Fund, and bond proceeds investment accounts and the Local Government Other Post-Employment Benefits Fund, is maintained in the Investment Pool. This pool, a governmental external investment pool, consists of the following individual investment portfolios:

Short-term Investment – This portfolio may hold any of the investments authorized by General Statute 147-69.1. The Short-term Investment portfolio is the primary cash

management account for the State and is managed in such a manner as to be readily convertible into cash. The primary participants of this portfolio are the General Fund and the Highway Funds. Other participants include the remaining portfolios listed below, universities and various boards, commissions, community colleges, and school administrative units that make voluntary deposits with the State Treasurer.

Long-term Investment – This portfolio may hold the fixed-income investments authorized by General Statutes 147-69.1 and 147-69.2. Since the deposits in this fund are typically not needed for day-to-day operations, the investment vehicles used generally have a longer term and higher return than those held in the Short-term Investment portfolio. The primary participants of the portfolio are the pension trust funds.

Equity Investment – This portfolio holds an equity-based trust. The State's pension trust funds are the sole participants in the portfolio.

Real Estate Investment – This portfolio holds investments in real estate-based trust funds and group annuity contracts. The State's pension trust funds are the sole participants in the portfolio.

Alternative Investment – This portfolio holds investments in limited partnerships and equities received in the form of distributions from its primary investments. The State's pension trust funds are the sole participants in the portfolio.

All of the above investment portfolios operate like individual investment pools, except that an investment portfolio may hold shares in other investment portfolios at the discretion of the State Treasurer and subject to the legal limitations discussed above. To this extent, the deposits are commingled; and therefore, the State Treasurer considers all investment portfolios to be part of a single pool, the Investment Pool. The Investment Pool contains deposits from funds and component units of the reporting entity (internal portion) as well as deposits from certain legally separate organizations outside the reporting entity (external portion). This pool is not registered with the Securities and Exchange Commission and is not subject to any formal oversight other than that of the legislative body.

At year-end, the condensed financial statements for the Investment Pool maintained by the State Treasurer were as follows (dollars in thousands):

NOTES TO THE FINANCIAL STATEMENTS

Statement of Net Assets
June 30, 2008

Assets:	
Cash and cash equivalents.....	\$ 159,914
Other assets.....	524,009
Investments.....	107,162,475
Total assets.....	<u>107,846,398</u>
Liabilities:	
Distributions payable.....	11,192
Obligations under securities lending.....	22,753,195
Total liabilities.....	<u>22,764,387</u>
Net Assets:	
Internal:	
Primary government.....	81,869,816
Component units.....	2,747,704
External.....	464,491
Total net assets.....	<u>\$ 85,082,011</u>

Statement of Operations and Changes in Net Assets
For the Fiscal Year Ended June 30, 2008

Revenues:	
Investment income.....	\$ 399,998
Expenses:	
Securities lending.....	971,496
Investment management.....	283,386
Total expenses.....	<u>1,254,882</u>
Net increase in net assets resulting from operations.....	(854,884)
Distributions to participants:	
Distributions paid and payable.....	854,884
Share transactions:	
Reinvestment of distributions.....	(857,531)
Net share redemptions.....	<u>(1,731,736)</u>
Total increase in net assets.....	(2,589,267)
Net assets:	
Beginning of year.....	87,671,278
End of year.....	<u>\$ 85,082,011</u>

The external portion of the Investment Pool is presented in the State's financial statements as an investment trust fund. Each fund and component unit's share of the internal equity in the Investment Pool is reported in the State's financial statements as an asset of those funds or component units. Equity in the Short-term Investment portfolio is reported as cash and cash equivalents while equity in the Long-term Investment, Equity Investment, Real Estate Investment, and Alternative Investment portfolios is reported as investments. The internal equity of the pool differs from the amount of assets reported by the funds and component units due to the typical banker/customer outstanding and in-transit items. Additionally, each fund reports its share of the assets and liabilities arising from securities lending transactions. The State reports the assets and liabilities arising from securities lending transactions for component units as part of the State's agency funds, rather than allocate them to the component units.

Investments in nonparticipating contracts, such as nonnegotiable certificates of deposit, are reported at cost. Other investments held in the Short-term Investment portfolio are reported at amortized cost, which approximates fair value. All other investments are reported at fair value. Fair values are determined daily for the Long-term Investment and Equity Investment portfolios and quarterly for the Real Estate Investment and Alternative Investment portfolios. The fair value of fixed income securities is based on future principal and interest payments discounted using current yields for similar instruments. Investments in real estate trusts, limited partnerships, and the equity trust are valued using market prices provided by the third party professionals. Participants' shares sold and redeemed are determined in the same manner as is used to report investments, and the State Treasurer does not provide or obtain legally binding guarantees to support share values.

Net investment income earned by the Investment Pool is generally distributed on a pro rata basis. However, in accordance with legal requirements, the General Fund receives all investment income earned by funds created for purposes of meeting appropriations. For the fiscal year ended June 30, 2008, \$54.2 million of investment income associated with other funds was credited to the General Fund.

Deposits

Custodial Credit Risk. For deposits, custodial credit risk is the risk that in the event of a bank failure, the State's deposits may not be recovered. At year-end, the Investment Pool's deposits were not exposed to custodial credit risk.

The State Treasurer's deposit policy for custodial credit risk is limited to complying with the collateralization rules of the North Carolina Administrative Code (Chapter 20 NCAC 7). Deposits to the Investment Pool may be made in any bank, savings and loan association or trust company in the State as approved by the State Treasurer. The North Carolina Administrative Code requires depositories to collateralize all balances that are not insured. The depositories must maintain specified security types in a third party escrow account established by the State Treasurer. The securities collateral must be governmental in origin (e.g., U.S. Treasury, U.S. agency, or state and local government obligations) or the highest grade commercial paper and bankers' acceptances. The market value of the collateral must not be less than the value of the uninsured deposits. The depositories may elect to collateralize deposits separately (dedicated method) or include deposits of the North Carolina local government units in a collateral pool with the State and certain component units (pooling method).

NOTES TO THE FINANCIAL STATEMENTS

Investments

At year-end, the Investment Pool maintained by the State Treasurer had the following investments and maturities (dollars in thousands):

Investment Type	Carrying Amount	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Debt securities:					
U.S. Treasuries	\$ 9,847,070	\$ 2,655,768	\$ 422,966	\$ 2,641,452	\$ 4,126,884
U.S. agencies	12,763,949	1,821,787	5,093,274	4,814,410	1,034,478
Mortgage pass-throughs	7,040,414	—	—	4,070	7,036,344
Domestic corporate bonds	10,142,008	71,815	1,289,368	4,653,708	4,127,117
Securities purchased with cash collateral under securities lending program:					
Asset-backed securities	8,640,121	4,990,258	3,649,863	—	—
Repurchase agreements	3,388,405	3,388,405	—	—	—
Domestic corporate bonds	10,724,669	3,338,565	7,386,104	—	—
	62,546,636	\$ 16,266,598	\$ 17,841,575	\$ 12,113,640	\$ 16,324,823
Other securities:					
Equity based trust - domestic	23,242,643				
Equity based trust - international	12,858,444				
Alternative investments:					
Hedge funds	951,778				
Private equity investment partnerships	2,497,877				
Stock distributions	6,925				
Real estate trust funds	4,716,822				
Total investment securities	\$ 106,821,125				

In addition to the above amount, certificates of deposit in the amount of \$341 million are reported as investments in the Condensed Statement of Net Assets presented previously.

Also, the major investment classifications of the Investment Pool had the following attributes at year-end (dollars in thousands):

Investment Classification	Principal Amount	Range of Interest Rates
U.S. Treasuries	\$ 8,603,016	1.62%-8.87%
U.S. agencies	12,634,375	0.00%-7.12%
Mortgage pass-throughs	7,009,763	4.50%-9.00%
Domestic corporate bonds	10,341,796	3.87%-9.65%
Securities purchased with cash collateral under securities lending program:		
Asset-backed securities	8,640,733	2.46%-3.58%
Repurchase agreements	3,388,405	2.10%-2.94%
Domestic corporate bonds	10,725,900	2.42%-3.47%
Equity-based trust - domestic	n/a	n/a
Equity-based trust - international	n/a	n/a

Equity-based Trust - The State Treasurer has contracted with an external party (Trustee) to create the "Treasurer of the State of North Carolina Equity Investment Fund Pooled Trust" (the Trust). The State's pension trust funds are the only depositors in the Trust. The State Treasurer employs investment managers to manage the assets, primarily in equity and equity-based securities in accordance with the General Statutes and parameters provided by the State Treasurer. The Trustee maintains custody of the underlying securities in the

name of the Trust, services the securities, engages in securities lending transactions, and maintains all related accounting records. The Trustee also invests residual cash in a cash sweep fund and may be temporarily employed as an investment manager. The State Treasurer maintains beneficial interest in the Trust and no direct ownership of the securities.

Interest Rate Risk. Although there is no formally adopted investment policy, as a means of managing interest rate risk,

NOTES TO THE FINANCIAL STATEMENTS

fixed income assets of the Short-term Investment portfolio are invested in a laddered maturity approach that focuses on short maturity securities with ample liquidity. The Short-term Investment portfolio had a weighted average maturity of 2.9 years as of June 30, 2008. Most of the cash and cash equivalents of the major governmental and enterprise funds are invested in this portfolio.

The assets of the Long-term Investment portfolio are primarily invested in securities with maturities longer than five years. The longer maturity range is more sensitive to interest rate changes; however, the longer duration structure of the portfolio provides a better match to the long duration characteristics of the retirement systems' liabilities. At year-end, pensions and other employee benefit plans owned 98% of the Long-term Investment portfolio.

The Long-term Investment portfolio holds investments in Government National Mortgage Association (GNMA) mortgage pass through pools. Critical to the pricing of these securities are the specific features of the cash flows from the interest and principal payments of the underlying mortgages. Therefore, these valuations are very sensitive to the potential of principal prepayments by mortgagees in periods of declining interest rates. Also, included within the Long-term Investment portfolio

are U.S. government agencies and corporate bonds which carry call options in which the issuer has the option to prepay the principal at certain dates over the life of the security. As such, these types of securities are more sensitive to the decline in long-term interest rates as similar securities without call options.

Credit Risk. General Statute 147-69.1 specifies the cash investment options for the Short-term Investment portfolio. The statute limits credit risk by restricting the portfolio's corporate obligations, asset-backed securities, and commercial paper to securities that bear the highest rating of at least one nationally recognized rating service and do not bear a rating below the highest by any nationally recognized rating service. General Statute 147-69.2 specifies the cash investment options for the Long-term Investment portfolio. The statute limits credit risk by restricting the portfolio's asset-backed securities and corporate obligations to securities that bear one of the four highest ratings of at least one nationally recognized rating service and do not bear a rating below one of the four highest ratings by any nationally recognized rating service. In the Long-term Investment portfolio, all holdings were rated BBB (or equivalent) or higher at the time of purchase by all three nationally recognized rating agencies.

At year-end, the Investment Pool had the following credit quality distribution for securities with credit exposure (dollars in thousands):

Investment Type	Carrying Amount by Credit Rating - Moody's/S&P/Fitch				
	Aaa/AAA	Aa/AA	A	Baa/BBB	Ba/BB and Below
U.S. agencies	\$ 12,616,007	\$ 147,942	\$ —	\$ —	\$ —
Domestic corporate bonds	583,590	3,143,277	4,442,465	1,799,798	172,878
Securities purchased with cash collateral under securities lending program:					
Asset-backed securities	8,590,513	49,608	—	—	—
Repurchase agreements	3,388,405	—	—	—	—
Domestic corporate bonds	2,728,436	4,143,306	3,852,927	—	—
Total	<u>\$ 27,906,951</u>	<u>\$ 7,484,133</u>	<u>\$ 8,295,392</u>	<u>\$ 1,799,798</u>	<u>\$ 172,878</u>

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the State Treasurer will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year-end, the investments purchased with cash collateral under the securities lending program of \$22.8 billion were exposed to custodial credit risk since the securities were held by the counterparty and were not registered in the name of the State Treasurer. As required by contractual agreements, a third party agent holds these assets for the benefit of a dedicated Treasurer's account. This agreement fully indemnifies the Treasurer for any third party defaults or losses. All other investments of the Investment Pool were not exposed to custodial credit risk at year-end and no custodial credit risk policy has been adopted for these investment types.

NOTES TO THE FINANCIAL STATEMENTS

Foreign Currency Risk. At year-end, the Investment Pool's exposure to foreign currency risk was as follows (dollars in thousands):

Currency	Carrying Value by Investment Type				Total
	Equity	Alternative	Real-Estate		
	Based Trust - International	Investment - Private Equity Investment Partnerships	Trust Fund Investment Partnerships		
Euro	\$ 2,980,049	\$ 378,326	\$ 130,086	\$ 3,488,461	
Pound Sterling	1,864,669	—	51,605	1,916,274	
Japanese Yen	1,859,074	—	44,035	1,903,109	
Swiss Franc	627,644	—	795	628,439	
Hong Kong Dollar	505,935	—	41,590	547,525	
Australian Dollar	347,017	—	22,303	369,320	
Canadian Dollar	240,522	—	736	241,258	
Swedish Krona	179,545	—	2,293	181,838	
South Korean Won	146,173	—	—	146,173	
New Taiwan Dollar	136,612	—	—	136,612	
Other Currencies	832,301	—	12,747	845,048	
Total	\$ 9,719,541	\$ 378,326	\$ 306,190	\$ 10,404,057	

Although there is no formally adopted investment policy, the State Treasurer's investment policy permits up to 20% of the retirement systems' invested assets to be in international securities. At year-end, the retirement systems had approximately 14.4% invested in international securities.

Securities Lending

Based on the authority provided in General Statute 147-69.3(e), the State Treasurer lends securities from its Investment Pool to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The Treasurer's securities custodian manages the securities lending program. During the year the custodian lent U.S. government and agency securities, GNMA's, corporate bonds and notes for collateral. The custodian is permitted to receive cash, U.S. government and agency securities, or irrevocable letters of credit as collateral for the securities lent. The collateral is initially pledged at 102% of the market value of the securities lent, and additional collateral is required if its value falls to less than 100% of the market value of the securities lent. There are no restrictions on the amount of loans that can be made. Substantially all security loans can be terminated on demand by either the State Treasurer or the borrower. The State Treasurer cannot pledge or sell the collateral securities received unless the borrower defaults.

The cash collateral received is invested by the custodian agent and held in a separate account in the name of the State Treasurer. The weighted average maturities of the cash collateral investments generally match the weighted average maturities of the securities lent. While cash can be invested in securities ranging from overnight to five years, the custodian agent is not permitted to make investments where the weighted average maturity of all investments exceeds 30 days. At year-

end, the weighted average maturity of investments was approximately 23 days.

At year-end, the State Treasurer had no credit risk exposure to borrowers because the amounts the Treasurer owed the borrowers exceeded the amounts the borrowers owed the State. The securities custodian is contractually obligated to indemnify the Treasurer for certain conditions, the two most important are default on the part of the borrowers and failure to maintain the daily mark-to-market on the loans.

Interest Rate Risk and Credit Risk. The policies for investments purchased with cash collateral under the securities lending program are set forth in the contract with the securities custodian. Contractually, asset-backed securities must bear the highest rating of at least one nationally recognized rating service. The expected maturity shall not exceed five years and securities having a final maturity greater than two years will be in floating rate instruments with interest rate resets occurring at no greater than 90-day intervals to minimize the effect of interest rate fluctuations on their valuations. The securities pledged as collateral for repurchase agreements are limited to securities issued or guaranteed by the U.S. government or its agencies, or specified bank or corporate obligations. As directed by the State Treasurer, repurchase counterparties are limited to specific counterparties with specific dollar limits per counterparty. Corporate bonds and notes, including bank holding company obligations, rated AA must have a final maturity no greater than three years. Securities rated A must have a final maturity no greater than two years. No more than five percent of the cash collateral may be invested in a single issue.

NOTES TO THE FINANCIAL STATEMENTS

Bond Proceeds Investment Accounts

The State Treasurer has established separate investment accounts for each State bond issue to comply with Internal Revenue Service regulations on bond arbitrage. A private investment company under contract with the State Treasurer manages these separate accounts. The investments are valued at amortized cost, which approximates fair value. In the State's financial statements, each fund's equity in these accounts is reported as investments.

At year-end, the bond proceeds investment accounts had the following investments and maturities (dollars in thousands):

Investment Type	Carrying Amount	Weighted Average Maturity (Days)
Commercial paper	\$ 39,975	11
Repurchase agreements	264,037	3
Total investments	<u>\$ 304,012</u>	

Interest Rate Risk and Credit Risk. As established in the contract with the private investment company, all bond proceeds are managed in compliance with General Statute 147-69.1, which limits credit risk as described above, and can only be invested in short-term maturities with the average maturity ranging between overnight to six months based on the liquidity needs of the investment accounts. At year-end, Standard and Poor's rated investments in commercial paper as A-1.

Custodial Credit Risk. Investments purchased with bond proceeds were exposed to custodial credit risk since the securities were held by the counterparty and were not registered in the name of the State Treasurer. There is no custodial policy related to these securities.

University of North Carolina (UNC) Hospitals Investment Account

The State Treasurer has contracted with an external party (Trustee) to create the University of North Carolina Hospitals at Chapel Hill Trust (Trust). The UNC Hospitals are the only depositor in the Trust. However, the Trust is a participant of a commingled equity investment fund. The Trustee manages the assets, primarily in equity and equity-based securities in accordance with the General Statutes. The Trustee maintains custody of the underlying securities in the name of the Trust, services the securities, and maintains all related accounting records. The investments are valued at fair market value using market prices provided by third party professionals.

At year-end, the UNC Hospitals investment account maintained by the State Treasurer had the following investments (settled transactions) (dollars in thousands):

Investment Type	Carrying Amount
Other securities:	
Equity based trust - domestic	\$ 244,871
Equity based trust - international	87,638
Total investment securities	<u>\$ 332,509</u>

Foreign Currency Risk. There is no formally adopted investment policy to limit foreign currency exposure. At year-end, the UNC Hospitals investment account's exposure to foreign currency was as follows (dollars in thousands):

Currency	Carrying Value by Investment Type
	Equity Based Trust-International
Euro	\$ 22,056
Pound Sterling	14,781
Japanese Yen	13,353
Swiss Franc	5,760
Canadian Dollar	5,158
Australian Dollar	4,326
Hong Kong Dollar	3,828
South Korean Won	3,144
Brazil Cruzeiro Real	2,118
Swedish Krona	1,257
Danish Krone	1,237
Norwegian Krone	1,233
Russian Rouble	1,105
Malaysian Dollar	1,008
China Yuan Renminbi	900
Other Currencies	7,055
Total	<u>\$ 88,319</u>

Note: The totals in this table do not agree to the totals disclosed in the investment table above because this foreign currency table includes equities based on trade date while the investment table is reported on settle date.

Public Hospitals Investment Account

The State Treasurer has contracted with an external party (Trustee) to create the Public Hospitals investment account. The investment account currently consists of Margaret R. Pardee Hospital Trust and New Hanover Regional Medical Center Trust. These Trusts are part of a commingled equity investment fund. The Trustee manages the assets, primarily in equity and equity-based securities in accordance with the General Statutes. The Trustee maintains custody of the underlying securities in the name of the Trust, services the securities, and maintains all related accounting records. The

NOTES TO THE FINANCIAL STATEMENTS

investments are valued at fair market value using market prices provided by third party professionals.

At year-end, the Public Hospitals investment accounts maintained by the State Treasurer had the following investments (settled transactions) (dollars in thousands):

Investment Type	Carrying Amount
Other securities:	
Equity based trust - domestic	\$ 42,698
Equity based trust - international	16,629
Total investment securities	<u>\$ 59,327</u>

Foreign Currency Risk. There is no formally adopted investment policy to limit foreign currency exposure. At year-end, the Public Hospitals investment account's exposure to foreign currency was as follows (dollars in thousands):

Currency	Carrying Value by Investment Type	
	Equity Based Trust- International	Public Equities - International
Euro	\$ 4,172	
Pound Sterling	2,800	
Japanese Yen	2,529	
Swiss Franc	1,068	
Canadian Dollar	978	
Australian Dollar	821	
Hong Kong Dollar	726	
South Korean Won	596	
Brazil Cruzeiro Real	402	
Swedish Krona	238	
Danish Krone	235	
Norwegian Krone	234	
Russian Rouble	210	
Malaysian Dollar	191	
China Yuan Renminbi	170	
Other Currencies	1,334	
Total	<u>\$ 16,704</u>	

Note: The totals in this table do not agree to the totals disclosed in the investment table above because this foreign currency table includes equities based on trade date while the investment table is reported on settle date.

Escheat Investment Account

Pursuant to General Statute 147-69.2(b)(12), the State Treasurer has established a separate investment account on behalf of the Escheat Fund. The investments are valued at fair market value using market prices provided by third party professionals. At year-end, the Escheat investment account maintained by the State Treasurer had the following investments (dollars in thousands):

Investment Type	Carrying Amount
Other securities:	
Real estate trust funds	\$ 23,699
Private equity investment partnerships	24,777
Public equities - domestic	31,073
Public equities - international	10,323
Total investment securities	<u>\$ 89,872</u>

Foreign Currency Risk. There is no formally adopted investment policy to limit foreign currency exposure. At year-end, the Escheat investment account's exposure to foreign currency was as follows (dollars in thousands):

Currency	Carrying Value by Investment Type	
	Public Equities - International	Public Equities - International
Euro	\$ 2,925	
Japanese Yen	1,667	
Pound Sterling	1,528	
Swiss Franc	840	
Brazil Cruzeiro Real	342	
South Korean Won	326	
Hong Kong Dollar	324	
Canadian Dollar	324	
Australian Dollar	256	
Swedish Krona	234	
Singapore Dollar	228	
New Taiwan Dollar	178	
Russian Rouble	136	
South Africa Rand	122	
Mexican New Peso	116	
Other Currencies	777	
Total	<u>\$ 10,323</u>	

Local Government Other Post-Employment Benefits (OPEB) Fund

Pursuant to General Statute 147-69.4, the State Treasurer has established an irrevocable trust fund (Local Government OPEB Fund) to be used by local governments, public authorities, and certain other entities in North Carolina that choose to fund all or part of their annually required contribution for other post-employment benefits provided to former employees or beneficiaries of former employees of the contributing unit. This trust fund may be invested in public equity and both long-term and short-term fixed income obligations, as determined by the State Treasurer. At year-end, the Local Government OPEB Fund had contributions of \$12.3 million, which was invested solely in the State's Short-term Investment portfolio. On July 1, 2008, \$8 million was invested in public equities, \$1.2 million was invested in the State's

NOTES TO THE FINANCIAL STATEMENTS

Long-term Investment portfolio, and \$3.1 million remained in the State’s Short-term Investment portfolio.

B. Deposits Outside the State Treasurer

In addition to the pooled deposits maintained by the State Treasurer, other deposits are maintained outside the State Treasurer by the primary government and certain component units. As a general rule, these deposits are not covered by the rules in Chapter 20 NCAC 7 requiring collateralization of uninsured deposits.

Primary Government

The majority of deposits held outside the State Treasurer were maintained by the Employment Security Commission and the various clerks of superior court. General Statute 96-6 requires that Employment Security Commission funds be deposited with the United States Treasury to the credit of North Carolina. The clerks of superior court do not have a deposit policy for custodial credit risk. At year-end, the bank balances maintained outside the State Treasurer by the primary government were exposed to custodial credit risk as follows (dollars in thousands):

Uninsured and uncollateralized	\$	50,111
Uninsured and collateral held by pledging bank's trust department but not in State's name		4,704
Total	\$	<u>54,815</u>

Component Units

(University of North Carolina System, The Golden LEAF, Inc. and State Education Assistance Authority)

The University of North Carolina (UNC) System does not have a deposit policy for custodial credit risk. At year-end, the bank balances maintained outside the State Treasurer by the UNC System were exposed to custodial credit risk as follows (dollars in thousands):

Uninsured and uncollateralized	\$	80,221
Uninsured and collateral held by pledging bank's trust department or agent but not in State's name		613
Total	\$	<u>80,834</u>

The Golden LEAF, Inc. does not have a deposit policy for custodial credit risk. At year-end, the bank balances maintained outside the State Treasurer by the Golden LEAF, Inc. were exposed to custodial credit risk as follows (dollars in thousands):

Uninsured and uncollateralized	\$	767
Total	\$	<u>767</u>

The State Education Assistance Authority does not have a deposit policy for custodial credit risk. At year-end, the bank balances maintained outside the State Treasurer by the State Education Assistance Authority were exposed to custodial credit risk as follows (dollars in thousands):

Uninsured and collateral held by pledging bank	\$	163,667
Uninsured and collateral held by pledging bank's trust department or agent but not in State's name		16,816
Total	\$	<u>180,483</u>

C. Investments Outside the State Treasurer

Investments in participating investment contracts, external investment pools, open-end mutual funds, debt securities, equity securities, and all investments of the Deferred Compensation Plan are reported at fair value. Investments in certificates of deposit, investment agreements, bank investment contracts, real estate, real estate investment trusts, and limited partnerships are reported at cost. Detailed disclosures about investments held outside the State Treasurer are presented below.

Primary Government

At year-end, 78% of investments held outside the State Treasurer were maintained by the Supplemental Retirement Income Plan of North Carolina.

Supplemental Retirement Income Plan of North Carolina

The General Statutes place no specific investment restrictions on the Supplemental Retirement Income Plan of North Carolina (the Plan). However, in the absence of specific legislation, the form of governance over the investments would be the prudent-person or prudent-expert rule. These rules are broad statements of intent, generally requiring investment selection and management to be made with prudent, discreet, and intelligent judgment and care. The Plan does not have formal investment policies that address interest rate risk, custodial credit risk, concentration of credit risk, or foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

At December 31, 2007, the Supplemental Retirement Income Plan of North Carolina had the following investments and maturities that were maintained outside the State Treasurer (dollars in thousands):

Investment Type	Carrying Amount	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Debt securities:					
Fidelity Intermediate Bond Fund	\$ 233,056	\$ —	\$ 233,056	\$ —	\$ —
U.S. Treasuries	222,049	12,435	106,418	47,831	55,365
U.S. agencies	92,938	5,187	68,185	15,516	4,050
Collateralized mortgage obligations	404,982	16,375	1,180	19,146	368,281
Asset-backed securities	13,679	—	11,996	492	1,191
Commercial mortgage-backed securities	57,715	—	—	—	57,715
Domestic corporate bonds	234,137	11,393	100,586	74,611	47,547
Foreign government bonds	12,479	—	4,522	3,535	4,422
	<u>1,271,035</u>	<u>\$ 45,390</u>	<u>\$ 525,943</u>	<u>\$ 161,131</u>	<u>\$ 538,571</u>
Other securities:					
International mutual funds	342,321				
Other mutual funds	2,667,920				
Total investment securities	<u>\$ 4,281,276</u>				

Interest Rate Risk and Credit Risk. The Fidelity Intermediate Bond Fund, which is rated AA, had a weighted average maturity of 3.8 years as of August 31, 2007. In the above table, it is disclosed as an investment with a maturity of one to five years. The Plan's investment policy requires that debt securities, at the time of purchase, shall have a minimum Standard & Poor's rating of BBB-. Any security downgraded below BBB- by Standard & Poor's will be liquidated within six months. At year-end, the Plan investments maintained outside the State Treasurer had the following credit quality distribution for securities with credit exposure (dollars in thousands):

Investment Type	Carrying Amount by Credit Rating - Moody's/S&P/Fitch					
	Aaa/AAA	Aa/AA	A	Baa/BBB	Ba/BB and Below	Unrated
U.S. agencies	\$ 92,938	\$ —	\$ —	\$ —	\$ —	\$ —
Collateralized mortgage obligations	—	—	—	—	—	367,053
Asset-backed securities	12,969	—	710	—	—	—
Commercial mortgage-backed securities	47,953	—	—	—	—	9,762
Domestic corporate bonds	7,074	52,769	104,165	70,129	—	—
Foreign government bonds	—	—	3,030	8,396	—	1,053
Total	<u>\$ 160,934</u>	<u>\$ 52,769</u>	<u>\$ 107,905</u>	<u>\$ 78,525</u>	<u>\$ —</u>	<u>\$ 377,868</u>

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan does not have a formal policy to limit custodial credit risk. At December 31, 2007, the investments of the Supplemental Retirement Income Plan of North Carolina maintained outside the State Treasurer were exposed to custodial credit risk as follows (dollars in thousands):

Investment Type	Carrying Amount Held by Counterparty
U.S. Treasuries	\$ 222,049
U.S. agencies	92,938
Collateralized mortgage obligations	404,982
Asset-backed securities	13,679
Commercial mortgage-backed securities	57,715
Domestic corporate bonds	234,137
Foreign government bonds	12,479
Total	<u>\$ 1,037,979</u>

NOTES TO THE FINANCIAL STATEMENTS

Other Primary Government Investments

The other primary government investments held outside the State Treasurer consisted almost entirely of balances maintained by the North Carolina Public Employee Deferred Compensation Plan (the Plan) and separate investment accounts held by trustees for special obligation debt issues to comply with IRS regulations on bond arbitrage.

General Statute 143B-426.24(j) allows the Deferred Compensation Plan Board to acquire investment vehicles from any company authorized to conduct such business in this State or may establish, alter, amend and modify, to the extent it deems necessary or desirable, a trust for the purpose of facilitating the administration, investment and maintenance of assets acquired by the investment of deferred funds. All assets of the Plan, including all deferred amounts, property and rights purchased with deferred amounts, and all income attributed thereto shall be held in trust for the exclusive benefit of the Plan participants and their beneficiaries.

At year-end, the other primary government investments maintained outside the State Treasurer had the following investments and maturities (dollars in thousands):

Investment Type	Carrying Amount	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Debt securities:					
U.S. Treasuries	\$ 630	\$ 74	\$ 198	\$ 348	\$ 10
U.S. Treasury STRIPS	1,350	21	1,128	201	—
U.S. agencies	213,423	79,639	9,157	25,551	99,076
Mortgage pass-throughs	163	—	20	21	122
Collateralized mortgage obligations	94	3	63	19	9
State and local government	93	—	3	90	—
Asset-backed securities	18,897	—	3,708	3,960	11,229
Repurchase agreements	245,981	243,574	2,407	—	—
Annuity contracts	28,544	—	28,544	—	—
Money market mutual funds	2,278	2,278	—	—	—
Mutual bond funds	37	—	—	33	4
Domestic corporate bonds	7,654	496	6,592	45	521
	519,144	\$ 326,085	\$ 51,820	\$ 30,268	\$ 110,971
Other securities:					
International mutual funds	50,413				
Other mutual funds	533,264				
Domestic stocks	122,275				
Total investment securities	\$ 1,225,096				

Interest Rate Risk and Credit Risk. The special obligation debt proceeds are generally invested in repurchase agreements. As established in the debt covenants, repurchase agreements with respect to government obligations can only be entered into with 1) a dealer recognized as a primary dealer by a Federal Reserve Bank with a short-term rating not less than P-1 from Moody's Investors Service (Moody's) and not less than A-1 from Standard & Poor's (S&P) and Fitch Ratings (Fitch); or 2) any commercial bank, trust company, or national banking association rated A or better by Moody's, S&P and Fitch, the deposits of which are insured by the Federal Deposit Insurance Corporation. There are no formally adopted investment policies or debt covenants for special obligation debt proceeds that address interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

At year-end, the other primary government investments maintained outside the State Treasurer had the following credit quality distribution for securities with credit exposure (dollars in thousands):

Investment Type	Carrying Amount by Credit Rating - Moody's/S&P/Fitch					
	Aaa/AAA	Aa/AA	A	Baa/BBB	Ba/BB and Below	Unrated
U.S. agencies	\$ 213,379	\$ —	\$ —	\$ 44	\$ —	\$ —
Mortgage pass-throughs	129	—	—	—	28	6
Collateralized mortgage obligations	59	1	13	—	18	3
State and local government	15	—	—	78	—	—
Asset-backed securities	18,897	—	—	—	—	—
Repurchase agreements	110,560	—	—	—	—	—
Annuity contracts	—	—	—	—	—	28,544
Money market mutual funds	212	—	—	155	—	1,911
Mutual bond funds	—	—	—	—	—	37
Domestic corporate bonds	1,035	3,524	3,068	27	—	—
Total	<u>\$ 344,286</u>	<u>\$ 3,525</u>	<u>\$ 3,081</u>	<u>\$ 304</u>	<u>\$ 46</u>	<u>\$ 30,501</u>

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the primary government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. There were no formally adopted policies that address custodial credit risk of other primary government investments outside the State Treasurer. At year-end, the other primary government investments maintained outside the State Treasurer were exposed to custodial credit risk as follows (dollars in thousands):

Investment Type	Carrying Amount Held by Counterparty
U.S. agencies	\$ 131,235
Asset-backed securities	18,875
Repurchase agreements	2,100
Domestic corporate bonds	7,577
Total	<u>\$ 159,787</u>

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair market value of an investment. At year-end, there were no formally adopted policies that address foreign currency risk of other primary government investments outside the State Treasurer.

NOTES TO THE FINANCIAL STATEMENTS

Component Units**(University of North Carolina System, State Education Assistance Authority and The Golden LEAF, Inc.)****University of North Carolina System**

The General Statutes place no specific investment restrictions on the University of North Carolina System (the UNC System). However, in the absence of specific legislation, the form of governance over these investments would be the prudent-person or prudent-expert rule. These rules are broad statements of intent, generally requiring investment selection and management to be made with prudent, discreet, and intelligent judgment and care. The University of North Carolina at Chapel Hill (the University) operates an Investment Fund, which is a governmental external investment pool. The University operates the Investment Fund for charitable, nonprofit foundations, associations, trusts, endowments and funds that are organized and operated primarily to support the University. Separate financial statements for the Investment Fund may be obtained from the University.

At year-end, the UNC System had the following investments and maturities that were maintained outside the State Treasurer (dollars in thousands):

Investment Type	Carrying Amount	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Debt securities:					
U.S. Treasuries	\$ 54,105	\$ 2,686	\$ 22,965	\$ 4,174	\$ 24,280
U.S. agencies	20,385	3,245	11,180	794	5,166
Mortgage pass-throughs	68,536	974	2,064	8,922	56,576
Collateralized mortgage obligations	153,046	41	6,015	8,893	138,097
State and local government	4,042	808	414	283	2,537
Asset-backed securities	2,216	—	—	—	2,216
Repurchase agreements	32,557	32,557	—	—	—
Annuity contracts	40	—	—	—	40
Money market mutual funds	205,798	203,356	2,418	—	24
Mutual bond funds	198,359	38,813	48,145	89,478	21,923
Domestic corporate bonds	30,590	5,711	6,519	2,632	15,728
Foreign corporate bonds	270	—	71	114	85
Foreign government bonds	10	10	—	—	—
	<u>769,954</u>	<u>\$ 288,201</u>	<u>\$ 99,791</u>	<u>\$ 115,290</u>	<u>\$ 266,672</u>
Other securities:					
International mutual funds	379,499				
Other mutual funds	421,557				
Investments in real estate	49,676				
Real estate investment trusts	9,005				
Hedge funds	1,039,211				
Limited partnerships	1,015,350				
Pooled investments	347				
Domestic stocks	190,235				
Foreign stocks	9,676				
Other	158,434				
Total investment securities	<u>\$ 4,042,944</u>				

Limited Partnerships – The limited partnership positions are primarily held by the University of North Carolina at Chapel Hill. The University uses various external money managers to identify specific investment funds and limited partnerships that meet asset allocation and investment management objectives. The University invests in these funds and partnerships to increase the yield and return on its investment portfolio given the available alternative investment opportunities and to diversify its asset holdings. These investments generally include equity and bond funds. Certain investment funds expose the University to significant amounts of market risk by trading or holding derivative securities and by leveraging the securities in the fund. The University limits the amount of funds managed by any single asset manager and also limits the amount of funds to be invested in particular security classes.

NOTES TO THE FINANCIAL STATEMENTS

Interest Rate Risk and Credit Risk. The constituent institutions of the UNC System generally do not have formal investment policies that address interest rate risk or credit risk. At year-end, the UNC System’s investments maintained outside the State Treasurer had the following credit quality distribution for securities with credit exposure (dollars in thousands):

Investment Type	Carrying Amount by Credit Rating - Moody's/S&P/Fitch					
	Aaa/AAA	Aa/AA	A	Baa/BBB	Ba/BB and Below	Unrated
U.S. agencies	\$ 3,374	\$ —	\$ —	\$ —	\$ —	\$ 5,646
Mortgage pass-throughs	4,393	—	26	—	—	63,077
Collateralized mortgage obligations	62,622	4,354	15,640	18	3,255	67,157
State and local government	1,247	2,364	196	71	—	164
Asset-backed securities	32	1,396	99	689	—	—
Annuity contracts	—	—	—	—	—	40
Money market mutual funds	39,904	—	163,576	—	—	2,318
Mutual bond funds	40,831	48,968	6,419	2,713	1,328	98,100
Domestic corporate bonds	4,493	5,315	12,938	7,492	352	—
Foreign corporate bonds	35	61	35	42	97	—
Foreign government bonds	—	10	—	—	—	—
Total	\$ 156,931	\$ 62,468	\$ 198,929	\$ 11,025	\$ 5,032	\$ 236,502

Custodial Credit Risk. The constituent institutions of the UNC System generally do not have formal investment policies that address custodial credit risk. At year-end, the UNC System’s investments maintained outside the State Treasurer were exposed to custodial credit risk as follows (dollars in thousands):

Investment Type	Carrying Amount	
	Held by Counterparty	Held by Counterparty's Trust Dept. or Agent but not in State's Name
U.S. Treasuries	\$ 17,772	\$ 725
U.S. agencies	11,502	—
Mortgage pass-throughs	16,489	—
Collateralized mortgage obligations	8,551	—
Repurchase agreements	672	—
Domestic corporate bonds	10,157	—
Domestic stocks	6,596	—
Foreign stocks	220	—
Total	\$ 71,959	\$ 725

Foreign Currency Risk. The constituent institutions of the UNC System do not have formal investment policies that address foreign currency risk. At year-end, the UNC System’s investments maintained outside the State Treasurer were exposed to foreign currency risk as follows (dollars in thousands):

Currency	Carrying Amount		
	Foreign Stocks	Limited Partnerships	Hedge Funds
Euro	\$ —	\$ 51,146	\$ 23,333
Pound Sterling	—	5,394	—
Australian Dollar	—	1,360	—
Canadian Dollar	1,308	—	—
Hong Kong Dollar	1,223	—	—
Total	\$ 2,531	\$ 57,900	\$ 23,333

NOTES TO THE FINANCIAL STATEMENTS

The State Education Assistance Authority

The State Education Assistance Authority (the Authority) is authorized by the University of North Carolina Board of Governors pursuant to General Statute 116-36.2 to invest its special funds in the same manner as the State Treasurer is required to invest, as discussed in Section A of this note.

Investments. In accordance with bond resolutions, bond proceeds and debt service funds are invested in obligations that will by their terms mature on or before the date funds are expected to be required for expenditure or withdrawal.

Interest Rate Risk. The Authority does not have a formal investment policy that addresses interest rate risk. The following table presents the fair value of investments by type and investments subject to interest rate risk at June 30, 2008, for the Authority's investments (dollars in thousands):

Investment Type	Carrying Amount	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Debt securities:					
U.S. Treasuries	\$ 15,664	\$ —	\$ —	\$ —	\$ 15,664
Repurchase agreements	7,170	—	—	3,657	3,513
Annuity contracts	9,729	9,729	—	—	—
	<u>32,563</u>	<u>\$ 9,729</u>	<u>\$ —</u>	<u>\$ 3,657</u>	<u>\$ 19,177</u>
Other securities:					
Investment agreements	519,132				
Other mutual funds	302,221				
Domestic stocks	20,841				
Total investment securities	<u>\$ 874,757</u>				

Credit Risk. The Authority has formally adopted investment policies for credit risk stating that certain investment obligations shall bear one of the two highest ratings by nationally recognized rating services. As of June 30, 2008, the Authority's investments were rated as follows (dollars in thousands):

Investment Type	Carrying Amount by Credit Rating - S&P	
	Rated	Unrated
Repurchase agreements	\$ 7,170	
Annuity contracts		9,729
Total	<u>\$ 16,899</u>	

Custodial Credit Risk. The Authority does not have a formal policy that addresses custodial credit risk. The Authority's investments were exposed to custodial credit risk as follows (dollars in thousands):

Investment Type	Carrying Amount Held by Counterparty's Trust Dept. or Agent but not in State's Name	
	Rated	Unrated
Repurchase agreements	\$ 7,170	
Domestic stocks		20,841
Total	<u>\$ 28,011</u>	

Concentration of Credit Risk. The Authority places no limit on the amount that may be invested in any one issuer. More than 5% of the Authority's investments are in Trinity Plus Funding Company and Pallas Capital Funding Corporation. These investments are 6.0% and 44%, respectively, of the Authority's investments.

NOTES TO THE FINANCIAL STATEMENTS
The Golden LEAF, Inc.

The General Statutes place no specific investment restrictions on The Golden LEAF, Inc (Foundation). The Foundation is authorized by its Board of Directors to invest in any of the following broad asset classes: domestic equities, real estate, mutual funds, foreign equities, fixed income securities, cash equivalents, and alternatives.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation monitors the interest rate risk inherent in its portfolio by measuring the effective duration of its portfolio. The Foundation has no specific limitations with respect to duration. At year-end, the Foundation had the following investments and durations that were maintained outside the State Treasurer (dollars in thousands):

Investment Type	Carrying Amount	Effective Duration (in years)
Debt securities:		
Money market mutual funds	\$ 27,896	0.08
Mutual bond funds	64,145	5.90
	92,041	
Other securities:		
International mutual funds	167,051	
Other mutual funds	62,714	
Real estate investment trusts ...	30,705	
Hedge funds	179,537	
Limited partnerships	89,396	
Domestic stocks	105,363	
Total investment securities	\$ 726,807	

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Foundation investment policy requires fixed income investments be investment grade or better at the time of purchase and that the portfolio maintain an average rating of AA or better at all times. At June 30, 2008, the Foundation had investments in mutual bond funds rated AAA with fair value of \$28.773 million, mutual bond funds rated AA with fair value of \$35.372 million, and an unrated money market mutual fund with a fair value of \$27.896 million.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair market value of an investment. At year-end the Foundation has no formally adopted policies that address foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: RECEIVABLES

Receivables at year-end are reported net of allowances for doubtful accounts as follows (dollars in thousands):

Governmental Activities:

	General Fund	Highway Fund	Highway Trust Fund	Other Governmental Funds	Internal Service Funds ⁽¹⁾	Total
Receivables, gross (excluding notes).....	\$ 3,172,828	\$ 161,838	\$ 40,984	\$ 46,937	\$ 15,791	\$ 3,438,378
Allowance for doubtful accounts.....	(421,384)	(6,179)	—	(31)	—	(427,594)
Receivables, net.....	<u>\$ 2,751,444</u>	<u>\$ 155,659</u>	<u>\$ 40,984</u>	<u>\$ 46,906</u>	<u>\$ 15,791</u>	<u>\$ 3,010,784</u>
Notes receivable, gross.....	\$ 25,427	\$ 1,025	\$ 96	\$ 359,726	\$ —	\$ 386,274
Allowance for doubtful accounts.....	—	—	—	(42,147)	—	(42,147)
Notes receivable, net.....	<u>\$ 25,427</u>	<u>\$ 1,025</u>	<u>\$ 96</u>	<u>\$ 317,579</u>	<u>\$ —</u>	<u>\$ 344,127</u>

(1) Includes balances due from fiduciary funds.

Within governmental activities, the only significant receivables not expected to be collected within one year are \$206.26 million of notes receivable in other governmental funds, and, in the General Fund, \$15.22 million of notes receivable and \$1.36 million of accounts receivable.

Business-Type Activities:

	Unemployment Compensation Fund	EPA Revolving Loan Fund	N.C. State Lottery Fund	Other Enterprise Funds	Total
Receivables, gross (excluding notes).....	\$ 444,305	\$ 3,952	\$ 14,146	\$ 5,992	\$ 468,395
Allowance for doubtful accounts.....	(57,126)	—	—	(3)	(57,129)
Receivables, net.....	<u>\$ 387,179</u>	<u>\$ 3,952</u>	<u>\$ 14,146</u>	<u>\$ 5,989</u>	<u>\$ 411,266</u>
Notes receivable, gross.....	\$ —	\$ 655,446	\$ —	\$ —	\$ 655,446
Allowance for doubtful accounts.....	—	—	—	—	—
Notes receivable, net.....	<u>\$ —</u>	<u>\$ 655,446</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 655,446</u>

Within business-type activities, the only significant receivables not expected to be collected within one year are \$615.90 million of notes receivable in the EPA Revolving Loan Fund and \$26.43 million of contributions receivable in the Unemployment Compensation Fund. Revenues of other enterprise funds are net of uncollectible amounts.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: CAPITAL ASSETS

Primary Government. A summary of changes in capital assets for the year ended June 30, 2008 is presented below (dollars in thousands).

Governmental Activities:

	Balance July 1, 2007 (as restated)	Additions	Deductions	Balance June 30, 2008
Capital Assets, nondepreciable:				
Land	\$ 10,083,640	\$ 578,073	\$ (777)	\$ 10,660,936
Art, literature, and other artifacts	64,823	1,458	(1)	66,280
Construction in progress	1,758,140	1,662,246	(1,294,868)	2,125,518
Total capital assets-nondepreciable	<u>11,906,603</u>	<u>2,241,777</u>	<u>(1,295,646)</u>	<u>12,852,734</u>
Capital Assets, depreciable:				
Buildings	2,507,613	61,477	(40,061)	2,529,029
Machinery and equipment	1,614,721	168,570	(129,045)	1,654,246
Intangibles	199,718	3,036	(5,468)	197,286
General infrastructure	177,102	4,785	(1,711)	180,176
State highway system	22,252,625	1,237,118	(60,160)	23,429,583
Total capital assets-depreciable	<u>26,751,779</u>	<u>1,474,986</u>	<u>(236,445)</u>	<u>27,990,320</u>
Less accumulated depreciation for:				
Buildings	(680,799)	(47,854)	15,450	(713,203)
Machinery and equipment	(951,923)	(113,239)	82,010	(983,152)
Intangibles	(93,984)	(4,848)	5,215	(93,617)
General infrastructure	(78,458)	(4,687)	411	(82,734)
State highway system	(5,937,992)	(468,592)	58,957	(6,347,627)
Total accumulated depreciation	<u>(7,743,156)</u>	<u>(639,220)</u>	<u>162,043</u>	<u>(8,220,333)</u>
Total capital assets-depreciable, net	<u>19,008,623</u>	<u>835,766</u>	<u>(74,402)</u>	<u>19,769,987</u>
Governmental activities capital assets, net	<u>\$ 30,915,226</u>	<u>\$ 3,077,543</u>	<u>\$ (1,370,048)</u>	<u>\$ 32,622,721</u>

NOTES TO THE FINANCIAL STATEMENTS

Business-type Activities:

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Capital Assets, nondepreciable:				
Land	\$ 3,114	\$ 338	\$ —	\$ 3,452
Construction in progress	532	—	—	532
Total capital assets-nondepreciable	<u>3,646</u>	<u>338</u>	<u>—</u>	<u>3,984</u>
Capital Assets, depreciable:				
Buildings	30,704	5,158	—	35,862
Machinery and equipment	5,798	1,531	(103)	7,226
General infrastructure	15,306	446	—	15,752
Total capital assets-depreciable	<u>51,808</u>	<u>7,135</u>	<u>(103)</u>	<u>58,840</u>
Less accumulated depreciation for:				
Buildings	(17,874)	(682)	—	(18,556)
Machinery and equipment	(2,542)	(450)	105	(2,887)
General infrastructure	(8,365)	(501)	—	(8,866)
Total accumulated depreciation	<u>(28,781)</u>	<u>(1,633)</u>	<u>105</u>	<u>(30,309)</u>
Total capital assets-depreciable, net	<u>23,027</u>	<u>5,502</u>	<u>2</u>	<u>28,531</u>
Business-type activities capital assets, net	<u>\$ 26,673</u>	<u>\$ 5,840</u>	<u>\$ 2</u>	<u>\$ 32,515</u>

Depreciation expense was charged to functions/programs of the primary government as follows (dollars in thousands):

Governmental activities:

General government	\$ 35,763
Primary and secondary education	893
Higher education	51
Health and human services	12,259
Economic development	1,010
Environment and natural resources	12,928
Public safety, correction, and regulation	47,490
Transportation	525,212
Agriculture	3,614
Total depreciation expense	<u>\$ 639,220</u>

Business-type activities:

N.C. State Fair	\$ 597
USS North Carolina Battleship Commission	120
Agricultural Farmers Market	291
EPA Revolving Loan Fund	25
State Banking Commission	4
ABC Commission	117
Utilities Commission	6
N.C. State Lottery	382
Other business-type activities	91
Total depreciation expense	<u>\$ 1,633</u>

NOTES TO THE FINANCIAL STATEMENTS

Component Units (University of North Carolina System and community colleges). Capital asset activity for the University of North Carolina System and community colleges for the fiscal year ended June 30, 2008, was as follows (dollars in thousands):

University of North Carolina System:

	Balance			Balance
	July 1, 2007			June 30, 2008
	(as restated)	Additions	Deductions	
Capital Assets, nondepreciable:				
Land	\$ 213,224	\$ 19,984	\$ (4,504)	\$ 228,704
Art, literature, and other artifacts	115,145	8,591	(18)	123,718
Intangibles	3,513	13,454	(359)	16,608
Construction in progress	1,148,044	600,034	(460,906)	1,287,172
Total capital assets-nondepreciable	<u>1,479,926</u>	<u>642,063</u>	<u>(465,787)</u>	<u>1,656,202</u>
Capital Assets, depreciable:				
Buildings	6,804,755	600,725	(21,078)	7,384,402
Machinery and equipment	1,428,233	184,051	(60,686)	1,551,598
Art, literature, and other artifacts	2,088	303	—	2,391
General infrastructure	930,211	66,567	(5,228)	991,550
Total capital assets-depreciable	<u>9,165,287</u>	<u>851,646</u>	<u>(86,992)</u>	<u>9,929,941</u>
Less accumulated depreciation for:				
Buildings	(1,882,241)	(164,826)	19,324	(2,027,743)
Machinery and equipment	(917,557)	(118,295)	50,262	(985,590)
Art, literature, and other artifacts	(1,094)	(156)	—	(1,250)
General infrastructure	(327,754)	(29,183)	4,908	(352,029)
Total accumulated depreciation	<u>(3,128,646)</u>	<u>(312,460)</u>	<u>74,494</u>	<u>(3,366,612)</u>
Total capital assets-depreciable, net	<u>6,036,641</u>	<u>539,186</u>	<u>(12,498)</u>	<u>6,563,329</u>
University of North Carolina System				
capital assets, net	<u>\$ 7,516,567</u>	<u>\$ 1,181,249</u>	<u>\$ (478,285)</u>	<u>\$ 8,219,531</u>

Capital assets of nongovernmental component units of the University of North Carolina System are excluded from the above amounts. At June 30, 2008, nongovernmental component unit foundations and similarly affiliated organizations of the University of North Carolina System had nondepreciable capital assets of \$25.072 million and net depreciable capital assets of \$141.147 million.

NOTES TO THE FINANCIAL STATEMENTS**Community Colleges:**

	Balance			Balance
	July 1, 2007			June 30, 2008
	(as restated)	Additions	Deductions	
Capital Assets, nondepreciable:				
Land	\$ 108,731	\$ 14,724	\$ (359)	\$ 123,096
Art, literature, and other artifacts	345	—	—	345
Construction in progress	153,713	146,123	(137,573)	162,263
Total capital assets-nondepreciable	<u>262,789</u>	<u>160,847</u>	<u>(137,932)</u>	<u>285,704</u>
Capital Assets, depreciable:				
Buildings	1,641,525	150,202	(767)	1,790,960
Machinery and equipment	216,959	26,795	(9,686)	234,068
Art, literature, and other artifacts	371	25	—	396
General infrastructure	112,093	5,683	(817)	116,959
Total capital assets-depreciable	<u>1,970,948</u>	<u>182,705</u>	<u>(11,270)</u>	<u>2,142,383</u>
Less accumulated depreciation for:				
Buildings	(412,146)	(35,927)	678	(447,395)
Machinery and equipment	(91,898)	(16,337)	7,642	(100,593)
Art, literature, and other artifacts	(32)	(10)	—	(42)
General infrastructure	(26,479)	(3,944)	1,261	(29,162)
Total accumulated depreciation	<u>(530,555)</u>	<u>(56,218)</u>	<u>9,581</u>	<u>(577,192)</u>
Total capital assets-depreciable, net	<u>1,440,393</u>	<u>126,487</u>	<u>(1,689)</u>	<u>1,565,191</u>
Community Colleges				
capital assets, net	<u>\$ 1,703,182</u>	<u>\$ 287,334</u>	<u>\$ (139,621)</u>	<u>\$ 1,850,895</u>

Capital assets of nongovernmental component units of community colleges are excluded from the above amounts. At June 30, 2008, nongovernmental component unit foundations and similarly affiliated organizations of community colleges had nondepreciable capital assets of \$2.428 million and net depreciable capital assets of \$2.520 million.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: SHORT-TERM DEBT

Component Units**University of North Carolina System**

North Carolina State University has available commercial paper program financing for short-term credit up to \$100 million to finance capital construction projects. The University's available funds are pledged to the commercial paper program financing with the anticipation of converting to general revenue bond financing in the future. As of June 30, 2008, \$75.5 million in tax-exempt commercial paper was outstanding.

At the University of North Carolina at Chapel Hill, commercial paper was issued from the University of North Carolina General Revenue Bonds, Series 2002A, to provide interim financing for the construction of capital projects.

Winston-Salem State University engaged in interim financing in anticipation of bonds to be issued in the spring of 2008 to be used for the renovation of Brown Residence Hall and the development of Athletic Fields at Civitan Park. The note was paid in full during 2008 with the issuance of University of North Carolina System Revenue Bonds, Series 2008A.

Short-term debt activity for the University of North Carolina System for the fiscal year ended June 30, 2008, was as follows (dollars in thousands):

	<u>Balance</u> <u>July 1, 2007</u>	<u>Draws</u>	<u>Repayments</u>	<u>Balance</u> <u>June 30, 2008</u>
Commercial Paper Program.....	\$ 272,414	\$ 122,719	\$ (218,476)	\$ 176,657
Anticipation Notes.....	7,170	—	(7,170)	—

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Primary Government. Long-term liability activity for the year ended June 30, 2008, was as follows (dollars in thousands):

	Balance July 1, 2007 (as restated)	Increases	Decreases	Balance June 30, 2008	Amounts Due Within One Year
Governmental activities:					
Bonds and similar debt payable:					
General obligation bonds	\$ 5,902,330	\$ —	\$ (368,570)	\$ 5,533,760	\$ 364,495
Special indebtedness:					
Lease-purchase revenue bonds	245,045	—	(10,000)	235,045	10,000
Certificates of participation	727,640	275,000	(36,760)	965,880	46,295
GARVEE bonds	—	287,565	—	287,565	45,745
Less deferred amounts:					
For issuance discounts	(369)	—	243	(126)	—
On refunding	(92,259)	—	15,336	(76,923)	—
Add issuance premium	309,261	21,843	(43,832)	287,272	—
Total bonds and similar debt payable	7,091,648	584,408	(443,583)	7,232,473	466,535
Notes payable	36,901	7,425	(11,139)	33,187	6,484
Capital leases payable	25,740	—	(1,081)	24,659	1,096
Arbitrage rebate payable	5,717	2,023	(4,715)	3,025	—
Compensated absences	380,821	233,491	(211,063)	403,249	32,259
Net pension obligation	814	22,874	(23,166)	522	—
Workers' compensation	84,422	10,895	(6,568)	88,749	11,552
Deferred death benefit payable	410	155	—	565	285
Court judgment payable	—	749,886	—	749,886	—
Cost settlement payable	50,300	—	(15,000)	35,300	15,000
Governmental activity					
long-term liabilities	<u>\$ 7,676,773</u>	<u>\$ 1,611,157</u>	<u>\$ (716,315)</u>	<u>\$ 8,571,615</u>	<u>\$ 533,211</u>
Business-type activities:					
Compensated absences	\$ 3,885	\$ 3,103	\$ (2,306)	\$ 4,682	\$ 260
Business-type activity					
long-term liabilities	<u>\$ 3,885</u>	<u>\$ 3,103</u>	<u>\$ (2,306)</u>	<u>\$ 4,682</u>	<u>\$ 260</u>

For governmental activities, the compensated absences, net pension obligation, workers' compensation, and cost settlement liabilities are generally liquidated by the General Fund. Arbitrage rebate payable is generally liquidated by other governmental funds. A portion of compensated absences is also liquidated by the Highway Fund. Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$4.925 million of internal service funds compensated absences are included in the above amounts.

NOTES TO THE FINANCIAL STATEMENTS

Component Units (University of North Carolina System, North Carolina Housing Finance Agency, and the State Education Assistance Authority). Long-term liability activity for the year ended June 30, 2008, was as follows (dollars in thousands):

	Balance July 1, 2007 (as restated)	Increases	Decreases	Balance June 30, 2008	Amounts Due Within One Year
University of North Carolina System:					
Bonds payable:					
Revenue bonds	\$ 2,058,359	\$ 379,390	\$ (97,710)	\$ 2,340,039	\$ 156,218
Certificates of participation	35,080	—	(1,945)	33,135	2,010
Less deferred amounts:					
For issuance discounts	(44,498)	—	4,467	(40,031)	—
On refunding	(26,856)	(345)	1,896	(25,305)	—
Add issuance premium	44,155	4,903	(1,400)	47,658	—
Total bonds payable	2,066,240	383,948	(94,692)	2,355,496	158,228
Notes payable	97,050	12,614	(18,720)	90,944	50,980
Capital leases payable	137,182	25,691	(20,094)	142,779	9,405
Arbitrage rebate payable	269	48	—	317	42
Annuity and life income payable	11,845	4,934	(73)	16,706	1,420
Compensated absences	287,769	210,425	(187,858)	310,336	34,516
Liability insurance trust fund payable	50,678	14,874	(4,594)	60,958	14,317
Total long-term liabilities	<u>\$ 2,651,033</u>	<u>\$ 652,534</u>	<u>\$ (326,031)</u>	<u>\$ 2,977,536</u>	<u>\$ 268,908</u>

Long-term liabilities of nongovernmental component units of the University of North Carolina System are excluded from the above amounts. At June 30, 2008, nongovernmental component unit foundations and similarly affiliated organizations of the University of North Carolina System had total long-term liabilities of \$461.847 million, of which \$19.35 million was due within one year and \$442.497 million was due in more than one year.

	Balance July 1, 2007 (as restated)	Increases	Decreases	Balance June 30, 2008	Amounts Due Within One Year
North Carolina Housing Finance Agency:					
Bonds payable:					
Revenue bonds	\$ 1,619,025	\$ 275,000	\$ (324,790)	\$ 1,569,235	\$ 35,635
Less deferred amounts:					
For issuance discounts	(19,636)	(2,809)	3,208	(19,237)	—
On refunding	(30)	—	30	—	—
Total bonds payable	1,599,359	272,191	(321,552)	1,549,998	35,635
Arbitrage rebate payable	1,063	542	(41)	1,564	—
Compensated absences	740	474	(339)	875	40
Total long-term liabilities	<u>\$ 1,601,162</u>	<u>\$ 273,207</u>	<u>\$ (321,932)</u>	<u>\$ 1,552,437</u>	<u>\$ 35,675</u>

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008	Amounts Due Within One Year
State Education Assistance Authority:					
Bonds payable:					
Revenue bonds	\$ 2,971,726	\$ 1,524,200	\$ (800,989)	\$ 3,694,937	\$ 506,300
Arbitrage rebate payable	7,624	—	(1,886)	5,738	—
Compensated absences	285	28	(9)	304	8
Total long-term liabilities	<u>\$ 2,979,635</u>	<u>\$ 1,524,228</u>	<u>\$ (802,884)</u>	<u>\$ 3,700,979</u>	<u>\$ 506,308</u>

NOTES TO THE FINANCIAL STATEMENTS**B. Bonds, Certificates of Participation, and Notes Payable**

Bonds, certificates of participation, and notes payable at June 30, 2008 were as follows (dollars in thousands):

	<u>Interest Rates</u>	<u>Maturing Through Year</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance</u>
Primary Government:				
<u>Governmental activities</u>				
General obligation bonds.....	1.30% - 6.90%*	2028	\$ 7,515,769	\$ 5,533,760
Special obligation debt:				
Lease-purchase revenue bonds.....	2.40% - 5.25%	2024	272,045	235,045
Certificates of participation.....	2.50% - 5.25%	2028	1,064,840	965,880
GARVEE Bonds.....	3.75% - 4.00%	2019	287,565	287,565
Notes payable.....	0.00% - 4.00%	2018	44,137	33,187
Component Units:				
<u>University of North Carolina System</u>				
Revenue bonds.....	1.45% - 10.00%*	2038	\$ 2,772,230	\$ 2,340,039
Certificates of participation.....	3.00% - 5.00%	2036	38,745	33,135
Notes payable.....	2.35% - 9.45%*	2033	141,999	90,944
<u>North Carolina Housing Finance Agency</u>				
Revenue bonds.....	2.70% - 8.25%*	2039	\$ 3,589,241	\$ 1,569,235
<u>State Education Assistance Authority</u>				
Revenue bonds.....	0.00% - 9.00%*	2037	\$ 3,788,150	\$ 3,694,937

* For variable rate debt, interest rates in effect at June 30, 2008 are included. For variable rate debt with interest rate swaps, the synthetic fixed rates are included.

General obligation bonds are secured by the full faith, credit, and taxing power of the State. Certificates of participation (COPs) and lease-purchase revenue bonds, which are also referred to as special obligation debt, are secured by lease and installment payments made by the State and sometimes by a security interest in the leased facilities pursuant to a leasehold deed of trust. The payments on special obligation debt of the State are subject to appropriation by the General Assembly. Other long-term debts of the State and its component units are payable solely from certain resources of the funds to which they relate.

C. Bonds Authorized but Unissued

The amount of authorized but unissued debt of the primary government subject to annual appropriation requirements at June 30, 2008 totaled \$1.554 billion as follows: university projects \$725 million, psychiatric hospital \$306 million, correctional facilities \$166 million, guaranteed energy savings contracts \$68 million, youth facilities \$7 million, parks and land \$120 million, and State and other projects \$162 million.

In 2005, the N.C. General Assembly enacted General Statute 136-18(12b) providing for the issuance of Grant Anticipation Revenue Vehicle Bonds (GARVEEs), which are payable from revenues consisting primarily of federal transportation funds, with the proceeds to finance federal-aid highway projects. The GARVEEs are limited obligations of the State payable solely from these funding sources. The total amount of GARVEEs that may be issued is subject to limitations contained in the authorizing legislation tied to the historic and future level of federal transportation funds the State has or is expected to receive.

D. Demand Bonds

Included in bonds payable are several variable rate demand bond issues. Demand bonds are securities that contain a "put" feature that allows bondholders to demand payment before the maturity of the debt upon proper notice to the issuer's remarketing or paying agents.

Component Units**University of North Carolina System**

With regards to the following demand bonds, the issuer has not entered into take-out agreements, which would convert the demand bonds not successfully remarketed into another form of long-term debt.

The University of North Carolina at Chapel Hill - General Revenue, Series 2001B and 2001C

In 2001 the University issued two series of variable rate demand bonds in the amount of \$54.97 million (2001B) and \$54.97 million (2001C) that each has a final maturity date of

NOTES TO THE FINANCIAL STATEMENTS

December 1, 2025. The bonds are subject to mandatory sinking fund redemption on the interest payment date on or immediately preceding each December throughout the term of the bonds. The proceeds of these issuances were used to provide funds to refund in advance of their maturity the following issues: Ambulatory Care Clinic, Series 1990; Athletic Facilities, Series 1998; Carolina Inn, Series 1994; School of Dentistry, Series 1995; Kenan Stadium, Series 1996; and Parking System, Series 1997C. While bearing interest at a weekly rate, the bonds are subject to purchase on demand with seven days notice and delivery to the University's Remarketing Agents, Lehman Brothers, Inc (2001B) and UBS Financial Services, Inc. (2001C).

The University entered into a new line of credit agreement in the amount of \$300 million with Wachovia Bank, N.A. on September 21, 2006 and canceled its line of credit in the amount of \$107.46 million with JP Morgan Chase Bank. Under the new line of credit agreement, the University is entitled to draw amounts sufficient to pay the principal and accrued interest on variable rate demand bonds or commercial paper bonds delivered for purchase. Under the new line of credit agreement, the University may request that Wachovia Bank, N.A. increase the commitment by increments of \$25 million for a total commitment of up to \$400 million. A request for increase is subject to the Bank's sole discretion, and the University cannot be in default under the agreement.

The University is required to pay a quarterly facility fee for the line of credit in the amount of .08% per annum based on the size of the commitment. If a long-term debt rating assigned by Standard & Poor's (S&P), Fitch Ratings (Fitch), or Moody's Investors Service (Moody's) is lowered, the facility fee assigned to the lowest rating in the below table shall apply:

S&P	Fitch	Moody's	Facility
			Fee
AA	AA	Aa2	0.10%
AA-	AA-	Aa3	0.11%
A+	A+	A1	0.14%
A	A	A2	0.18%

In the event that the Bank increases the available commitment prior to the due date for payment of a facility fee, the University must pay a supplemental fee based on the facility fee applied to the amount of the increase at the time of commitment to increase. The University will also pay an accrued interest fee equal to the amount of accrued interest, at the time of purchase of the bonds, multiplied by the prime rate multiplied by the ratio of the number of days from the date of purchase of the bonds until the date of payment of the accrued interest to 365 days.

Under the line of credit agreement, draws to purchase bonds will accrue interest at the prime rate payable on the same interest date as provided in the Trust Agreement for the original bonds. The University is required to begin making a series of ten fully amortizing semi-annual principal payments on bonds held by the Bank six months after the date of purchase.

Commercial paper bonds held by the Bank may be rolled over for a period of 180 days and must be reduced by 1/10th of the original amount of the commercial paper bonds for a period of up to 10 rollovers. All outstanding principal and accrued but unpaid interest is due in full at the maturity of the line of credit. At June 30, 2008, no purchase draws had been made under the line of credit.

The line of credit agreement expires on September 21, 2011 and is subject to covenants customary to this type of transaction, including a default provision in the event that the University's long-term bond ratings were lowered to below a BBB- for S&P, BBB- for Fitch, and Baa3 for Moody's.

North Carolina Central University – Revenue Bonds Series 2003A

In October of 2003, the North Carolina Capital Facilities Finance Agency issued Student Housing Facilities Revenue Demand Bonds (\$21.48 million Variable Rate Revenue Demand Bonds, Series 2003A) that have a maturity date of October 1, 2034. The issuer, the North Carolina Capital Facilities Finance Agency, loaned the proceeds of the Series 2003 Bonds to the North Carolina Central University Real Estate Foundation, Inc. (Foundation). The Foundation used the proceeds to finance the costs of building a student housing facility at North Carolina Central University, to fund a debt service reserve fund for the 2003A Bonds, to pay a portion of the interest on the bonds during construction of the project, and to pay certain costs of issuance of the bonds. The 2003A Bonds are subject to mandatory sinking fund redemption at the principal amount on the interest payment dates.

The Student Housing Facilities Revenue Demand Bonds (Series 2003) has an Irrevocable Letter of Credit (LOC) for \$21.82 million. The LOC is to secure the payment of the principal and purchase price of interest on the Series 2003 Bonds. The LOC was issued by Wachovia Bank, N.A. and expired on October 15, 2006. The LOC may be extended by request from the Foundation by delivering a notice of extension to the Trustee with a new expiration date. The LOC was subsequently extended until August 31, 2009. At June 30, 2008, the LOC rate for the bonds was 1.4% and the total amount drawn on it was \$966 thousand.

The Foundation paid Wachovia Bank, N.A. a commitment fee of \$109 thousand for the letter of credit on the date the bonds were issued. If the Foundation terminates the letter of credit on or before August 31, 2009, then the Foundation must pay a termination fee of \$25 thousand. The Bonds are not under a take-out agreement; however, in the event of termination 100% of the unpaid principal will be due and payable plus any unpaid and accrued interest.

Under the LOC agreement, the proceeds of each drawing under the LOC to pay the portion of the purchase price of Series 2003 bonds allocable to principal will constitute a tender advance and must be reimbursed as provided in the agreement. The Foundation is required to repay each tender advance to Wachovia Bank, N.A. plus an interest rate of prime plus 1%.

NOTES TO THE FINANCIAL STATEMENTS

According to the Reimbursement Agreement Amendment dated May 2008, the amount of any tender advance made is repaid based on the earliest to occur of the date the credit provider bonds purchased pursuant to such tender advances are remarketed, the close of business on the date that is 366 days after the tender was made, and/or the termination date.

The Student Housing Facilities Revenue Demand Bonds (Series 2003) has a remarketing fee. The remarketing fee is an upfront charge to reset the interest rates on a weekly basis. The Remarketing Agent is Wachovia Bank, N.A. for the Series 2003A Bonds. At June 30, 2008, the remarketing fee rate for the bonds was 0.13%.

With regard to the following demand bonds, the issuer has entered into take-out agreements, which would convert the demand bonds not successfully remarketed into another form of long-term debt.

North Carolina State University - General Revenue Bonds, Series 2003B

On June 20, 2003 the University issued tax-exempt variable rate revenue demand bonds in the amount of \$45.66 million that have a final maturity date of October 1, 2027. The bonds are subject to mandatory sinking fund redemption that began on October 1, 2004. The University's proceeds of this issuance were used to pay a portion of the costs of certain improvements on the campus of the University, to refund certain debt previously incurred for that purpose, and to pay the costs incurred in connection with the issuance of the 2003B bonds.

While bearing interest at a weekly rate, the bonds are subject to purchase on demand with seven days notice and delivery to the paying agent, The Bank of New York Mellon. Upon notice from the paying agent, the Remarketing Agent, Wachovia Bank, N.A., has agreed to exercise its best efforts to remarket the bonds for which a notice of purchase has been received.

Under a Standby Bond Purchase Agreement (Agreement) between the Board of Governors of the University of North Carolina and Bayerische Landesbank, a Liquidity Facility has been established for the Trustee (The Bank of New York Mellon) to draw amounts sufficient to pay the purchase price and accrued interest on bonds delivered for purchase when remarketing proceeds or other funds are not available. This Agreement requires a commitment fee equal to 0.13% of the available commitment, payable quarterly in arrears, beginning on July 1, 2003 and on each October 1, January 1, April 1, and July 1 thereafter until the expiration date or the termination date of the Agreement.

Under the Agreement, any bonds purchased through the Liquidity Facility become Liquidity Provider Bonds and shall, from the date of such purchase and while they are Liquidity Provider Bonds, bear interest at the Liquidity Provider rate (the greater of the bank prime commercial lending rate and federal funds rate plus 0.5%). Upon remarketing of Liquidity Provider Bonds and the receipt of the sales price by the Liquidity

Provider, such bonds are no longer considered Liquidity Provider Bonds. Payment of the interest on the Liquidity Provider Bonds is due the first business day of each month in which Liquidity Provider Bonds are outstanding. At June 30, 2008, there were no Liquidity Provider Bonds held by the Liquidity Facility. The original Liquidity Facility expiration date has been extended and is scheduled to expire on November 30, 2015, unless otherwise extended based on the terms of the Agreement.

Upon expiration or termination of the Agreement, the University is required to redeem (purchase) the Liquidity Provider Bonds held by the Liquidity Facility in twelve quarterly installments, beginning the first business day of January, April, July, or October, whichever first occurs on or following the Purchase Date along with accrued interest at the Liquidity Provider rate. In the event the entire issue of \$44.43 million of demand bonds was "put" and not resold, the University would be required to pay \$16 million a year for 3 years under this agreement assuming a 5% interest rate.

University of North Carolina Hospitals - Revenue Bonds, Series 2001A and Series 2001B

On January 31, 2001, the Hospitals issued two series of tax-exempt variable rate demand bonds in the amount of \$55 million (2001A) and \$55 million (2001B) that have a final maturity date of February 15, 2031. The bonds are subject to mandatory sinking fund redemption that began on February 15, 2002. A portion of the proceeds was used to reimburse the Hospitals for \$75 million spent allowing the UNC Health Care System to acquire controlling interest in Rex Healthcare Inc. The remaining proceeds are being used for the renovation of space vacated after the opening of the North Carolina Women's Hospital, North Carolina Children's Hospital, and associated support services. While initially bearing interest in a daily mode, the mode on these bonds may change to a weekly rate, a unit pricing rate, a term rate or a fixed rate.

While in daily mode, the bonds are subject to purchase on any business day upon demand by telephonic notice of tender to the Remarketing Agent on the purchase date and delivery to the bond Tender Agent, Wachovia Bank, N.A. The Hospitals' Remarketing Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated (Series 2001A) and Banc of America Securities LLC (Series 2001B) have agreed to exercise their best efforts to remarket bonds for which a notice of purchase has been received. The quarterly remarketing fee is payable in arrears and is equal to either 0.05% or 0.08% of the outstanding principal amount of the bonds assigned to each agent, depending upon their performance in comparison to an established benchmark.

Under separate Standby Bond Purchase Agreements for the Series 2001A and Series 2001B (Agreements) between the Hospitals and Landesbank Hessen-Thüringen Girozentrale, a Liquidity Facility has been established for the Tender Agent to draw amounts sufficient to pay the purchase price and accrued interest on bonds delivered for purchase when remarketing proceeds or other funds are not available. These Agreements

NOTES TO THE FINANCIAL STATEMENTS

require an adjustable facility fee based on the long-term rating of the bonds, which is calculated as a percentage of the available commitment. Payments are made quarterly in arrears, on the first business day of each July, October, January and April thereafter until the expiration date or the termination date of the Agreements. For the past fiscal year the percentage was 0.25% with the long-term agreement that became effective on July 11, 2005. This agreement has been extended to October 11, 2011 at a percentage of 0.40% effective October 11, 2008.

Under the Agreements, any bonds purchased through the Liquidity Facility become Bank Bonds and shall, from the date of such purchase and while they are Bank Bonds, bear interest at the formula rate (base rate equal to the higher of the prime rate for such day or the sum of 0.50% plus the federal funds rate) subject to a maximum rate as permitted by law. Upon remarketing of Bank Bonds and the receipt of the sales price by the Liquidity Provider, such bonds are no longer considered Bank Bonds. Payment of the interest on the Bank Bonds is due quarterly (the first business day of January, April, July and October) for each period in which Bank Bonds are outstanding. At June 30, 2008 there were no Bank Bonds held by the Liquidity Facility.

Included in the Agreements is a take-out provision, in case the Remarketing Agent is unable to resell any bonds that are "put" within 90 days of the "put" date. In this situation, the Hospitals is required to redeem the Bank Bonds held by the Liquidity Facility. The agreements allow the Hospitals to redeem Bank Bonds in equal quarterly installments, on the first business day of January, April, July and October. The payments will commence with the first business day of any such month that is at least 90 days following the applicable Purchase Date of the Bank Bond and end no later than the fifth anniversary of such Purchase Date. If the take out agreement were to be exercised because the entire outstanding \$102.4 million of demand bonds was "put" and not resold, the Hospitals would be required to pay \$23.27 million a year for five years under the installment loan agreement assuming an 5.0% prime interest rate.

The current expiration date of the Agreements is December 31, 2015. The Liquidity Provider has the option to terminate its commitment on October 11, 2011, or October 11, 2014 by providing adequate notice of its intention. The Hospitals may request additional extensions of at least one year from the previous termination date. Extensions are at the discretion of Liquidity Provider.

University of North Carolina Hospitals - Revenue Refunding Bonds, Series 2003A and Series 2003B

On February 13, 2003, the Hospitals issued two series of tax-exempt variable rate demand bonds in the amount of \$63.77 million (2003A) and \$34.25 million (2003B) that have a final maturity date of February 1, 2029. The bonds are subject to mandatory sinking fund redemption that began on February 1, 2004. The proceeds were used to advance refund \$88.33 million of the Series 1996 Bonds. While initially bearing

interest in a weekly mode, the mode on these bonds may change to a daily rate, a unit pricing rate, a term rate or a fixed rate.

While in the weekly mode, the bonds are subject to purchase on demand with seven days' notice to the Remarketing Agent and delivery to the bond Tender Agent, Wachovia Bank, N.A. The Hospitals' Remarketing Agents, Banc of America Securities LLC (Series 2003A) and Wachovia Bank, N.A. (Series 2003B) have agreed to exercise their best efforts to remarket bonds for which a notice of purchase has been received. The quarterly remarketing fee is payable in arrears and is equal to 0.08% of the outstanding principal amount of the bonds assigned to the Remarketing Agent for Series 2003A and is equal to 0.07% of the outstanding principal amount of the bonds assigned to the Remarketing Agent for Series 2003B.

Under separate Standby Bond Purchase Agreements for the Series 2003A and Series 2003B (Agreements) between the Hospitals and Bank of America, N.A. (Series 2003A) or Wachovia Bank, N.A. (Series 2003B) a Liquidity Facility has been established for the Tender Agent to draw amounts sufficient to pay the purchase price on bonds delivered for purchase when remarketing proceeds or other funds are not available. These Agreements require a facility fee equal to 0.22% of the available commitment for Series 2003A and Series 2003B, payable quarterly in advance, beginning on February 13, 2003, and on each February 1, May 1, August 1, and November 1 thereafter until the expiration date or the termination date of the Agreements.

Under the Agreements, any bonds purchased through the Liquidity Facility become Bank Bonds and shall, from the date of such purchase and while they are Bank Bonds, bear interest at the Bank Bond interest rate (for Series 2003A, the rate equals London Inter-Bank Offered Rate (LIBOR) plus 2.50% for the first 90 days and then equals LIBOR plus 4.00%; for Series 2003B, the rate equals prime rate for the first 90 days and then equals prime plus 1.00%) subject to a maximum rate as permitted by law. Upon remarketing of Bank Bonds and the receipt of the sales price by the Liquidity Provider, such bonds are no longer considered Bank Bonds. Payment of the interest on the Bank Bonds is on the first business day of each month for each period in which Bank Bonds are outstanding. At June 30, 2008 there were no Bank Bonds held by the Liquidity Facility.

Included in the Agreements is a take-out provision, in case the Remarketing Agent is unable to resell any bonds that are "put" within 90 days of the "put" date. In this situation, the Hospitals is required to redeem the Bank Bonds held by the Liquidity Facility. The Series 2003A agreement allows the Hospitals to redeem Bank Bonds in twelve equal quarterly installments beginning on the first February 1, May 1, August 1 or November 1 that occurs at least 90 days following the applicable Purchase Date of the Bank Bond. If the take-out agreement were to be exercised because the entire outstanding \$62.21 million of demand bonds was "put" and not resold, the Hospitals would be required to pay \$22.98 million a year for three years under the installment loan agreement assuming a 6.46% interest rate (LIBOR plus 4%). The Series 2003B

NOTES TO THE FINANCIAL STATEMENTS

agreement allows the Hospitals to redeem Bank Bonds in 36 equal monthly installments, on the first business day of each calendar month after the loan date. Payments commence with the first business day of any such month that is at least 120 days following the applicable Purchase Date of the Bank Bond. If the take out agreement were to be exercised because the entire outstanding \$33.43 million of demand bonds was "put" and not resold, the Hospitals would be required to pay \$12.20 million a year for three years under the installment loan agreement assuming a 6.0% interest rate (Prime plus 1%).

The current expiration date of the Series 2003A Agreement is July 1, 2010 and July 31, 2009 for the Series 2003B Agreement. The Hospitals may request additional extensions, which are approved at the discretion of the Liquidity Provider

State Education Assistance Authority

Guaranteed Student Loan Revenue Bonds, Series 2005A

With regards to the following demand bonds, the issuer has not entered into take out agreements, which would convert the demand bonds not successfully remarketed into another form of long-term debt.

In October, 2005, the Authority issued Guaranteed Student Loan Revenue Bonds, Series 2005A, in the amount of \$506.3 million consisting of four tranches of tax-exempt bonds totaling \$471.6 million and two tranches of taxable bonds totaling \$34.7 million. This series of bonds matures on September 1, 2035, but \$12.4 million must be retired by mandatory sinking fund redemption on October 1, 2012. The proceeds of this issuance were used to finance student loans, refund the Authority's outstanding Series 1995A bonds, make a deposit into the operating fund, and pay issuance costs. While bearing interest at a weekly rate, the bonds are subject to purchase on demand with seven day's notice to the Tender Agent.

Payment of principal and interest on the Series 2005A bonds is insured by a financial guaranty insurance policy by Ambac Assurance Corporation. The Authority has entered into a standby bond purchase agreement with a commercial bank for each respective tranche. Pursuant to each agreement, the respective bank has agreed to purchase any bonds of that respective tranche that have been tendered for purchase during the term of the agreement.

E. Interest Rate and Basis Swaps

Primary Government

Governmental Activities

Objective. As a means to lower its borrowing costs and increase its savings when compared to fixed-rate refunding bonds at the time of issuance in December 2002, the State entered into two interest rate swaps in connection with its \$499.87 million Variable Rate General Obligation Refunding

Bonds, Series 2002B-F. The intention of the swap agreements was to effectively change the State's interest rate on the bonds to a synthetic fixed rate of 3.28% (Swap 1) and 3.09% (Swap 2). For comparison, the State sold fixed rate bonds on the same day as the swaps, with the same final maturity, at an interest rate of 4.45%.

In March 2005, the State entered into basis rate swap agreements and related swaptions with three separate counterparties to lower its borrowing costs when compared to fixed rate refunding bonds. The swaption component is disclosed and valued in a separate section within this note (see section F). The bonds associated with basis swaps were as follows (dollars in thousands):

Bonds Associated with Basis Swaps	Principal Amount	Average Coupon	Call Date
Public Improvement, Series 2003A	\$ 171,000	4.89%	3/1/2013
Public Improvement, Series 2003B	169,955	4.87%	4/1/2013
Public Improvement, Series 2004A	335,000	4.86%	3/1/2014
Total	<u>\$ 675,955</u>		

Terms - Swaps 1 and 2. The bonds and the related swap agreements mature on June 1, 2019 (Swap 1) and June 1, 2017 (Swap 2) and the combined swaps' notional amount of \$499.87 million matches the \$499.87 million variable-rate bonds. The swaps were entered into at the same time the bonds were issued (December 2002). Starting in fiscal year 2012 the combined notional value of the swaps and the combined principal amount of the associated debt begin to decline. Under the swaps, the State pays the counterparties a fixed payment of 3.28% (Swap 1) and 3.09% (Swap 2) and receives a variable payment computed at 64% of the LIBOR. Conversely, the bonds' variable-rate coupons are closely associated with the Securities Industry and Financial Markets Swap Index (SIFMA).

Terms - 2005 Basis Swaps. The 2005 basis swap agreements were entered into on March 9, 2005 with an effective date of March 30, 2005. The related bonds have serial maturities with Series 2003A having a final maturity on March 1, 2026; Series 2003B and 2004A have a final maturity on April 1, 2023, and March 1, 2023, respectively. The basis swap agreements mature on March 1, 2026. The swaps combined notional amount of \$675.96 million matches the \$675.96 million fixed rate bonds. Under the terms of the basis rate swap and swaption agreement, the State will pay the SIFMA to the counterparties and will receive 70% of LIBOR plus a fixed spread of 69 basis points (41 attributable to basis swap and 28 basis points for the swaption).

Fair value. Because interest rates have declined since execution of Swaps 1 and 2, the swaps have negative fair values of \$6.66 million (Swap 1) and \$4.91 million (Swap 2) at June 30, 2008. The 2005 basis rate swaps had positive valuations at June 30, 2008 of: \$12.7 million (Counterparty 1), \$7.9 million (Counterparty 2), and \$5.1 million (Counterparty 3). The mark-to-market valuations were established by market quotations from the counterparties, representing estimates of the amounts that would be paid for replacement transactions.

NOTES TO THE FINANCIAL STATEMENTS

Credit risk. As of June 30, 2008, the swaps did not expose the State to credit risk because the swaps had negative fair values. However, should interest rates change and the aggregate fair value of the swaps become positive, the State would be exposed to credit risk in the amount of the derivatives' aggregate fair value. The current counterparty ratings for each swap are presented in the table below:

<u>Swap Counterparty</u>	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>
Swap 1	Aa1	AA+	AA-
Swap 2	Aaa	AAA	-
Basis Swap Counterparty 1	Aa1	AA	A+
Basis Swap Counterparty 2	A1	A	A+
Basis Swap Counterparty 3	Aaa	AAA	-

To mitigate the potential for credit risk, if the counterparty's credit quality falls to a specified rating, the counterparty will be required to collateralize a portion (up to 100%) of the fair value. For Swap 1, if the counterparty's credit quality falls to A1 as determined by Moody's or A+ as determined by either S&P or Fitch and their exposure exceeds \$5 million, then the swap will be collateralized by the counterparty with cash, U.S. government or agency securities, or other collateral acceptable to the State. For Swap 2, if the credit quality falls to Aa1 (Moody's) or AA+ (S&P) and their exposure exceeds \$10 million, then the swap will be collateralized by the counterparty with cash, U.S. government or agency securities, or other collateral acceptable to the State. For the basis swaps, if the counterparty's credit quality is rated lower than Baa1 (Moody's), BBB+ (S&P), or BBB+ (Fitch) by two of the three rating agencies, then the swap will need to be collateralized by the counterparty with cash, U.S. government or agency securities, or other collateral acceptable to the State (Fitch credit ratings only apply to counterparty 1). If the counterparty is required to collateralize a portion of the derivative, then the collateral will be posted with a third party custodian or secured party.

An additional termination event occurs if the counterparty fails to maintain: for Swap 1, at least two ratings of at least Baa1 (Moody's) or BBB+ (S&P and Fitch); for Swap 2, at least one rating of at least Baa3 (Moody's) or BBB- (S&P). An additional termination event for the basis swaps occurs if counterparty 1 or 3 has one or more issues of rated, unsecured, unenhanced senior debt or long-term deposits outstanding and none of such issues has at least two ratings of at least Baa2 or higher as determined by Moody's, or BBB or higher as determined by S&P or Fitch. For counterparty 2, an additional termination event occurs if it has one or more issues of rated, unsecured, unenhanced senior debt outstanding and none of such issues has at least two ratings of Baa2 or higher (Moody's), BBB or higher (S&P) or counterparty 2 fails to have a rating on long-term, unsecured, unenhanced senior debt.

Basis risk and termination risk. Swaps 1 and 2 expose the State to basis risk should the relationship between LIBOR and SIFMA converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rates of 3.28% (Swap 1) and 3.09% (Swap 2) and the synthetic rates as of June 30, 2008 of

3.25% (Swap 1) and 3.05% (Swap 2). As of June 30, 2008, the average rate on the State's variable rate bonds was 1.54%, whereas 64% of LIBOR was 1.58%. The swaps may be terminated by the State with 15 days notice and the counterparties can only terminate the swaps if the State's credit rating falls below Baa1 (Moody's), or BBB+ (S&P or Fitch) for Swap 1, and on Swap 2, below Baa3 (Moody's) or BBB- (S&P or Fitch), or an Event of Default occurs.

2005 Basis Swaps: These swaps expose the State to basis risk should the relationship between the two variable indexes SIFMA and LIBOR converge, which would affect the amount of interest savings realized. The State pays SIFMA and receives 70% of LIBOR plus 69 basis points (28 basis points relate to swaptions) on the notional amounts by counterparty. As of June 30, 2008, there was no basis risk as the State was paying SIFMA equal to 1.55% and receiving 2.41% (70% of LIBOR plus 69 basis points). LIBOR is 2.46% at June 30, 2008. The basis swaps and swaptions may be optionally terminated by the State with two days notice for counterparties 1 and 2 or with five days notice for counterparty 3. The counterparties can only terminate if the State, at any time during the term of the swap transaction, fails to maintain by at least two rating agencies, ratings of at least Baa2 or higher as determined by Moody's, or BBB or higher as determined by S&P or Fitch (Fitch does not apply to counterparty 2).

Market-access risk/Rollover risk. Swap 1 and Swap 2 are for the term of the Bonds and therefore there is no market-access risk or rollover risk. The 2005 basis rate swaps terminate at approximately the same time as the associated serial bonds mature (March 1, 2026; March 1, 2023; and April 1, 2023) and thus no rollover risk exists.

Component Units**University of North Carolina System***University of North Carolina at Chapel Hill***Swap 1**

Objective. In order to protect against the risk of interest rate changes, effective October 3, 2000, the University entered into an interest rate swap agreement with Lehman Brothers Special Financing, Inc. (Lehman Brothers) related to \$22 million of The University of North Carolina at Chapel Hill Variable Rate Housing System Revenue Bonds, Series 2000. This series of bonds was refunded in its entirety by the issuance of the University's Variable Rate General Revenue Demand Bonds, Series 2001B (2001B Bonds), and the interest rate swap agreement was amended to reflect the refunding.

Terms. Under this amended agreement, Lehman Brothers pays the University interest on the notional amount based on the SIFMA on a quarterly basis. On a semiannual basis, the University pays Lehman Brothers interest at the fixed rate of 5.24%. The notional amount of the swap reduces annually in conjunction with the 2001B Bonds; the reductions began in November 2002 and end in November 2025. The swap

NOTES TO THE FINANCIAL STATEMENTS

agreement matures November 1, 2025. As of June 30, 2008, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Fixed payment to Lehman Bros.	Fixed	5.24%
Variable payment from Lehman Bros.	SIFMA	<u>1.78%</u>
Net interest rate swap payments		3.46%
Variable rate bond coupon payments		<u>1.60%</u>
Synthetic interest rate on bonds		<u>5.06%</u>

Fair value. As of June 30, 2008, the swap had a fair value of negative \$3.56 million. The fair value was developed by Lehman Brothers. Their method calculates the future net settlement payments required by the swap assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for LIBOR due on the date of each future net settlement on the swap.

Credit risk. As of June 30, 2008, the University was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the University would be exposed to credit risk in the amount of the derivative's positive fair value. Should the swap have a positive fair value of more than \$1 million, at that point Lehman would be required to collateralize 103% of their exposure. Lehman Brothers Holdings, guarantor of Lehman Brothers Special Financing, Inc., was rated A2 by Moody's, A by S&P, and AA+ by Fitch for unsecured long-term debt.

Basis risk. The University receives the SIFMA from Lehman Brothers and pays a floating rate to its bondholders set by the Remarketing Agent. The University incurs basis risk when its bonds begin to trade at a yield above the SIFMA. Basis risk also exists since swap payments are made quarterly while bond payments are made monthly. With the alternative tax structure of the swap, a change in tax law would trigger the swap being converted from a SIFMA swap to a percentage of LIBOR swap. This would introduce basis risk. If the weekly reset interest rates on the University's bonds are in excess of 65% of LIBOR, the University will experience an increase in debt service above the fixed rate on the swap to the extent that the interest rates on the bonds exceed 65% of LIBOR.

Termination risk. The swap agreement uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. Termination could result in the University being required to make an unanticipated termination payment. The swap terminates if the University or Lehman Brothers fails to perform under terms of the contract.

Swap 2

Objective. The University entered into an interest rate swap agreement with Wachovia Bank, N.A. on December 5, 2006, based on a notional amount of \$100 million effective December 1, 2007, maturing in December 1, 2036. The purpose of the transaction was to hedge the risk of rising interest rates for the

University's planned issuance of long-term bonds in 2007 and 2009. Due to cash market fixed rates remaining at historically low levels at the time of the General Revenue 2007A issuance, the University decided to issue the bonds as traditional fixed-rate bonds. The University took delivery of the Wachovia swap beginning on December 1, 2007 and uses it as a portfolio hedge for its current variable rate debt, which includes General Revenue 2001 B&C bonds and the University's outstanding balance of commercial paper, and for a planned long-term bond issue in 2009.

Terms. Under the agreement, Wachovia Bank, N.A. pays the University 67% of the 1-month LIBOR index times the notional amount, payable monthly. The University pays Wachovia Bank, N.A. a fixed rate of 3.31% on the notional amount, payable monthly. The effective date of this swap was December 1, 2007.

	<u>Terms</u>	<u>Rates</u>
Fixed payment to Wachovia	Fixed	3.31%
Variable payment from Wachovia	SIFMA	<u>1.64%</u>
Net interest rate swap payments		1.67%
Weighted average variable rates		<u>1.65%</u>
Synthetic interest rate on bonds		<u>3.32%</u>

Fair value. As of June 30, 2008, the swap had a fair negative value of \$1.12 million. The fair value was developed by Wachovia Bank, N.A.. Market value represents the amount that would be paid to (or received from) another swap dealer to assume the payments under the swap.

Credit risk. As of June 30, 2008, the University was not exposed to credit risk because the swap had a negative fair value. In the event that the swap carried a positive fair value for the University and in the event of a specified ratings downgrade of Wachovia's unsecured long-term debt, Wachovia Bank, N.A. would be required to post collateral in the amount of the difference between the positive fair value of the swap and the thresholds in the below tables. The University is also subject to the same provisions. Wachovia Bank, N.A. was rated A+ by S&P, A+ by Fitch and A1 by Moody's.

<u>Moody's/S&P Ratings</u>	<u>Threshold</u>
AA3/AA- or above	\$Infinity
A1/A+	\$15 million
A2/A	\$10 million
A3/A- or below	\$0

Basis risk. Changes in swap interest rates and tax-exempt bond interest rates may differ, introducing basis risk in the event the swap is unwound and traditional fixed-rate debt is issued. In the event that the University issues variable rate debt to create synthetic fixed rate debt, the University will be paying a rate on the bonds that may not correlate with 67% of the 1-month LIBOR index, altering the "fixed" cost of synthetic debt.

Termination risk. The swap agreement uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. Termination could result in the University

NOTES TO THE FINANCIAL STATEMENTS

being required to make an unanticipated termination payment. The swap terminates if the University or Wachovia Bank, N.A. fails to perform under terms of the contract.

Future Swap. The University entered into an interest rate swap agreement with the Bank of New York for \$150 million to be effective December 1, 2009. The University has the option to (1) issue variable rate bonds in December 2009, thereby effectively creating synthetic fixed-rate debt, or (2) unwind the swap, capturing the value of the movement of interest rates from the issuance date and issuing traditional fixed rate bonds.

North Carolina State University

Objective. In order to protect against the potential of rising interest rates, the University entered into two separate pay-fixed, receive-variable interest rate swaps at a cost anticipated to be less than what the University would have paid to issue fixed-rate debt.

Terms, fair values, and credit risk. The University's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable category. The terms, fair values, and credit ratings of the outstanding swaps as of June 30, 2008 were as follows (dollars in thousands):

Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counterparty Credit Rating Moody's/S&P/Fitch
Centennial Campus 1999A General Revenue 2003B	\$ 7,800	10/1/1999	4.57%	67% of LIBOR	\$(727)	12/01/2019	A1 / A+ / A+
	24,655	6/20/2003	3.54%	75% of LIBOR	67	10/01/2027	Aaa / AA+ / AA
Total	<u>\$32,455</u>				<u>\$(660)</u>		

Because rates have changed since the effective dates of the swaps, the 1999A swap has a negative fair value as of June 30, 2008. The negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating lower synthetic interest rates. Because the coupons on the University's variable-rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases. The fair values are the market values as of June 30, 2008.

As of June 30, 2008, the swaps did not expose the University to credit risk since the swaps had a negative fair value, in aggregate. However, should interest rates change and the fair value of the swaps become positive, the University would be exposed to credit risk in the amount of the derivatives' aggregate fair value. The swap agreements require termination should the University's or the counterparty's credit rating fall below either Baa2 as issued by Moody's or BBB as issued by S&P or Fitch. Also, under the terms of the swap agreements, should one party become insolvent or otherwise default on its obligations, provisions permit the nondefaulting party to accelerate and terminate all outstanding transactions. To mitigate the potential for credit risk, if the counterparty's

credit quality falls below A3 as determined by Moody's or A- as determined by S&P, the swap will be collateralized by the counterparty with cash, U.S. government or agency securities. If the counterparty is required to collateralize, then the collateral will be posted with a third party custodian or secured party. The swap agreements entered into by the University are held with separate counterparties. All the counterparties are rated A1 or better.

Basis risk. The University is exposed to basis risk on the swaps when the variable payment received is based on an index other than SIFMA. Should the relationship between LIBOR and SIFMA move to convergence, the expected cost savings may not be realized. As of June 30, 2008, the SIFMA rate was 1.55%, whereas 67% of LIBOR was 1.65% and 75% of LIBOR was 1.85%.

Termination risk. The University or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. If any of the swaps are terminated, the associated variable-rate bonds would no longer carry synthetic interest rates. Also, if at the time of termination

NOTES TO THE FINANCIAL STATEMENTS

the swap has a negative fair value, the University would be liable to the counterparty for that amount.

Future swaps. The University has also entered into two future dated interest rate swap agreements; one for \$50 million and one for \$22.4 million to be effective September 1, 2008 and March 1, 2017, respectively, on a General Revenue Bond Issue planned for 2008.

North Carolina Central University

In October of 2003, the North Carolina Capital Facilities Finance Agency issued Student Housing Facilities Revenue Bonds (\$21.48 million Variable Rate Revenue Demand Bonds, Series 2003A). The issuer, the North Carolina Capital Facilities Finance Agency, loaned the proceeds of the Series 2003 Bonds to the North Carolina Central University Real Estate Foundation, Inc. (Foundation). The Foundation used the proceeds to finance the costs of building a student housing facility at North Carolina Central University, to fund a debt service reserve fund for the 2003A Bonds, to pay a portion of the interest on the bonds during construction of the project, and to pay certain costs of issuance of the bonds.

Objective. As a means to lower its borrowing costs and increase its savings, when compared against fixed-rate refunding bonds at the time of issuance in October 2003, effective March 24, 2004, the Foundation entered into two interest rate swaps with Wachovia Bank, N.A., in connection with its \$21.48 million Variable Rate Revenue Demand Bonds, Series 2003A. The intention of the swap agreements was to effectively change the interest rate on the bonds to a synthetic fixed rate of 3.52% (Swap 1) and 2.71% (Swap 2).

Terms. The bonds mature on October 1, 2034, and the related swap agreements mature on October 1, 2024, (Swap 1) and April 1, 2009, (Swap 2) and the combined swaps' notional amount of \$17.18 million hedges 80% of the \$21.48 million variable-rate bonds. The combined notional value of the swaps and the combined principal amount of the associated debt is declining. Under the swaps, the Foundation pays Wachovia Bank, N.A. a fixed rate of 3.52% (Swap 1) and 2.71% (Swap 2) and receives a variable rate at 70% and 100% of LIBOR and SIFMA, respectively. The bonds' variable-rate coupons are closely associated with the SIFMA.

Fair value. As of June 30, 2008, the swaps have fair values of negative \$199 thousand (Swap 1) and negative \$43 thousand (Swap 2). The mark-to-market valuations were established by market quotations from Wachovia Bank, N.A. representing estimates of the amounts that would be paid upon terminating the transactions.

Credit risk. As of June 30, 2008, the Foundation was not exposed to credit risk because the swaps had a negative fair value.

Basis risk and termination risk. Swap 1 exposes the Foundation to basis risk should the relationship between LIBOR and SIFMA converge, changing the synthetic rate on

the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate of 3.52% and the actual rate of 3.27% (Swap 1) at June 30, 2008. As of June 30, 2008, the rate on the Foundation's Bonds was 1.48% whereas 70% of LIBOR was 1.72%. Swap 2 exposes the Foundation to basis risk should the actual rate on the Foundation's Bond vary from the SIFMA. The effect of this difference in basis is indicated by the difference between the intended synthetic rate of 2.71% and the actual rate of 2.64% (Swap 2) at June 30, 2008. As of June 30, 2008, the rate on the Foundation's Bonds was 1.48%, whereas the SIFMA index was 1.55%. Termination could result in the Foundation being required to make an unanticipated termination payment. The swap agreements are terminated if the Foundation or Wachovia Bank, N.A. fails to perform under the terms of the contract.

Market-access risk/Rollover risk. Swap 1 and Swap 2 expose the Foundation to market-access and rollover risk when the swaps mature on October 1, 2024 and April 1, 2009 respectively. When Swap 1 and Swap 2 mature, the interest rate on the underlying debt will return to a variable rate.

University of North Carolina Hospitals

Objective. In order to protect against the risk of interest rate changes, the Hospitals entered into an interest rate swap contract agreement with Bank of America, N.A. (BOA) on February 13, 2003. The agreement covers the Variable Rate Revenue Refunding Bonds, Series 2003A (\$63.77 million) and Series 2003B (\$34.25 million). The 2003 series of bonds partially refunded Fixed Rate Revenue Bonds, Series 1996.

Terms, fair values, and credit risk. Under this agreement, BOA pays the Hospitals interest on the notional amount based on 67% of the arithmetic mean of the LIBOR (with a designated maturity of one month) on a monthly basis. Also on a monthly basis, the Hospitals pays BOA interest at the fixed rate of 3.48%. No cash was paid or received by the Hospitals upon initiation of the agreement. The notional amount of the swap reduces annually; the reductions began in February 2004 and end in February 2029.

The swap agreement terminates February 1, 2029. As of June 30, 2008, rates were as follows:

	<u>Terms</u>	<u>2003A Rates</u>	<u>2003B Rates</u>
Fixed payment to BOA	Fixed	3.48%	3.48%
Variable payment from BOA	LIBOR	<u>1.65%</u>	<u>1.65%</u>
Net interest rate swap payments		1.83%	1.83%
Variable rate bond payments		<u>1.55%</u>	<u>1.45%</u>
Synthetic interest rate on bonds		<u>3.38%</u>	<u>3.28%</u>

The swap agreement has a mark-to-market value of negative \$3.39 million as of June 30, 2008. BOA develops the mark-to-market value. Their method calculates the present value of the future net settlement payments required by the swap assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for LIBOR due on the date of each future net settlement on the swap.

NOTES TO THE FINANCIAL STATEMENTS

As of June 30, 2008, the Hospitals was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the Hospitals would be exposed to credit risk in the amount of the derivative's fair value. BOA's current long-term ratings are AA- by Fitch, Aaa by Moody's, and AA+ by S&P. At such time that their ratings fall below A3 for Moody's or below A- for S&P, BOA will be required to collateralize a portion of their exposure (up to 100%). The following instruments can serve as eligible collateral: Cash, U.S. Treasury Obligations, U.S. Government Agency Fixed Rate Fixed Maturity Securities, U.S. Government Agency Single Class Mortgage-Backed Securities, U.S. Treasury STRIPS and other U.S. Government Agency Mortgage-Backed Securities. Posted collateral received will be entered in one or more accounts with a domestic office of a commercial bank, trust company or financial institution organized under the laws of the United States (or any state or a political subdivision thereof).

Basis risk. The Hospitals receives 67% of 1-month LIBOR-BBA Index from BOA and pays a floating rate to its bondholders set by the Remarketing Agent. The Hospitals incurs basis risk when its bonds trade at a yield above 67% of 1-month LIBOR-BBA Index. If the relationship of the Hospitals' bonds trade to a percentage of LIBOR greater than 67%, the Hospitals will experience an increase in debt service above the fixed rate on the swap.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Hospitals or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the associated variable-rate bonds would no longer carry synthetic interest rates. Also, if at the time of termination the swap has a negative fair value, the Hospitals would be liable to the counterparty for that amount. Termination could result in the Hospitals being required to make an unanticipated termination payment.

Future swap. The University of North Carolina Hospitals entered into a fixed/float swap for \$44.3 million to be effective February 12, 2007, on a General Revenue Bond Issue planned for 2009.

NOTES TO THE FINANCIAL STATEMENTS

North Carolina Housing Finance Agency

Objective. The Agency has entered into interest rate swaps in connection with its \$74.69 million variable-rate revenue bonds associated with several series in its 1998 Home Ownership Revenue Bond Resolution as a means to lower its borrowing costs when compared against fixed-rate bonds at the time of issuance. The intention of the swaps was to effectively lower the Agency's interest rate on the long-term bonds to a fixed rate.

Terms and fair value. The terms and fair value of the outstanding swaps as of June 30, 2008 were as follows (dollars in thousands).

Series	Counterparty	Counterparty Credit Rating Moody's/S&P	Notional Amount	Date of Swap	Maturity Date of Swap	Fixed Rate	Fair Values
15	UBS AG	Aa2/AA-	\$17,170	5/8/2003	7/1/2032	3.51%	\$ (251)
16	Bank of America, N.A.	Aaa/AA+	17,520	9/16/2003	7/1/2032	3.81%	(625)
17	Bank of America, N.A.	Aaa/AA+	20,000	12/11/2003	7/1/2032	3.73%	(800)
18	Goldman Sachs Mitsui Marine	Aaa/AAA	20,000	4/20/2004	1/1/2035	3.29%	88
			<u>\$74,690</u>				<u>\$ (1,588)</u>

Under all of the swaps, the Agency pays the counterparties a fixed rate and receives a variable payment computed as 63% of the LIBOR plus 30 basis points. The bonds' variable-rate coupons are based on the variable SIFMA, which was 1.70% as of June 30, 2008.

Fair value. In total, the swaps have a fair value of negative \$1.59 million as of June 30, 2008. Because the coupons on the Agency's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit risk. As of June 30, 2008, the swaps did not expose the Agency to credit risk since the swaps had a negative fair value, in aggregate. However, should interest rates change and the aggregate fair value of the swaps become positive, the Agency would be exposed to credit risk in the amount of the derivatives' aggregate fair value. To mitigate the credit risk to each party to the swap agreement of a decline in credit quality of the other party, each swap agreement provides that collateral must be posted if either party's rating falls below A1 for Moody's and A+ for S&P. The collateral must be posted with a third-party in the form of cash or United States Government Securities. Additionally, each of the swap agreements has termination provisions if ratings fall below certain levels.

Basis risk and termination risk. The swaps expose the Agency to basis risk should the relationship between LIBOR and SIFMA converge, changing the synthetic rate on the bonds. For all swaps, collateral thresholds have been established if the counterparty's ratings reach A2 for Moody's or A for S&P. Series 16, 17 and 18 swaps may be terminated if the counterparty's or the Agency's rating falls below Baa2 as issued by Moody's or BBB as issued by S&P. Series 15 swap may be terminated if the counterparty's or the Agency's rating falls below Baa3 as issued by Moody's and BBB- as issued by S&P.

NOTES TO THE FINANCIAL STATEMENTS

F. Swaptions

Objective. As a means of lowering its borrowing costs on the existing bonds in the table below and increasing its savings when compared to fixed rate refunding bonds, the State entered into basis swap and swaption contracts with three different financial institutions. Swaptions give the purchaser the right, but not the obligation, to enter into an interest rate swap on a specified future date. These swaptions and the related basis rate swap disclosed previously were entered into as an alternative to a synthetic fixed rate refunding. This swaption alternative provides an annuity to the State (69 basis points total – 28 for the swaptions). The swaptions give each counterparty the option to require the State to enter into pay-fixed, receive-variable interest rate swaps at the various call dates. If the swaptions are exercised, the State would then expect to issue variable-rate refunding bonds sufficient to retire the related issue.

Bond Series	Principal or Notional Amount (dollars in thousands)				Call Date / Swaption
	Counterparty 1	Counterparty 2	Counterparty 3	Series Total	Exercise Date
Public Improvement Bonds, Series 2003A	\$ 85,500	\$ 51,300	\$ 34,200	\$ 171,000	3/1/2013
Public Improvement Bonds, Series 2003B	84,977	50,987	33,991	169,955	4/1/2013
Public Improvement Bonds, Series 2004A	167,500	100,500	67,000	335,000	3/1/2014
Total	\$ 337,977	\$ 202,787	\$ 135,191	\$ 675,955	

Terms. The swaption agreements were entered into on March 9, 2005 and mature March 1, 2026. The swaption annuity was based on the total notional amount of \$675.955 million and is tied to the respective bond issues noted above. The counterparties have the right to exercise the swaption agreements 90 days prior to the call date for each series. If exercised, the State will pay the counterparties a fixed rate, and the counterparties will pay the State a variable rate (SIFMA) based on a declining notional amount that matches the amortization of the associated bonds by series. If the swaptions are exercised, the State intends to issue variable rate bonds in a principal amount to retire the associated bond series. The terms of the swaptions are listed below, which include counterparty credit ratings as of June 30, 2008.

Counterparty	Based on Respective Notional Amounts			Counterparty Credit Rating Moody's/S&P
	Swaption Annuity Payment Received	Fixed Rate Paid by the State	Variable Rate Received by the State	
Counterparty 1	28 Basis Points	4.8%	SIFMA	Aa1/AA
Counterparty 2	28 Basis Points	4.8%	SIFMA	A1/A
Counterparty 3	28 Basis Points	4.8%	SIFMA	Aaa/AAA

Fair value. As of June 30, 2008, the swaptions had fair values of negative \$17.7 million (Counterparty 1), negative \$10.4 million (Counterparty 2) and negative \$6.7 million (Counterparty 3), which were estimated using the mark to market method. This method of valuation was established by market quotations from the counterparties representing estimates of the amounts that would be paid for replacement transactions. These values reflect a decline in interest rates from the prior fiscal year, however, only the State has the option to terminate the swaptions. A replacement transaction would generate net present value savings equal to these fair value amounts.

Market-access risk. A small risk exists that the State, for some unforeseen reason, may be unable to issue the variable rate bonds. If the swaptions are exercised and refunding bonds are not issued, the series 2003 A and B and 2004A bonds would not be refunded, the basis rate swaps would continue, and the State would have to pay a termination payment on the swaptions to the counterparties. Termination values will be based on the net present value difference between SIFMA and 4.8% fixed rate.

NOTES TO THE FINANCIAL STATEMENTS**G. Debt Service Requirements**

The following schedules show the debt service requirements for the primary government (governmental activities) and component units (University of North Carolina System, North Carolina Housing Finance Agency, and the State Education Assistance Authority). The debt service requirements of variable rate debt and net swap payments are based on rates as of June 30, 2008 and assume that current interest rates remain the same for their term. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Annual debt service requirements to maturity for general obligation bonds, certificates of participation, revenue bonds, GARVEE bonds, and notes payable are as follows (dollars in thousands).

Primary Government

Fiscal Year Ending June 30	Governmental Activities							
	General Obligation Bonds			Certificates of Participation		Lease-Purchase Revenue Bonds		
	Principal	Interest	Interest Rate Swaps, Net	Principal	Interest	Principal	Interest	
2009	\$ 364,495	\$ 238,367	\$ 8,010	\$ 46,295	\$ 46,677	\$ 10,000	\$ 11,041	
2010	364,385	220,826	8,010	46,985	44,556	10,000	10,615	
2011	364,550	202,819	8,010	47,740	42,393	10,000	10,154	
2012	365,575	184,480	8,010	48,550	40,092	10,000	9,687	
2013	367,510	166,846	7,669	49,395	37,889	10,000	9,220	
2014-2018	1,834,660	600,278	26,224	261,520	152,345	50,000	38,780	
2019-2023	1,424,040	264,697	1,550	283,250	84,911	106,000	21,162	
2024-2028	448,545	36,833	—	182,145	20,770	29,045	820	
Total	<u>\$ 5,533,760</u>	<u>\$ 1,915,146</u>	<u>\$ 67,483</u>	<u>\$ 965,880</u>	<u>\$ 469,633</u>	<u>\$ 235,045</u>	<u>\$ 111,479</u>	

Fiscal Year Ending June 30	Governmental Activities			
	GARVEE Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2009	\$ 45,745	\$ 13,585	\$ 6,484	\$ 1,074
2010	38,670	11,465	4,736	868
2011	36,245	9,658	3,764	706
2012	24,470	7,939	2,421	590
2013	25,660	6,753	2,369	508
2014-2018	97,120	17,702	13,413	1,215
2019-2023	19,655	907	—	—
Total	<u>\$ 287,565</u>	<u>\$ 68,009</u>	<u>\$ 33,187</u>	<u>\$ 4,961</u>

The general obligation bonds include \$355 million of variable rate debt without interest rate swaps. For this debt, the variable interest rates change on a weekly basis and are based on the rate paid by each bank. The banks base their rate on what they perceive to be the market (7-day) for debt of this type given the credit standing of the unit of government. The general obligation bonds also include \$499.87 million of variable rate debt with interest rate swaps (see Note 7E).

NOTES TO THE FINANCIAL STATEMENTS

Component Units

University of North Carolina System							
Fiscal Year Ending June 30	Revenue Bonds			Certificates of Participation		Notes Payable	
	Principal	Interest	Interest Rate Swaps, Net	Principal	Interest	Principal	Interest
2009	\$ 78,200	\$ 96,252	\$ 3,299	\$ 2,010	\$ 1,419	\$ 50,980	\$ 2,250
2010	79,685	92,713	3,195	2,075	1,350	23,466	1,124
2011	81,605	89,551	3,157	2,150	1,270	8,388	408
2012	83,770	86,219	3,119	2,230	1,192	1,699	297
2013	84,495	82,931	3,063	2,335	1,086	708	253
2014-2018	423,680	366,461	14,013	4,910	4,465	3,458	882
2019-2023	397,619	288,903	10,032	3,745	3,700	1,050	357
2024-2028	366,480	213,676	3,865	4,650	2,786	470	236
2029-2033	365,460	143,523	89	5,870	1,575	590	111
2034-2038	379,045	30,674	—	3,160	246	135	3
Total	<u>\$ 2,340,039</u>	<u>\$ 1,490,903</u>	<u>\$ 43,832</u>	<u>\$ 33,135</u>	<u>\$ 19,089</u>	<u>\$ 90,944</u>	<u>\$ 5,921</u>

Revenue Bonds					
Fiscal Year Ending June 30	North Carolina Housing Finance Agency			State Education Assistance Authority	
	Principal	Interest	Interest Rate Swaps, Net	Principal	Interest
2009	\$ 35,635	\$ 77,111	\$ 1,289	\$ —	\$ 148,627
2010	39,620	75,566	1,262	—	148,627
2011	40,695	73,878	1,234	—	148,627
2012	42,635	72,069	1,208	—	148,627
2013	44,480	70,074	1,183	—	148,627
2014-2018	234,480	316,725	5,557	176,787	727,717
2019-2023	211,795	260,343	4,756	300,000	691,101
2024-2028	314,455	199,089	3,321	30,000	675,669
2029-2033	361,185	110,094	1,161	1,275,000	664,041
2034-2038	238,150	31,224	21	1,913,150	192,919
2039-2043	6,105	205	—	—	—
Total	<u>\$ 1,569,235</u>	<u>\$ 1,286,378</u>	<u>\$ 20,992</u>	<u>\$ 3,694,937</u>	<u>\$ 3,694,582</u>

For revenue bonds of the University of North Carolina System and the State Education Assistance Authority, the fiscal year 2009 principal requirements exclude demand bonds classified as current liabilities (see Note 7D).

NOTES TO THE FINANCIAL STATEMENTS**H. Bond Defeasances**

The State and its component units have defeased certain bonds through current and/or advance refundings. New debt proceeds from current refundings may be used to repay the old debt immediately while new debt proceeds from advance refundings are placed into an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. Since these bonds are considered to be defeased, the liabilities for these bonds have been removed from the government-wide statement of net assets.

Component Units**University of North Carolina System***Appalachian State University*

On April 2, 2008, Appalachian State University issued \$19.23 million in The University of North Carolina System Pool Revenue Bonds with an average interest rate of 4.41%. The bonds were issued for a current refunding of \$19.09 million of outstanding Appalachian State University Utility System Revenue Refunding Bonds with an average interest rate of 5%. The refunding was undertaken to reduce total debt service payments by \$1.53 million over the next 15 years and resulted in an economic gain of \$685 thousand.

State Education Assistance Authority

On June 30, 2008, the Authority issued \$1.09 billion in 2008-1 Series Student Loan Revenue Private Placement Bonds with an average interest rate of 3.9%. The refunding component of this issue was used for a current refunding of \$647.4 million of outstanding Taxable Guaranteed Student Loan Revenue Bonds with an average interest rate of 4.7%. The refunding was undertaken to reduce total debt service payments by \$102.71 million over the next 25 years and resulted in an economic gain of \$68.94 million.

Prior Year Defeasances

During prior years, the State and certain component units defeased certain general obligation and other bonds. For those defeasances involving advance refundings, the proceeds and any securities purchased with the proceeds were placed in an irrevocable trust with an escrow agent in an amount sufficient to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government-wide statement of net assets. At June 30, 2008, the outstanding balance of prior year defeased bonds was \$716.4 million for the primary government and \$160.09 million for the University of North Carolina System (component unit).

I. Bond Redemptions

The bond series resolutions for the North Carolina Housing Finance Agency provide for various methods of redemption. Bonds are redeemed at par from prepayments of mortgage loans securing the issues, from unexpended bond proceeds of the issues, or from funds released via the related decreases in the respective debt service reserve requirements. In addition, various bond issues are redeemable at the option of the Agency with premiums ranging up to 2% for up to 12 years after the date of issue.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: LEASE OBLIGATIONS—OPERATING AND CAPITAL

The State and its component units have entered into various operating and capital leases for office space and for communications, computer, and other equipment. Any operating leases with scheduled rent increases are considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses of the related funds when incurred. For the year ended June 30, 2008, total operating lease expenditures were \$71.32 million for Primary Government, \$39.9 million for the University of North Carolina System, and \$5.53 million for Community Colleges. Future minimum lease commitments for noncancelable operating leases and capital leases as of June 30, 2008 are as follows (dollars in thousands):

Fiscal Year	Operating Leases			Capital Leases		
	Primary Government	Component Units		Governmental Activities	Component Units	
		University of North Carolina System	Community Colleges		University of North Carolina System	Community Colleges
2009	\$ 50,893	\$ 25,901	\$ 3,723	\$ 1,971	\$ 14,375	\$ 869
2010	35,841	19,270	3,204	1,955	9,117	803
2011	27,575	14,034	2,262	1,956	8,589	580
2012	20,323	7,582	1,408	1,944	7,828	421
2013	12,073	5,377	422	1,943	7,411	290
2014 - 2018	35,165	8,370	157	9,842	38,186	—
2019 - 2023	28,222	5,039	110	9,692	41,420	—
2024 - 2028	8,082	335	—	3,810	43,065	—
2029 - 2033	8,082	76	—	—	42,366	—
2034 - 2038	8,082	85	—	—	37,823	—
2039 - 2043	8,082	37	—	—	—	—
2044 - 2048	8,082	24	—	—	—	—
2049 - 2053	6,466	24	—	—	—	—
2054 - 2058	—	24	—	—	—	—
Total Future Minimum Lease Payments.....	\$ 256,968	\$ 86,178	\$ 11,286	33,113	250,180	2,963
Less: Amounts Representing Interest				(8,454)	(107,401)	(353)
Present Value of Future Minimum Lease Payments				\$ 24,659	\$ 142,779	\$ 2,610

At June 30, 2008, capital assets acquired under capital leases are as follows (dollars in thousands):

	Primary Government	Component Units	
	Governmental Activities	University of North Carolina System	Community Colleges
Buildings.....	\$ 26,051	\$ 138,973	\$ 1,782
Machinery and Equipment.....	215	11,652	3,630
Other.....	—	1,381	43
Less: Accumulated Depreciation.....	—	(16,989)	(1,698)
Total Capital Assets.....	\$ 26,266	\$ 135,017	\$ 3,757

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: INTERFUND BALANCES AND TRANSFERS

A. Interfund Balances

Due To/From Fiduciary Funds

The General Fund balance of \$103.901 million due to fiduciary funds is composed primarily of \$14.474 million related to local sales taxes collected in the general fund and due to the agency fund, as well as \$89.271 million related to retirement contributions payable to retirement systems at year end. The other balances due to fiduciary funds are related to balances held on behalf of patients at the State's mental health facilities.

The other balances due from fiduciary funds are primarily for services provided to pension and other employee benefit trust funds. Amounts payable to or receivable from fiduciary funds are considered interfund balances in the fund financial statements, but are not reported as internal balances in the government-wide statement of net assets.

Due To/From Other Funds

Balances due to/from other funds at June 30, 2008, consisted of the following (dollars in thousands):

	Due From Other Funds						Total
	General Fund	Highway Fund	Highway Trust Fund	Other Governmental Funds	Unemployment Compensation Fund	Internal Service Funds	
Due To Other Funds							
General Fund.....	\$ —	\$ —	\$ —	\$ 3,651	\$ —	\$ 14,966	\$ 18,617
Highway Fund.....	—	—	47	5,496	—	2,439	7,982
Highway Trust Fund.....	—	17,398	—	—	—	—	17,398
Other Governmental Funds.....	2,595	—	—	9,034	3,025	1,526	16,180
Unemployment Compensation Fund.....	—	—	—	109	—	—	109
EPA Revolving Loan Fund.....	—	—	—	1	—	29	30
NC State Lottery Fund.....	—	—	—	3,501	—	63	3,564
Nonmajor Enterprise Funds.....	—	—	—	—	—	41	41
Internal Service Funds.....	4	—	—	2	—	1,607	1,613
Total.....	<u>\$ 2,599</u>	<u>\$ 17,398</u>	<u>\$ 47</u>	<u>\$ 21,794</u>	<u>\$ 3,025</u>	<u>\$ 20,671</u>	<u>\$ 65,534</u>

These balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Amounts reported in the funds as interfund receivables and payables were eliminated in the governmental and business-type activities columns of the government-wide statement of net assets, except for the net residual amounts due between governmental and business-type activities, which were presented as internal balances.

NOTES TO THE FINANCIAL STATEMENTS
B. Interfund Transfers

Transfers in/out of other funds for the fiscal year ended June 30, 2008 consisted of the following (dollars in thousands):

	Transfers In							Total
	General Fund	Highway Fund	Other Governmental Funds	Unemployment Compensation Fund	EPA Revolving Loan Fund	Other Enterprise Funds	Internal Service Funds	
Transfers Out								
General Fund.....	\$ —	\$ 1,241	\$ 727,715	\$ 6	\$ 9,617	\$ 4,500	\$ 2,574	\$ 745,653
Highway Fund.....	65,634	—	234,623	—	—	—	—	300,257
Highway Trust Fund.....	173,134	52,217	—	—	—	—	—	225,351
Other Governmental Funds.....	549,866	—	399,092	2,000	566	—	653	952,177
Unemployment Compensation Fund..	—	—	10,792	—	—	—	—	10,792
EPA Revolving Loan Fund.....	263	—	—	—	—	—	—	263
NC State Lottery Fund.....	-	—	349,310	—	—	—	—	349,310
Other Enterprise Funds.....	779	—	2,393	—	—	—	—	3,172
Internal Service Funds.....	82	—	—	—	—	—	80	162
Total.....	\$ 789,758	\$ 53,458	\$ 1,723,925	\$ 2,006	\$ 10,183	\$ 4,500	\$ 3,307	\$ 2,587,137

Transfers are primarily used to (1) transfer revenues and bond proceeds from the fund required by State statute or budget to collect the revenue to the fund required by State statute or budget to expend them, (2) provide unrestricted revenues collected in the general fund to finance operating and capital programs accounted for in other funds in accordance with budgetary authorizations, and (3) reflect reversions of State funds from other funds to the General Fund in accordance with Office of State Budget and Management requirements.

When the Highway Trust Fund was created in 1989, the revenue from the sales tax on motor vehicles was transferred from the General Fund to the Highway Trust Fund. To offset a portion of this revenue loss in the General Fund, the Highway Trust Fund is required to transfer funds to the General Fund each year. The total transfer for this fiscal year was \$172.543 million.

In compliance with the North Carolina State Lottery Act, House Bill 1023 [Session Law 2005], all "Net Revenues" of the NC State Lottery Fund are required to be transferred to the Education Lottery Fund (other governmental funds) for educational purposes. The total transfer for this fiscal year was \$348.310 million, as set forth in General Statute 18C-164.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: FUND BALANCE RESERVES AND DESIGNATIONS

Reserved Fund Balance. The State's reserved fund balances represent those portions of the fund balances that are either (a) externally restricted for a specific use, (b) not available for appropriation or expenditure because the underlying asset is not an available financial resource for current appropriation or expenditure, or (c) for encumbrances, which represent commitments related to unperformed contracts for services and undelivered goods. The reserved fund balances at June 30, 2008, are (dollars in thousands):

	Governmental Funds				Total Governmental Funds
	General Fund	Highway Fund	Highway Trust Fund	Other Governmental Funds	
Specific encumbrances.....	\$ 25,041	\$ 9,753	\$ —	\$ —	\$ 34,794
Inventories.....	55,705	7,309	—	40,369	103,383
Permanent investments.....	—	—	—	70,813	70,813
Notes receivable.....	25,427	1,025	96	317,579	344,127
Compensated absences charged to federal projects.....	—	46,978	—	—	46,978
Capital projects commitments.....	—	—	—	127,229	127,229
Transportation improvement projects..	—	166,147	—	—	166,147
Specific programs/projects.....	—	—	—	2,120	2,120
Advance to component unit.....	—	—	11,180	21,742	32,922
Loan and grant commitments.....	—	2,367	—	358,016	360,383
General government.....	22,821	—	—	—	22,821
Primary and secondary education.....	2,501	—	—	—	2,501
Higher education.....	2,827	—	—	—	2,827
Health and human services.....	12,743	—	—	—	12,743
Economic development.....	13,522	—	—	—	13,522
Environment and natural resources.....	2,920	—	—	—	2,920
Public safety, corrections and regulation.....	10,343	—	—	—	10,343
Total reserved fund balance.....	\$ 173,850	\$ 233,579	\$ 11,276	\$ 937,868	\$ 1,356,573

Unreserved Designated Fund Balance. The State's unreserved fund balance designations in the General Fund represent tentative plans for use in a future period. The State's internal governing body (*General Assembly*) establishes restrictions on the use of these assets which are reported as fund balance designations. Fund balance designations in the General Fund are established based on the amount of reserves available as measured on the budgetary basis of accounting and authorized carryforwards for continuing General Fund programs. These designations totaled \$685.965 million at June 30, 2008. As shown in the table below, the fund balance available to be designated was a positive \$1.505 billion on a modified accrual basis at June 30, 2008 (dollars in thousands):

Unreserved Designated Fund Balance	General Fund
Disaster relief.....	\$ 97,159
Repairs and renovations.....	69,839
Higher education.....	76,086
Primary and secondary education.....	89,424
Economic development programs.....	34,451
General government programs.....	129,513
Health and human services programs.....	151,090
Public safety, corrections, and regulation programs.....	34,996
Environment and natural resources.....	3,407
Total designations.....	\$ 685,965
Unreserved fund balance.....	\$ 1,505,228

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: RETIREMENT PLANS

The State reports ten retirement plans as pension trust funds. Section A of this note describes the seven defined benefit public employee retirement plans and one defined contribution plan administered by the State. The remaining plans, described in Note 12, are defined contribution plans administered by a third party under the auspices of the State. The State may or may not make supplementary contributions to these plans. Although the assets of the administered plans are commingled for investment purposes, each plan’s assets may be used only for payment of benefits to the members of that plan and for administrative costs in accordance with the terms of the plan. The plans in this note do not issue separate financial statements, nor are they reported as part of other entities. The financial statements and other required disclosures are presented in Note 15 and in the *Required Supplementary Information* section of this *CAFR*. The State also provides an optional retirement plan for certain university employees and a special separation allowance for eligible sworn law enforcement officers.

A. Plan Descriptions and Contribution Information

1. TEACHERS ' AND STATE EMPLOYEES' RETIREMENT SYSTEM

This plan is a cost-sharing, multiple-employer, defined benefit plan established by the State of North Carolina to provide pension benefits for employees of the State, its component units, and Local Education Agencies (LEAs) not in the reporting entity. Membership is comprised of employees of the State (state agencies and institutions), universities' and community colleges and certain proprietary component units along with the LEAs and some small miscellaneous educational units. At June 30, 2008, the number of participating LEAs and component unit employers was 244 as shown below:

LEAs and miscellaneous units	164
Community colleges.....	58
University of North Carolina System	19
Proprietary component units	3

Benefits and administrative expenses are funded by member contributions of 6% of compensation, investment income, and by an actuarially based required employer contribution established by legislation. For the fiscal year ended June 30, 2008, the State made a statutory contribution of 3.05% of covered payroll. This was less than the actuarially required contribution of 3.07%. The difference resulted in an insignificant underfunding of \$2.6 million. Benefit and contribution provisions are established by General Statutes 135-5 and 135-8 and may be amended only by the North Carolina General Assembly.

In addition to the actuarially based required contribution for this year, the State’s General Fund contributed an additional \$42.4 million to help offset the actuarial impact caused by the underpayment of contributions in fiscal 2001. Actual payments made in relation to the required contributions for the State are shown in *Section D* of this note and in the *Required Supplementary Information* section of this report.

The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

2. CONSOLIDATED JUDICIAL RETIREMENT SYSTEM

This plan is a single-employer, defined benefit plan established by the State of North Carolina to provide pension benefits for employees of the State Judicial System. Membership is comprised of judges, district attorneys and clerks of court. The plan provides retirement, disability and death benefits. Benefits and administrative expenses are funded by member contributions of 6% of compensation, investment income, and by employer contributions. For the fiscal year ended June 30, 2008, the State made a statutory contribution of 13.21% of covered payroll. This was greater than the actuarially required contribution of 12.7%. The difference of .51% and an additional \$2.3 million were applied against the State’s net pension obligation for the plan. Benefit and contribution provisions are established by General Statutes 135-57, 135-58, 135-68 and 135-69 and may be amended only by the North Carolina General Assembly. Actual payments made in relation to the required contributions for the State are shown in *Section D* of this note and in the *Required Supplementary Information* section of this report.

The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

3. LEGISLATIVE RETIREMENT SYSTEM

This plan is a single-employer, defined benefit plan established by the State of North Carolina to provide retirement and disability benefits for members of the General Assembly.

The benefit will not be payable while the member is employed in a position making him eligible to participate in either the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System or the Local Governmental Employees' Retirement System. Benefits and administrative expenses are funded by member contributions of 7% of compensation, investment income, and by actuarially based employer contributions. For the fiscal year ended June 30, 2008, there was no actuarially based required contribution, but an additional legislative contribution of \$209 thousand was made for the year.

NOTES TO THE FINANCIAL STATEMENTS

Benefit and actuarially based contribution provisions are established by General Statutes 120-4.21, 120-4.19 and 120-4.20 and may be amended only by the North Carolina General Assembly. Actual payments made in relation to the required contributions for the State are shown in *Section D* of this note and in the *Required Supplementary Information* section of this report.

The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

OTHER STATE ADMINISTERED SYSTEMS

The State also administers the following pension and retirement plans for persons who are not considered employees of the State or its component units.

4. *FIREMEN'S AND RESCUE SQUAD WORKERS' PENSION FUND*

This plan is a defined benefit pension plan established by the State of North Carolina to provide pension benefits for all eligible firemen and rescue squad workers. Membership is composed of both volunteer and locally employed firemen and emergency medical personnel who elect membership. At June 30, 2008, there were 1,914 participating fire and rescue units. This is a special funding situation in that the State is not the employer but is legally obligated to contribute to the plan.

Benefits and administrative expenses are funded by a ten dollar monthly contribution by the member, investment income and an actuarially based state appropriation (see *Section D* for the amount). Benefit and contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly.

5. *NORTH CAROLINA NATIONAL GUARD PENSION FUND*

This plan is a defined benefit plan established by the State of North Carolina to provide pension benefits for members of the North Carolina national guard. This also is a special funding situation because the State is not the employer, but is legally obligated to contribute to the plan.

Benefits and administrative expenses are funded by an actuarially based state appropriation (see *Section D*) and investment income. Benefit and contribution provisions are established by General Statute 127A-40 and may be amended only by the North Carolina General Assembly.

6. *REGISTERS OF DEEDS' SUPPLEMENTAL PENSION FUND*

This plan is a cost-sharing, multiple-employer, defined benefit plan established by the State of North Carolina to provide supplemental pension benefits for all eligible, retired county registers of deeds. Membership is composed of registers who are retired from the Local Governmental Employees' Retirement System or an equivalent local plan and have met the statutory eligibility requirements. At June 30, 2008, there were 77 registers enrolled in the plan with all 100 counties participating. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on minimum years of service as a register with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed. The State Treasurer administers the plan and *Section B* of this note describes the accounting and investing for the plan. The State's only cost in the plan is administration.

Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially required contribution this year and in the foreseeable future is zero. Registers do not contribute. The actuarially required contribution and percentage of that contribution actually made is in the *Required Supplementary Information* section of this report. All benefit and contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly.

7. *SHERIFFS' SUPPLEMENTAL PENSION FUND*

This plan is a defined contribution plan established by the State of North Carolina to provide supplemental pension benefits for all eligible, retired county sheriffs. Membership is comprised of sheriffs who are retired from the Local Governmental Employees' Retirement System and beneficiaries that meet the statutory eligibility requirements. At June 30, 2008, there were 88 sheriffs and three beneficiaries enrolled in the plan with all 100 of the State's counties eligible to participate.

An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on minimum years of service as a sheriff with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed. The North Carolina Department of Justice administers the plan. If the plan purchases any investments, they are held as part of the State Treasurer's Investment Pool. *Section B* of this note

NOTES TO THE FINANCIAL STATEMENTS

describes the accounting and investing for the plan. The State's only cost in the plan is administration.

Receipts collected by each county's Clerk of Superior Court under General Statutes 7A-304(a)(3a), along with investment income, support the plan's benefits and administrative expenses. Sheriffs do not contribute to the plan. For the fiscal year ended June 30, 2008, the Clerks remitted \$1.4 million. All benefit and contribution provisions are established by Chapter 143, Article 12H of the General Statutes and may be amended only by the North Carolina General Assembly.

8. LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

This plan is a cost-sharing, multiple-employer, defined benefit plan established by the State of North Carolina for employees of local governments. Membership is comprised of general employees and local law enforcement officers of participating local governmental entities.

At June 30, 2008, the number of participating local governments was 879, as shown below:

Cities.....	417
Counties.....	100
Special districts.....	362

The plan provides retirement benefits nearly identical to the benefits that accrue to members of the Teachers' and State Employees' Retirement System. This plan also provides disability benefits for members who become totally and permanently disabled from performing their usual job. Benefits and administrative expenses are funded by employee contributions of 6% and actuarially based employer contributions. The annual required contribution (ARC) for all employers was 4.94% of covered payroll for law enforcement officers and 4.47% for general employees and firemen. Actual contributions were 5.27% of covered payroll for law enforcement officers and 4.80% for general employees and firemen. In addition, employers with an unfunded liability, established when the government initially enters the system, must make additional contributions towards that liability. The State's responsibility is administrative only. Benefit and contribution provisions are established by General Statutes 128-27 and 128-30 and may be amended only by the North Carolina General Assembly.

The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains.

The following table summarizes membership information by plan at the actuarial valuation date:

Employee Groups	Teachers' and State Employees'	Judicial	Legislative	Firemen's and Rescue Squad	North Carolina National Guard	Registers of Deeds'	Local Governmental
Retirees and beneficiaries currently receiving benefits	145,855	482	265	10,170	3,130	78	42,408
Terminated employees entitled to benefits but not yet receiving them	69,420	54	86	116	4,582	1	24,907
Active plan members	338,490	548	170	34,948	5,315	100	127,959
Total	553,765	1,084	521	45,234	13,027	179	195,274
Date of valuation	12-31-07	12-31-07	12-31-07	6-30-07	12-31-07	12-31-07	12-31-07

NOTES TO THE FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS*BASIS OF ACCOUNTING*

The financial statements of these plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

INVESTMENTS / SECURITIES LENDING

Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the retirement systems. The State Treasurer maintains various investment portfolios in its Investment Pool. The pension trust funds are the primary participants in the Long-term Investment portfolio and the sole participants in the Equity Investment, Real Estate Investment and Alternative Investment portfolios.

The investment balance of each pension trust fund represents its share of the fair value of the net assets of the various portfolios within the pool. Detailed descriptions of how the fair value is determined in the various portfolios are presented in Note 3. Additionally, the securities lending balance represents assets occurring from securities lending transactions that result from the systems' participation in the pool. The investments of the State Treasurer and securities lending are fully discussed in Note 3.

C. Actuarial Methods and Assumptions

The latest actuarial valuations are dated December 31, 2007 (June 30, 2007, for Firemen's and Rescue Squad Workers' Fund). The actuarial accrued liability and the schedule of funding progress for the past six years are presented by system in the *Required Supplementary Information* section of this report. Actuarial valuations involve estimates of reported amounts and assumptions about the probability of the occurrence of events. The actuarial value of assets for all systems is based on a five-year smoothed market value. Under this method, realized and unrealized gains and losses on investments are smoothed over five years. Below are listed the various actuarial methods and significant assumptions for these valuations that will be used to determine future annual required contributions.

Retirement System	Valuation Date	Actuarial Cost Method	Amortization Method	Remaining Amortization Period	Period Open/Closed	Asset Valuation Method	Actuarial Assumptions	
							Investment Rate of Return	Projected Salary Increase
Teachers' and State Employees'	12/31/07	Entry age	Level dollar	9 years	Open	5 year smoothed	7.25%	4.50-16.10%
Consolidated Judicial	12/31/07	Projected unit credit	Level percentage	9 years	Open	5 year smoothed	7.25%	5.75-11.75%
Legislative	12/31/07	Projected unit credit	Level dollar	8 years	Open	5 year smoothed	7.25%	7.50%
Firemen's and Rescue Squad	6/30/07	Entry age	Level dollar	9 years	Open	5 year smoothed	7.25%	N/A
North Carolina National Guard	12/31/07	Entry age	Level dollar	9 years	Open	5 year smoothed	7.25%	N/A
Registers of Deeds'	12/31/07	Entry age	Level dollar	N/A	Open	5 year smoothed	7.25%	4.50-14.65%
Local Governmental Employees'	12/31/07	Frozen entry age	Level percentage	Various	Closed	5 year smoothed	7.25%	4.50-14.73%

N/A-Not applicable

The valuations for the Teachers' and State Employees' system, Legislative system, and Consolidated Judicial system reflect a 2.2% cost of living increase for retirees in those systems. The Firemen's and Rescue Squad Workers' Fund increases retirement benefits by \$3 (from \$167 to \$170). In addition, the Board of Trustees approved a 2.15% cost of living increase for the Local Governmental Employees' system. All of these benefit enhancements, except for Local, reflect legislation enacted by the North Carolina General Assembly effective July 1, 2008.

As of this valuation, the unfunded actuarial accrued liability for the Registers of Deeds' system, when amortized over 30 years is less than zero. This situation, which is not allowable under generally accepted accounting principles, is redefined by the actuarial to effectively mean there is no liability to be amortized.

The projected investment returns and projected salaries for all systems, except the Legislative, include a 3.75% inflationary factor within the actuarial assumption. The assumption for the Legislative system does not identify an inflationary factor. The funding status of each of the State's

NOTES TO THE FINANCIAL STATEMENTS

various plans on the date of the most recent actuarial valuation is presented in section E of this note.

CURRENT FISCAL YEAR ASSUMPTIONS

Unless otherwise noted in this footnote or in the required supplementary schedules, the actuarial values, methods and significant assumptions for the current year's required contributions are the same as those presented in the table shown on the prior page. The annual required contributions (ARC) for the fiscal year ended June 30, 2008, were developed from various prior year valuations. The Teachers' and State Employees', Local Governmental Employees', Consolidated Judicial, and National Guard systems' valuations were as of December 31, 2005, the Legislative system was valued at December 31, 2006, and the Firemen's and Rescue Squad Worker's Fund was valued at June 30, 2006. These valuations used amortization periods of eight years for Legislative and nine years for all the other

systems. Registers of Deeds' was valued at December 31, 2005, but effectively had no liability to be amortized. The Local Governmental Employees' system is an aggregate of numerous employers, and consequently, has various amortization periods. The rate of investment return and projected salary increases used in these valuations assumed essentially the same increases as in the most current valuations reported on the prior page.

For the fiscal year ended June 30, 2008, retirees in the Local Governmental Employees' system received a 2.2% cost of living adjustment. The Teachers' and State Employees' system, Legislative Retirement system and the Consolidated Judicial system provided a 2.2% cost of living increase for retirees. The Firemen's and Rescue Squad Workers' Fund increased retirement benefits from \$165 to \$167. The National Guard system increased basic benefits from \$80 to \$95 and total potential benefits from \$160 to \$190. All of these benefit enhancements reflect legislation enacted by the North Carolina General Assembly effective July 1, 2007. These enhancements were either reflected as liabilities in the valuations described above, or paid for with the systems' actuarial gains.

D. Annual Pension Cost and Net Pension Obligation

The annual pension costs and net pension obligations for the State's single-employer and special funding defined benefit plans for the current fiscal year are as follows (dollars in thousands):

	Consolidated Judicial Retirement System	Legislative Retirement System	Firemen's and Rescue Squad Workers' Pension Fund	North Carolina National Guard Pension Fund
Annual required contribution.....	\$ 8,158	\$ —	\$ 8,734	\$ 6,232
Interest on net pension obligation.....	18	(1)	41	(8)
Adjustment to annual required contribution.....	(31)	3	(88)	15
Annual pension cost.....	8,145	2	8,687	6,239
Less: Contributions made.....	10,828	209	8,734	7,007
Increase (decrease) in net pension obligation.....	(2,683)	(207)	(47)	(768)
Net pension (asset) obligation beginning of year....	245	(14)	569	(100)
Net pension (asset) obligation end of year.....	<u>\$ (2,438)</u>	<u>\$ (221)</u>	<u>\$ 522</u>	<u>\$ (868)</u>

NOTES TO THE FINANCIAL STATEMENTS

The following table presents the required three year trend of pension costs for the State's single-employer and special funding defined benefit plans and the annual required contributions (ARC) the State made to the Teachers' and State Employees' Retirement System (the System), a cost-sharing, multiple-employer plan. Except for (A) below, the State's statutory annual contribution to the System equals its total annual payment to the System and equals the State's pension cost in these financial statements. The State does not make any contributions to the Local Governmental Employees' System; therefore, it has no related pension cost.

**State of North Carolina's Annual Pension Cost (APC)
and Annual Required Contributions (ARC) as an Employer**
For the Years Ended June 30, 2006 through June 30, 2008(dollars in thousands)

	<u>Teachers' and State Employees'</u>	<u>Judicial</u>	<u>Legislative</u>	<u>Firemen's and Rescue Squad</u>	<u>North Carolina National Guard</u>
Primary Government:					
2008 (A)	\$ 143,500	\$ 8,145	\$ 2	\$ 8,687	\$ 6,239
2007	112,551	6,464	3	8,389	7,361
2006	66,873	6,371	4	7,870	5,974
Component units:					
Universities:					
2008	\$ 54,765				
2007	44,089				
2006	35,445				
Community Colleges:					
2008	\$ 22,474				
2007	18,649				
2006	14,990				
Proprietary Funds:					
2008	\$ 651				
2007	570				
2006	481				
Total Primary Government and Component Units:					
2008	\$ 221,390	\$ 8,145	\$ 2	\$ 8,687	\$ 6,239
2007	175,859	6,464	3	8,389	7,361
2006	117,789	6,371	4	7,870	5,974
Percentage of APC Contributed:					
2008		133%	10,450%	100%	112%
2007		112%	0%	101%	95%
2006		106%	0%	101%	101%
Percentage of ARC Contributed:					
2008	100%				
2007	100%				
2006	100%				
Net Pension (Asset) Obligation:					
2008		(2,438)	(221)	522	(868)
2007		245	(14)	569	(100)
2006		1,007	(17)	620	(454)

(A) - The State's contributions/pension cost equals the statutorily required contribution plus \$42.4 million for prior year actuarial deficits. An additional contribution of \$30 million was also made in 2007.

NOTES TO THE FINANCIAL STATEMENTS

E. Funding Status and Funding Progress

The funding status of each of the State's various plans at the most recent actuarial valuation is presented below. These schedules were developed from actuarial methods and assumptions identified in *Section C* of this note. Multiyear trend information on funding progress is presented in the *Required Supplementary Information (RSI)* section of this CAFR. These schedules indicate whether the actuarial values of plan assets are increasing or decreasing over time in relation to the actuarial accrued liabilities. (dollars in thousands)

<i>Retirement System</i>	<i>Valuation Date</i>	<i>Actuarial Value of Assets</i> (a)	<i>Actuarial Accrued Liability (AAL)</i> (b)	<i>Unfunded AAL (UAAL)</i> (b) - (a)	<i>Funded Ratio</i> (a) / (b)	<i>Annual Covered Payroll</i> (c)	<i>UAAL as a Percentage of Covered Payroll</i> ((b-a)/c)
Teachers' and State Employees'	12-31-07	\$ 55,283,120	\$ 52,815,089	\$ (2,468,031)	104.7%	\$ 12,701,017	(19.4)%
Consolidated Judicial	12-31-07	\$ 430,356	\$ 418,137	\$ (12,219)	102.9%	\$ 61,338	(19.9)%
Legislative	12-31-07	\$ 30,698	\$ 22,883	\$ (7,815)	134.2%	\$ 3,680	(212.4)%
Firemen's and Rescue Squad Workers'	6-30-07	\$ 305,869	\$ 322,453	\$ 16,584	94.9%	N/A	N/A
North Carolina National Guard	12-31-07	\$ 74,794	\$ 109,431	\$ 34,637	68.3%	N/A	N/A
Registers of Deeds'	12-31-07	\$ 35,453	\$ 17,830	\$ (17,623)	198.8%	\$ 5,869	(300.3)%
Local Governmental Employees'	12-31-07	\$ 16,791,984	\$ 16,868,147	\$ 76,163	99.5%	\$ 4,750,682	1.6%

F. Optional Retirement Plan

The Optional Retirement Program (Program) is a defined contribution retirement plan that provides retirement benefits with options for payments to beneficiaries in the event of the participant's death. Faculty and administrators with faculty rank in universities of the University of North Carolina System may join the Program instead of the Teachers' and State Employees' Retirement System. At June 30, 2008, the Plan had 12,497 participants.

Benefits are provided by means of contracts issued and administered by the privately-operated Teachers' Insurance and Annuity Association and the College Retirement Equities Fund (TIAA/CREF), Valid, Fidelity Investments and Lincoln National Life Insurance Company. Participants' eligibility and contributory requirements are established in General Statute 135-5.1. Participants contribute 6% of compensation and the university contributes 6.84%. There is no liability other than the universities' required contributions. The universities contributed \$ 82.43 million for the fiscal year ended June 30, 2008. Annual covered payroll was \$1.2 billion and employer contributions expressed as a percentage of annual covered payroll were the required 6.84% for the period. Employee contributions expressed as a percentage of annual covered payroll were the required 6%, with actual employee contributions of \$72.30 million for the fiscal year ended June 30, 2008.

Participants are vested after five years of service, but the company must return the value of the universities' contributions to the State if termination occurs prior to five years of service. The participant chooses his/her own investment products with the company of choice.

G. Special Separation Allowance

The State provides a special separation allowance (SSA), an agent multiple-employer, defined benefit pension plan, for sworn law enforcement officers as defined by General Statute 135-1(11b) or General Statute 143-166.30(a)(4) that were employed by State agencies and component units and retired on a basic service retirement under the provisions of General Statute 135-5(a). To qualify for the allowance, each retired officer must: (1) have completed 30 or more years of creditable service or have attained 55 years of age and completed five or more years of creditable service; and (2) not have attained 62 years of age; and (3) have completed at least five years of continuous service as a law enforcement officer immediately preceding a service retirement. Each eligible officer is paid an annual separation allowance equal to .85% of the officer's most recent base rate of compensation for each year of creditable service. For the fiscal year ended June 30, 2008, the State and its component units paid \$12.78 million for 900 retired law enforcement officers. These benefits are funded on a pay-as-you-go basis with each employer (the State or component unit) responsible for the benefits to their former employees. There is no statewide administration of the SSA and there is no actuarial valuation performed. Funds for this allowance are appropriated annually in the budget of each affected state agency or paid from the component unit's operations. These benefits are established in General Statute 143-166.41 and may be amended only by the General Assembly.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: DEFERRED COMPENSATION PLANS

IRC Section 457 Plan – General Statute 143B-426.24 authorized the creation of the Board of Trustees of the North Carolina Public Employee Deferred Compensation Plan (the Board). The Board was established as an agency of the State to offer the State's permanent employees, university employees, and the employees of certain other component units, a uniform Deferred Compensation Plan (the Plan) in accordance with Internal Revenue Code (IRC) Section 457. Effective July 1, 2008, the Board of Trustees of the North Carolina Public Employee Deferred Compensation Plan was consolidated with Supplemental Retirement Income Plan's Board to form the North Carolina Supplemental Retirement Board of Trustees (the Board). At that time, the Board began administering these independent plans. The Plan permits each participating employee to defer a portion of his or her salary until future years by having the funds invested in various instruments that make up the North Carolina Public Employee Deferred Compensation Trust Fund. This fund is held in trust by the Plan for the exclusive benefit of participating employees and their beneficiaries. The deferred compensation is available to employees upon separation from service, death, disability, retirement or financial hardships if approved by the Board. The Board has delegated the general administration of the Plan to a third party but has retained all statutory authority and fiduciary responsibility for major decisions of the Plan. The Plan is reported in the CAFR as a pension and other employee benefit trust fund. All costs of administering and funding the Plan are the responsibility of the plan participants. The Plan's financial statements are available by contacting the N.C. Department of State Treasurer at 325 North Salisbury Street, Raleigh, NC 27603-1385.

IRC Section 401(k) Plan - Effective January 1, 1985, Chapter 135, Article 5 of the General Statutes authorized the creation of the Supplemental Retirement Income Plan of North Carolina (the Plan) in accordance with Internal Revenue Code (IRC) Section 401(k). Effective July 1, 2008, the Board of Trustees of the North Carolina Public Employee Deferred Compensation Plan was consolidated with Supplemental Retirement Income Plan's Board to form the North Carolina Supplemental Retirement Board of Trustees (the Board). At that time, the Board began administering these independent plans. All members of the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System, Legislative Retirement System, Local Governmental Employees' Retirement System and University Optional Retirement Program and retirement and pension plans sponsored by political subdivisions of the State that qualify under Section 401(a) of the IRC are eligible to enroll in the Plan and may contribute up to 80% (limited to an Internal Revenue maximum dollar amount) of their compensation during the plan fiscal year. Members of the Plan may receive their benefits upon retirement, disability, termination, hardship, or death. All contributions and costs of administering the Plan are the responsibility of the participants.

The Plan is a defined contribution pension plan with direct administration delegated to a third party contractor. The contractor prepares financial statements based on the Plan's fiscal year. The unaudited statements for the year ended December 31, 2007, are presented in this financial report as a pension and other employee benefit trust fund. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan's financial statements are prepared using the accrual basis of accounting. Investments are reported at fair value. Securities and mutual funds are based on published quotations while bank investment contracts are stated at contract value. Notes receivable represent loans to participants and are reported at outstanding principal balances. Prudential Retirement Services (a subsidiary of Prudential) administers the Plan. The Plan's financial statements are available by contacting the Supplemental Retirement Income Plan of North Carolina, 150 Fayetteville Street Mall, Suite 1340, Raleigh, NC 27601.

In addition to the voluntary contribution criteria above, General Statute 143-166.30 requires state contributions to the Plan to provide benefits for all law enforcement officers employed by the State and its component units. General Statute 143-166.50 requires local governmental units with law enforcement officers to also contribute at least as much as the State. Participation begins at the date of employment. State agencies and component units are required to contribute monthly to the individual accounts of participants an amount equal to 5% of each officer's monthly salary. The State is also required to contribute to the individual accounts of all officers on a per capita basis in equal shares. State law enforcement officers receive \$.50 for each court cost assessed and collected under General Statute 7A-304, while \$1.25 of this assessment goes to local law enforcement officers. General Statutes allow law enforcement officers to voluntarily contribute up to 10% of their compensation within any calendar year, but current Internal Revenue Code provisions define the actual voluntary contribution a law enforcement officer can make. All contributions are immediately vested in the name of each participant. At December 31, 2007, 51 state agencies and component units along with 464 local governmental units outside our reporting entity contributed the required 5%. In addition, 4 state agencies and 444 local government employers contributed to the Plan on a voluntary basis.

The Plan is also disclosed as a related party transaction in Note 20 of this CAFR. Prudential Retirement Services (a subsidiary of Prudential) administers the Plan and provides investment management and options through an agreement with the Plan. The Plan's investment risks are described in Note 3.

The Plan also reported total member contributions of \$263.7 million. The payrolls for law enforcement officers, on which the required contributions were based for the year ended December 31, 2007, amounted to \$168.7 million for the State, \$16.4 million for universities, and \$2.6 million for community colleges and other miscellaneous component units. The

NOTES TO THE FINANCIAL STATEMENTS

required 5% employer's contribution was made by the State for \$8.4 million, by universities for \$821.2 thousand, and by the remaining component units and community colleges for \$130 thousand. In addition, the State contributed \$562 thousand for required court cost assessments.

IRC Section 403(b) Plans - Employees of the University of North Carolina System and community colleges can participate in tax-sheltered annuity contracts and custodial accounts created under Internal Revenue Code (IRC) Section 403(b). Generally all employees are eligible, but the IRC does allow the establishment of a minimum contribution of \$200 and the exclusion from participation of certain classes of employees. Each institution may exclude one or more of these classes if every employee within the institution meeting the class criteria is excluded from participation. The employees' eligible contributions, made through salary reduction agreements, are

exempt from federal and state income taxes until the accumulated balances are received or the contributions are withdrawn. Effective January 1, 1989, contributions may be withdrawn by employees only upon separation from service, death, disability, reaching age 59 1/2 or age 55 with qualifying retirement, or due to certain financial hardships. Currently, there is no restriction on the withdrawal of the value of annuity contracts. Custodial accounts established as of December 31, 1988 can be withdrawn only in respect to hardship established as of December 31, 1988. These plans are exclusively for employees of public educational organizations and certain charitable and other non-profit institutions as defined by the IRC. Since all contributions are made voluntarily by employees, all costs are borne by the plans' participants. No direct costs are incurred by the State.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS

The State administers two postemployment benefit plans, the Retiree Health Benefit Fund and the Disability Income Plan, as pension and other employee benefit trust funds. Although the assets of the administered plans are commingled for investment purposes, each plan’s assets may be used only for payment of benefits to members of that plan and for administrative costs in accordance with the terms of the plan. The plans in this note do not issue separate financial statements. The financial statements and other required disclosures are presented in Note 15 and in the *Required Supplementary Information* section of this *CAFR*.

governments that are not part of the financial reporting entity also participate. At June 30, 2008, the number of participating employers was 258 as shown below:

State of North Carolina.....	1
LEAs and miscellaneous units.....	164
Community Colleges.....	58
University of North Carolina System.....	18
Proprietary component units.....	3
Local governments.....	14

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

BASIS OF ACCOUNTING

The financial statements of these plans are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

The Plan, (also referred to as the State Health Plan) is reported as an employee benefit trust fund. It is administered by the Executive Administrator and Board of Trustees of the Plan, which establishes premium rates except as may be established by the General Assembly in an appropriation act. Plan benefits received by retired employees and disabled employees are other post employment benefits (OPEB). The healthcare benefits for retired and disabled employees are the same as for active employees as described in Note 14, except that the coverage becomes secondary when former employees become eligible for Medicare.

INVESTMENTS /SECURITIES LENDING

Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the other postemployment benefits funds. The State Treasurer maintains various investment portfolios in its Investment Pool. Investments are reported at fair value, which is based on quoted market prices. The investment balance of the Disability Income Plan represents its share of the fair value of the net assets of the various portfolios within the pool. The Retiree Health Benefit Fund currently does not have investments.

Those former employees who are eligible to receive medical benefits are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the Teachers' and State Employees' Retirement System (TSERS), the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), and the University Employees' Optional Retirement Program (UEORP), with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions. For employees first hired on and after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on and after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan’s total noncontributory premium. There is no impact of this legislation in the current fiscal year.

Additionally, the securities lending balance represents assets occurring from securities lending transactions that result from the funds’ participation in the pool. The investments of the State Treasurer and securities lending are fully discussed in Note 3.

B. Plan Descriptions and Contribution Information

1. HEALTH BENEFITS

Pursuant to North Carolina General Statutes, the State makes available a Comprehensive Major Medical Plan (the Plan), a cost-sharing multiple-employer defined benefit healthcare plan, exclusively for the benefit of employees and former employees of the State, the University of North Carolina System, community colleges, and certain other component units. In addition, Local Education Agencies (LEAs), miscellaneous educational units, and some select local

The Plan’s benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases.

By General Statute, a Retiree Health Benefit Fund (the Fund) has been established as a fund in which accumulated contributions from employers and any earnings on those

NOTES TO THE FINANCIAL STATEMENTS

contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, the Fund is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System and contributions to the Fund are irrevocable. Also by law, Fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to the Fund. However, Fund assets may be used for reasonable expenses to administer the Fund, including costs to conduct required actuarial valuations of State-supported retired employees' health benefits. Contribution rates to the Fund, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill.

For the current fiscal year, the State and the other employers contributed the legislative mandated 4.1% of active employee salaries. The Fund is reported as an employee benefit trust fund. The State's total payments are shown in the following table. Actuarially required contributions and the percentage received from all employers can be found in the *Required Supplementary Information* section of this report.

2. DISABILITY INCOME

As discussed in Note 14, short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to the eligible members of the Teachers' and State Employees' Retirement System which includes employees of the State, the University of North Carolina system, community colleges, certain participating proprietary component units and Local Education Agencies (LEAs) which are not part of the reporting entity, and the University Employees' Optional Retirement Program. Long-term disability benefits are payable as an other postemployment benefit from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in the Teachers' and State Employees' Retirement System (TSERS) or the University Employees' Optional Retirement Program, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from the TSERS; and (6) the employee must

terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the TSERS after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

The monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one twelfth of the annual longevity payment to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled, but the benefits payable shall be no less than \$10 a month. When an employee qualifies for an unreduced service retirement allowance from the TSERS, the benefits payable from DIPNC will cease, and the employee will commence retirement under the Teachers' and State Employees' Retirement System or the University Employees' Optional Retirement Program.

Although the DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the state fiscal year. For the fiscal year ended June 30, 2008, the State and the other employers made a statutory contribution of .52% of covered payroll. This was greater than the actuarially required contribution of .49%. The State's total payments are shown in the following table. Actuarially required contributions and the percentage received from all employers can be found in the *Required Supplementary Information* section of this report.

The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other postemployment benefit.

Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. By statute, the DIPNC is administered by the Department of State Treasurer and the Board of Trustees of the Teachers' and State Employees' Retirement System.

The plan does not provide for automatic post-retirement benefit increases.

NOTES TO THE FINANCIAL STATEMENTS

The following table presents the three year trend of the annual required contributions (ARC) the State and its component units made to the plans required by GASB 45. GASB 45 was implemented this fiscal year, 2008. Fiscal years 2006 and 2007 data represent required and contributed amounts to the plans. The ARC equals the State's OPEB cost.

State of North Carolina's Annual Required Contributions (ARC)
and Annual OPEB Cost as an Employer
For the Years Ended June 30, 2006 through June 30, 2008
(dollars in thousands)

	Retiree Health Benefit	Disability Income
Primary Government:		
2008	\$ 135,051	\$ 17,128
2007	117,930	16,138
2006	108,597	14,861
Component units:		
Universities:		
2008	\$ 120,871	\$ 15,330
2007	104,297	14,272
2006	94,523	12,935
Community Colleges:		
2008	\$ 30,015	\$ 3,807
2007	26,642	3,646
2006	24,342	3,331
Proprietary Funds:		
2008	\$ 870	\$ 110
2007	815	112
2006	781	107
Total Primary Government and Component Units:		
2008	\$ 286,807	\$ 36,375
2007	249,684	34,168
2006	228,243	31,234
Percentage of ARC Contributed:		
2008	100%	100%
2007	100%	100%
2006	100%	100%

The following table summarizes membership information by plan at the actuarial valuation date:

	<u>Retiree Health Benefit</u>	<u>Disability Income</u>
Employee Groups		
Retirees and beneficiaries currently receiving benefits	149,331	n/a
Disabled members receiving long term disability benefits	n/a	5,983
Terminated employees entitled to benefits but not yet receiving them	23,724	-
Active plan members	351,829	352,131
Total	<u>524,884</u>	<u>358,114</u>
Date of valuation	12/31/07	12/31/07

NOTES TO THE FINANCIAL STATEMENTS

The funded status of each plan as of the most recent actuarial valuation date is as follows (dollars in thousands):

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c) (3)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
Retiree Health (1)	12/31/07	\$ 296,500	\$ 28,890,120	\$ 28,593,620	1.0%	\$ 14,810,279	193.1%
Disability Income (2)	12/31/07	\$ 326,674	\$ 474,614	\$ 147,940	68.8%	\$ 13,849,158	1.1%

(1) The AAL has been prepared using the projected unit credit cost method.

(2) The AAL has been prepared using the entry age actuarial cost method. The information presented is intended to approximate the funding progress of the plan as required by GASB Statements 43 and 45.

(3) Buck Consulting reported the unadjusted covered payroll for the DIPNC long-term disability benefits.

Aon Consulting reported the adjusted, annualized payroll for postemployment health benefits.

C. Actuarial Methods and Assumptions

Actuarial valuations of the plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The latest actuarial valuation for Retiree Health is dated December 31, 2007. The latest actuarial valuation for DIPNC is dated December 31, 2007. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The actuarial assumptions used for the Retiree Health Benefit are consistent with those used to value the pension benefits of the TSERS where appropriate. These assumptions

are based on the most recent experience study prepared as of December 31, 2004 and adopted beginning with the December 31, 2005 pension valuation. The discount rate used for Retiree Health reflects a pay-as-you-go approach.

Projections of benefits for financial reporting purposes of the plans are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Historically, the benefits funded solely by employer contributions applied equally to all retirees. Currently, as described earlier in the note, benefits are dependent on membership requirements.

The actuarial methods and assumptions used for DIPNC include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTES TO THE FINANCIAL STATEMENTS

Below are listed the actuarial methods and significant assumptions for these valuations that will be used to determine future annual required contributions.

	<u>Retiree Health Benefit</u>	<u>Disability Income</u>
Valuation Date	12/31/07	12/31/07
Actuarial Cost Method	Projected Unit Credit	Aggregate
Amortization Method	Level percent of pay	Level percent of pay
Remaining Amortization Period	30 years	(1)
Period Open/Closed	Open	(1)
Asset Valuation Method	Market Value of Assets	5 year smoothed
Actuarial Assumptions:		
Investment Rate of Return (2)	4.25%	7.25%
Healthcare Cost Trend Rate (2) (3)	9% initial 5% ultimate	N/A
Projected Salary Increases (4)	N/A	4.5-16.1%

(1) The aggregate cost method does not identify or separately amortize unfunded liabilities, thus information about the plan's funded status and funding progress has been prepared using the entry age actuarial cost method. The information presented is intended to approximate the funding progress of the plan.

(2) Includes inflation at 3.75%.

(3) Trend rates apply to both Medicare eligible and pre-Medicare-eligible members.

(4) Aon Consulting used the projected unit credit method which does not include salaries, thus salary increases are not applicable for FY2008.

N/A Not Applicable

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14: RISK MANAGEMENT AND INSURANCE

A. Public Entity Risk Pool

Public School Insurance Fund

The Public School Insurance Fund (the Fund) is a public entity risk pool reported within the enterprise funds. In accordance with Chapter 115C, Article 38, of the General Statutes, the purpose of the Fund is to insure the Local Education Agencies (LEAs), in order to safeguard the property investments made in the public schools of North Carolina. The community colleges, which are component units, can also acquire insurance through the Fund as stated in General Statute 115D-58.11(c). The board of each LEA and the board of trustees of each community college are required to insure their buildings and contents on a replacement cost basis, as suggested by the Fund. The Fund is financed by premiums collected from the LEAs and the community colleges and interest is earned on the Fund's cash balance. Each board has to give notice of its election to insure in the Fund at least 30 days prior to such insurance becoming effective and shall furnish to the Fund a detailed list of all school buildings, contents and other insurable school property. While policies remain in effect, the Fund shall act as insurer of the properties covered by such insurance. The Fund currently insures 95 out of 115 LEAs and 28 out of 58 community colleges.

Claim liabilities are based on estimates of the ultimate cost of losses that have been reported but not settled. There are no salvage claims since any salvage is adjusted in the claim settlement. There are no subrogation claims pending. Since claims are reviewed by adjusters and the actual loss projection is computed in a short time after the claim is reported, the claim adjustment expense associated with the unpaid claim liability will be reflected in the current period. The Fund does consider investment income in determining if a premium deficiency exists.

The only acquisition costs are related to proposal costs and inspection costs for insured members. Since the Fund can only insure the LEAs and the community colleges, new contracts are immaterial. Since existing contracts are renewed once a year, the Fund's costs are for policy maintenance. Therefore, acquisition costs do not need to be amortized.

The following schedule shows the changes in the reported liability for the past two years (dollars in thousands):

	Fiscal Year	
	2008	2007
Unpaid claims at beginning of year	\$ 3,730	\$ 796
Incurred claims:		
Provision for insured events		
of the current year	1,915	14,961
Increases (decreases) in provision		
for insured events of prior years	27	(46)
Total incurred claims	1,942	14,915
Payments:		
Claims attributable to insured		
events of the current year	1,426	15,285
Claims attributable to insured		
events of the prior years	3,954	(3,304)
Total payments	5,380	11,981
Total unpaid claims at end		
of the year	\$ 292	\$ 3,730

With the collection of premiums from the insured educational units, payment of valid claims becomes the responsibility of the Fund. All claims greater than \$10 million per occurrence are covered by reinsurance contracts. Maximum recoverable from reinsurance for any one catastrophic event is \$45.5 million per occurrence. Losses in excess of the reinsurance limit would be paid by the Fund from long-term investments, subject to the maximum amount of available funds. Annual aggregate limits of \$15 million apply separately with respect to flood and earthquake. Coverage applies to "all risk" perils. Boiler and machinery coverage is provided under separate contract underwritten by the Fund. Incurred losses are reduced by estimated amounts recoverable under the Fund's reinsurance policies. Currently, the Fund is in the process of collecting money from the reinsurer for the loss paid to the East Guilford High School due to fire that occurred November 1, 2006.

B. Employee Benefit Plans

1. State Health Plan

In accordance with Chapter 135, Article 3, Part 3, of the General Statutes, the State established the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan, referred to as the State Health Plan (the Plan). The Plan provides comprehensive healthcare benefits for employees and retirees of the State and its participating component units, as well as their qualified dependents on a contributory basis. This care is also extended to employees and retirees of the Local Education Agencies (LEAs), and other employing units allowed by statute, which are not part of the State's reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

Coverage is self-funded by contributions to the Plan, which is reported as a pension and other employee benefit trust fund. Contributions for employee and retiree coverage are made by the State, its participating component units, LEAs, and other qualified employing units. Contributions for dependent coverage are made by employees and retirees. As described in Note 13, coverage is also extended to certain individuals as an other postemployment benefit. The Plan has contracted with third parties to process claims.

The Plan pays most expenses that are medically necessary and eligible for coverage based on usual, customary and reasonable allowances for indemnity plan members and allowed amounts for Preferred Provider Organization (PPO) plan members. Claims are subject to specified annual deductible and co-payment requirements. The Plan disallows claims in excess of a lifetime maximum of \$5 million for the indemnity plan but an unlimited benefit is provided for the Preferred Provider Organization (PPO) plans. The authority for the PPO plans is provided in General Statute 135-39.5B. Effective July 1, 2008, the Current Operations and Capital Improvements Appropriations Act of 2007, Session Law 2007-323, approved the elimination of the indemnity plan.

Claim liabilities are based on estimates of the ultimate cost of claims that have been incurred (both reported and unreported). Claim liabilities do not include nonincremental claims adjustment expenses. Changes in the Plan's aggregate liabilities for claims for the past two fiscal years are as follows (dollars in thousands):

	Beginning of Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2006-07	\$ 170,465	\$ 1,981,126	\$ (1,961,948)	\$ 189,643
2007-08	189,643	2,222,744	(2,149,145)	263,242

2. Death Benefit Plan of North Carolina

Term life insurance (death benefits) is provided through the Death Benefit Plan, a pension and other employee benefit trust fund, to all members of the Teachers' and State Employees' Retirement System who have completed at least 12 consecutive months of membership in the System. Membership includes employees of the State, the University of North Carolina System, community colleges, and certain participating proprietary component units. Employees of Local Education Agencies (LEAs) and miscellaneous educational units which are not part of the reporting entity are also included. The benefit payment is equal to the greater of (1) the compensation on which contributions were made by the member during the calendar year preceding the year in which his/her death occurs or (2) the member's highest twelve month's salary in a row during the twenty-four months prior to his/her death. The benefit is subject to a minimum of \$25,000 and to a maximum of \$50,000.

For the period July 1, 2007 to June 30, 2008, death benefits were funded by actuarially based employer

contributions that are established in the biennial appropriation bill by the General Assembly. The State, the University of North Carolina System, community colleges, participating proprietary component units, LEAs and other miscellaneous educational units contributed .16% of active employees' salaries to fund the Death Benefit Plan for the period July 2007 to June 2008.

These benefits are established by General Statute 135-5(1) and may be amended only by the North Carolina General Assembly. Claims liabilities are based on estimates of the ultimate cost of claims that have been incurred (both reported and unreported).

Changes in the aggregate liabilities for claims for the past two fiscal years are as follows (dollars in thousands):

	Beginning of Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2006-07	\$ 2,747	\$ 39,593	\$ (38,740)	\$ 3,600
2007-08	3,600	37,188	(36,607)	4,181

3. Disability Income Plan of North Carolina

Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a pension and other employee benefit trust fund, to the eligible members of the Teachers' and State Employees' Retirement System which includes employees of the State, the University of North Carolina System, community colleges, certain participating proprietary component units and the University Employees' Optional Retirement Program. Employees of Local Education Agencies (LEAs) and miscellaneous educational units which are not part of the reporting entity are also included. Short-term benefits are payable after a waiting period of 60 continuous calendar days from the onset of disability, which is determined as the last actual day of service or the day succeeding at least 365 calendar days after the commencement of service, whichever is later. Short-term benefits are provided to currently active employees and the related liability is not measurable. As discussed in Note 13, long-term disability benefits are payable as an other postemployment benefit from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. These benefits are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly.

NOTES TO THE FINANCIAL STATEMENTS
C. Other Risk Management and Insurance Activities
1. Automobile, Fire and Other Property Losses

The State is required by Chapter 58, Article 31, Part 50, of the General Statutes to provide liability insurance on every state-owned motor vehicle, which includes vehicles held by the State's participating component units. The State is self-insured for the first \$500,000 of any loss through a retrospective rated plan. The plan purchases excess insurance through a private insurer to cover losses greater than \$500,000. The liability limits for losses incurring in-state are \$500,000 per claimant and \$5 million per occurrence. For losses incurring out-of-state, the limits are \$1 million per claimant and \$5 million per occurrence. Covered losses include those that occur with vehicles that are not on a stationary track or rail, and federal vehicles when the Governor calls out the National Guard.

Agencies of the State and participating component units using state cars are charged premiums to cover the cost of the excess insurance and to pay for those losses falling under the self-insured retention. Premiums charged are also based on the projected losses to be incurred. The private insurer processes all claims and sets up a reserve for amounts expected to be paid for claims. Claims are paid by the private insurer after they are approved by the Attorney General's Office. Settled claims have not exceeded coverage in any of the past three fiscal years.

The State Property Fire Insurance Fund (the Fund), an internal service fund of the State, was created by Chapter 58, Article 31, of the General Statutes. The Fund insures State owned buildings and contents for fire, extended coverage, and other property losses. The Fund does not charge premiums for fire insurance for operations that are supported by the State's General Fund. Those operations that are not supported by the State's General Fund are charged for fire coverage. Agencies of the State can purchase extended coverage and other property coverage such as sprinkler leakage, business interruption, vandalism, theft, and "all risk" for buildings and contents through the Fund. For those that elect to receive any of this other coverage, the Fund charges premiums discounted from industry manual rates. The Fund insures losses up to \$2.5 million per occurrence. All losses covered by the Fund are subject to a \$500 per occurrence deductible except for theft, which carries a \$1,000 per occurrence deductible. However, some agencies have chosen a higher deductible for a reduction in premium.

The Fund purchases excess insurance from private insurers to cover losses over the amounts insured by the Fund. If aggregate uninsured losses sustained by the Fund, in excess of \$50,000 per loss, other than flood and earthquake losses and wind losses by named storms, reach \$5 million in any one annual period, the Fund's deductible for the remainder of the annual period is \$100,000 per occurrence. Settled claims have not exceeded coverage in any of the past three fiscal years.

Claims of \$10,000 or higher are paid when the Council of State approves the request for payment. Claims less than \$10,000 are paid without Council of State approval. Claims costs are recognized when they are approved by the Council of State and are outstanding for payment; when known estimates of losses are waiting to be submitted to the Council of State for approval; or when a loss occurs and can be reasonably estimated.

Claims payable at June 30, 2008 are disclosed on the balance sheet as claims payable. Current year claims and changes in estimates in the table below reflect \$1.17 million in normal claims processing, while the remaining amounts and actual claims paid, are associated with the unusually large number of claims processed by the private insurer during this fiscal year. Claims payable does not include nonincremental claims adjustment expenses. Changes in the balances of claims liabilities for the past two fiscal years are as follows (dollars in thousands):

	Beginning of Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2006-07	\$ 6,595	\$ 1,133	\$ (1,215)	\$ 6,513
2007-08	6,513	9,952	(8,258)	8,207

NOTES TO THE FINANCIAL STATEMENTS

2. Medical Malpractice Protection

a. Professional Liability Insurance for State Medical Personnel

All agencies of the State and participating component units are insured for tort claims up to \$500,000 under the authority of the State Tort Claims Act, Chapter 143, Article 31, of the General Statutes. Organizations within the reporting entity carry excess commercial liability insurance to supplement the coverage provided by the State Tort Claims Act; however, claims involving medical malpractice are generally excluded from this coverage. The University of North Carolina at Chapel Hill Medical School and UNC Hospitals participate in the Liability Insurance Trust Fund, which is described in detail below. All other universities purchase commercial liability insurance. Chapter 237, Section 11.33, of the 1999 Session Laws of North Carolina authorized the Department of Health and Human Services, the Department of Environment and Natural Resources, and the Department of Correction to provide medical liability coverage on behalf of employees licensed to practice medicine or dentistry; all licensed physicians who are faculty members of the University of North Carolina who work on contract for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for incidents that occur in Division programs; and on behalf of medical residents from the University of North Carolina who are in training at institutions operated by the Department of Health and Human Services. The extent of coverage is a maximum of \$1 million for each individual incident and does not affect current coverage under the State Tort Claims Act. The Department of Health and Human Services, the Department of Environment and Natural Resources, and the Department of Correction purchase commercial professional liability insurance for their medical staff. Settled claims have not exceeded coverage in any of the past three fiscal years.

Insurance coverage varies depending upon the amount of coverage and the type of policy. Typically the amount of primary coverage for medical liability is \$1 million per individual, claim, or incidence, and \$3 million total or aggregate. Many departments and institutions maintain excess policies to provide additional coverage above that provided by the primary policy for medical liability. The policies are written on a claims made or occurrence basis, with the majority of the policies being claims made. The claims liabilities are not measurable.

b. Self-Insurance through the Liability Insurance Trust Fund

The Liability Insurance Trust Fund (Trust Fund) was created by Chapter 116, Article 26, of the General Statutes and the University of North Carolina Board of Governors Resolution of June 9, 1978, to provide medical malpractice protection for program participants and individual health care practitioners working as employees, agents, or officers of the program participants. The program participants are the University of North Carolina Hospitals at Chapel Hill and the University of North Carolina at Chapel Hill Physicians and Associates, both of whom are a part of the University of North

Carolina System, which is a component unit of the reporting entity. Coverage is self-funded by contributions from participants and investment income. Contributions are based on the actuarially determined funding level for a given plan year.

For the period July 1, 2007 through June 30, 2008, the Trust Fund provided coverage on an occurrence basis of \$3 million per individual and \$7 million in the aggregate per claim. At July 1, 2007 through June 30, 2008, the Trust Fund provided coverage on an occurrence basis of \$7 million per individual for each and every claim, self-insured through the Trust Fund. Reinsurance coverage carries a \$10 million aggregate limit in excess of a self-insured aggregate of \$33 million subject to a \$7 million per occurrence limit (sub-limit of \$3 million per individual) with a \$200,000 continuing underlying amount per claim. Excess of loss coverage is also in place at various levels for prior periods. Excess reinsurance coverage was not purchased for the policy year ended June 30, 2008, as the Trust Fund chose to retain 100% of the liability. In lieu of reinsurance, the participants contributed \$10 million in the aggregate toward the Reimbursement Fund for future losses.

The Trust Fund purchased a primary policy for dental residents on a claims made basis with \$1 million per occurrence and \$3 million annual aggregate limits of coverage. In the event the Trust Fund has insufficient funds to pay existing and future claims, it has the authority to borrow necessary amounts up to \$30 million. Any such borrowing would be repaid from the assets and revenues of program participants. No borrowings have been made under this authority to date. The Trust Fund council believes adequate funds are on deposit in the Trust Fund to meet estimated losses based upon the results of the independent actuary's report.

The Trust Fund establishes claim liabilities based on estimates of the ultimate cost of all losses and loss adjustment expenses, including losses and loss adjustment expenses incurred but not yet reported, which are unpaid at the balance sheet date. The claims liabilities of \$50.678 million and \$60.958 million are the present values of the aggregate actuarially determined claims liabilities of \$53.09 million and \$64.11 million, discounted at 5% at June 30, 2007 and June 30, 2008. These estimates are reviewed annually, and as adjustments become necessary, such adjustments are reflected in current operations. Claims against participants are paid from the corpus of the Trust Fund. Changes in the Trust Fund's aggregate liabilities for claims for the past two fiscal years are as follows (dollars in thousands):

	Beginning of Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2006-07	\$ 52,230	\$ 9,025	\$ (10,577)	\$ 50,678
2007-08	50,678	14,874	(4,594)	60,958

NOTES TO THE FINANCIAL STATEMENTS

3. Public Officers' and Employees' Liability Insurance

In accordance with Chapter 58, Article 32, Part 15, of the General Statutes, public officers' and employees' liability insurance is provided by private insurers for all employees of the State and participating component units except for doctors and dentists. The policy provides \$5 million excess insurance over the \$500,000 statutory limit payable for any one claim under the State Tort Claims Act. The first \$150,000 of an award against a state agency is the responsibility of the state agency's general fund budget code or up to \$500,000 if a non-general fund budget code. For general fund budget codes, any award greater than \$150,000 but less than \$500,000 is funded by proportionate shares of estimated lapse salaries from all agencies general fund budget codes. Since state agencies and component units are responsible for funding any tort claims of \$500,000 or less from their budget and/or lapse salaries, total claims liabilities are not measurable. Employers are charged a premium for the excess insurance based on a composite rate. The employers pay the premiums directly to the private insurer. Settled claims have not exceeded coverage in any of the past three fiscal years.

4. Employee Dishonesty and Computer Fraud

Blanket public employee dishonesty and computer fraud insurance is provided for agencies of the State and its component units with a limit of \$5 million per occurrence, subject to a \$50,000 deductible and a 10% participation in each loss above the deductible. This coverage is placed with a private insurance company and is handled by the North Carolina Department of Insurance. Agencies of the State and its component units are charged premiums by the private insurance company. A small number of state agencies and component units of the State require faithful performance coverage in addition to employee dishonesty coverage. In these instances, separate policies have been purchased. The amounts of coverage and the deductibles vary among these separate policies. Settled claims have not exceeded coverage in any of the past three fiscal years.

5. Statewide Workers' Compensation Program

The Workers' Compensation Program (the Program) was created by Chapter 97, Article 1, of the General Statutes to provide benefits to workers injured on the job. All employees of the State and its component units are included in the Program. An injury is covered under workers' compensation if it is caused by an accident that arose out of and in the course of employment. Also, certain occupational diseases specifically designated in the North Carolina Workers' Compensation Act are compensable. Losses payable by the Program include medical claims, loss of wages, disability, and death benefits. Payments of all medical benefits are subject to approval based on a fee schedule established by the North Carolina Industrial Commission (NCIC). Loss of wages and disability benefits are payable based on 66 2/3% of an employee's average weekly

salary subject to a statutory compensation rate minimum and maximum established annually by the NCIC. Death benefits are payable for 400 weeks at 66 2/3% of an employee's average weekly salary. In certain instances, death benefits may be extended beyond the 400 weeks.

The responsibility for claiming compensation is on the injured employee. If the injured employee or his representative does not notify the employer within 30 days from the date of injury, the employer can refuse compensation. A claim must be filed with the NCIC by either the employee or the employer within two years from the date of knowledge thereof; otherwise the claim is barred by law and no further compensation is allowable. When an employee is injured, the employer's primary responsibility is to arrange for and provide the necessary treatment for any work-related injury. The employer tries to provide the best possible medical care for injured employees to help them reach maximum medical improvement and return to work as soon as possible.

The State and its component units are self-insured for workers' compensation. A third-party administrator handles workers' compensation claims except for the Department of Transportation. State agencies and participating component units contribute to a fund administered by the Office of the State Controller to cover their workers' compensation claims. The third party administrator receives a per case administration fee and draws down state funds to make medical and indemnity payments on behalf of the State in accordance with the North Carolina Workers' Compensation Act.

Each state agency and participating component unit is billed for claims and an administrative fee which is paid by the fund to the third party administrator. This fund is reported as an internal service fund in this report. Budgets for workers' compensation for most state agencies and participating component units are based on the prior year's loss experience. Since the related liability is not measurable, claim costs are recognized when paid. The Department of Transportation is the only state agency that sets up a reserve for claims. For the year ended June 30, 2008, workers' compensation costs were recognized as follows (dollars in thousands):

Primary government	\$ 83,898
University of North Carolina System	7,444
All other component units	<u>1</u>
Total	<u>\$ 91,343</u>

NOTES TO THE FINANCIAL STATEMENTS

6. Workers' Compensation Fund

The Workers' Compensation Fund (the Fund) is an insurance enterprise reported within the enterprise funds. The Fund is created in the Department of Insurance (the Department) and is administered by the State Fire and Rescue Commission (the Commission) through a service contract with a third-party administrator. In accordance with Chapter 58, Article 87, of the General Statutes, the purpose of the Statewide Workers' Compensation Program (the Program) is to provide workers' compensation benefits to members of "eligible units," which consist of volunteer fire departments or volunteer rescue/EMS units that are not part of a unit of local government and are exempt from state income tax under General Statute 105-130.11. These eligible units are not part of the reporting entity. Benefits are payable for compensable injuries or deaths which occurred on or after July 1, 1996. The Fund is financed by appropriations made to the Department for this purpose and by per capita fixed dollar amounts for each member of a participating eligible unit's roster. The per capita fixed dollar amount is set annually by the Commission and is paid by the eligible units to the Commission on or before July 1 of each year for credit to the Fund. If payment is not received by July 1, the eligible unit shall not receive workers' compensation coverage for that fiscal year. The appropriation for the fiscal year ended June 30, 2008 was \$4.5 million. As of June 30, 2008, the Fund consisted of 1,246 eligible units representing approximately 44,480 members.

The liability for unpaid claims is based on an actuarial determination and represents a reasonable estimate of the ultimate cost of open claims and claim settlement expenses that are unpaid as of the fiscal year end, including incurred but not reported losses. The liability for unpaid claims is continually reviewed, and as adjustments become necessary such adjustments are included in current operations. Claim liabilities do not include nonincremental claims adjustment expenses. The Program considers anticipated investment income in determining if a premium deficiency exists. The Program recognizes subrogation from third parties as a reduction to claim and claim settlement expenses incurred. As of June 30, 2008, there was no reduction for subrogation.

Acquisition costs consist of commission payments to independent insurance agents for marketing, promotional and administrative assistance with policy maintenance to eligible units. As coverage is renewed annually, acquisition costs are not amortized.

The Program maintains both specific excess of loss and aggregate reinsurance coverage. The specific excess of loss coverage provides for statutory limits above the Program's retention of \$500,000 per occurrence and a \$1.5 million limit for employer's liability above the Program's retention of \$500,000 per occurrence. Incurred losses are reduced by estimated amounts recoverable under the Program's excess of loss and aggregate reinsurance policies. As of June 30, 2008, there are claims recoverable from reinsurers in the amount of \$34 thousand.

The following schedule shows the changes in the reported liability for the past two fiscal years (dollars in thousands):

	Beginning of Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2006-07	\$ 11,173	\$ 5,002	\$ (5,303)	\$ 10,872
2007-08	10,872	9,421	(5,250)	15,043

7. Health Insurance Program for Children

The Health Insurance Program for Children (the Program) is an insurance enterprise reported within the General Fund. The Program was created by Chapter 108A, Article 2, Part 8, of the General Statutes to provide comprehensive health insurance coverage to uninsured low-income children who are residents of this State, including coverage for dental, hearing, and vision services and supplies.

Coverage is provided from federal funds received, state funds appropriated, and other nonappropriated funds made available for this purpose. All appropriations, allocations, premium receipts, or any other receipts, including earnings on investments, occurring or arising in connection with acute medical care benefits provided under the Program are deposited into the Child Health Insurance Fund (the Fund). Disbursements from the Fund include any and all amounts required to pay the benefits and administrative costs of the Program. For the fiscal year ended June 30, 2008, \$59.38 million was appropriated from the General Fund to the North Carolina Department of Health and Human Services (DHHS) to be used for the Program.

The Program is administered by DHHS. Eligible children may be enrolled by the Division of Social Services based on the availability of funds. The North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan (The Plan) is responsible for the administration and processing of claims for benefits under the Program, as provided under Chapter 135, Article 3, Part 5 of the General Statutes. The Plan's self-insured indemnity program shall not incur any financial obligations for the program in excess of the amount of funds that the Plan's self-insured indemnity program receives for the program.

NOTES TO THE FINANCIAL STATEMENTS

Annual enrollment fees, co-payments, or other cost-sharing charges are determined by family income. However, there are no enrollment fees, deductibles, co-payments, or other cost-sharing charges for families covered under the Program whose family income is at or below 150% of the federal poverty level. A family's total annual aggregate cost-sharing charges shall not exceed five percent of the family's income for the year involved. The Program had an enrollment of 129,646 children as of June 30, 2008, and an average enrollment of 125,145 children insured during the year.

Claim liabilities are based on estimates of the ultimate cost of claims that have been incurred (both reported and unreported). Claim liabilities do not include nonincremental claims adjustment expenses. The following schedule shows the changes in the claims liability for the Program's past two years of operation (dollars in thousands):

	Beginning of Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2006-07	\$ 21,001	\$ 181,611	\$ (180,449)	\$ 22,163
2007-08	22,163	207,237	(202,798)	26,602

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 15: INDIVIDUAL PLAN FINANCIAL STATEMENTS – PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Financial statements for Pension and Other Employee Benefit Trust Funds as of and for the fiscal year ended June 30, 2008 are presented below.

COMBINING STATEMENT OF PLAN NET ASSETS

June 30, 2008

(Dollars in Thousands)

	Teachers' and State Employees' Retirement System	Consolidated Judicial Retirement System	Legislative Retirement System	Firemen's and Rescue Squad Workers' Pension Fund	North Carolina National Guard Pension Fund	Local Governmental Employees' Retirement System	401(k) Supplemental Retirement Income Plan
Assets							
Cash and cash equivalents.....	\$ 152,601	\$ 3,030	\$ 176	\$ 2,404	\$ 3,049	\$ 140,944	\$ 34,222
Investments:							
U.S government and agency securities....	—	—	—	—	—	—	314,987
Collateralized mortgage obligations.....	—	—	—	—	—	—	404,982
Asset-backed securities.....	—	—	—	—	—	—	13,679
Repurchase agreements.....	—	—	—	—	—	—	—
Commercial mortgage backed securities..	—	—	—	—	—	—	57,715
Annuity contracts.....	—	—	—	—	—	—	—
Corporate bonds.....	—	—	—	—	—	—	246,616
Certificates of deposit.....	—	—	—	—	—	—	—
Mutual funds.....	—	—	—	—	—	—	3,243,297
State Treasurer investment pool.....	54,703,729	428,331	30,844	316,753	72,281	16,752,590	—
Securities lending collateral.....	11,329,799	89,603	6,425	66,386	16,741	3,521,678	—
Receivables:							
Accounts receivable.....	3,190	961	—	—	8	3,335	10,771
Intergovernmental receivable.....	—	—	—	—	—	—	—
Interest receivable.....	1,304	15	1	14	13	661	11,800
Contributions receivable.....	49,925	—	—	—	—	40,148	12,499
Due from other funds.....	57,114	1,039	—	—	—	—	—
Due from component units.....	7,973	—	—	—	—	—	—
Notes receivable.....	—	—	—	—	—	—	177,619
Capital assets-depreciable, net.....	—	—	—	—	—	—	—
Total Assets.....	<u>66,305,635</u>	<u>522,979</u>	<u>37,446</u>	<u>385,557</u>	<u>92,092</u>	<u>20,459,356</u>	<u>4,528,187</u>
Liabilities							
Accounts payable and accrued liabilities:							
Accounts payable.....	—	—	—	—	—	—	40,062
Intergovernmental payable.....	—	—	—	—	—	—	—
Benefits payable.....	3,804	—	—	—	7	1,699	—
Medical claims payable.....	—	—	—	—	—	—	—
Obligations under securities lending.....	11,329,799	89,603	6,425	66,386	16,741	3,521,678	—
Due to other funds.....	—	—	—	—	—	—	—
Notes Payable.....	—	—	—	—	—	—	—
Unearned revenue.....	—	—	—	—	—	—	—
Compensated absences.....	—	—	—	—	—	—	—
Total Liabilities.....	<u>11,333,603</u>	<u>89,603</u>	<u>6,425</u>	<u>66,386</u>	<u>16,748</u>	<u>3,523,377</u>	<u>40,062</u>
Net Assets							
Held in trust for:							
Employees' pension and other benefits.....	54,972,032	433,376	31,021	319,171	75,344	16,935,979	4,488,125
Total Net Assets.....	<u>\$ 54,972,032</u>	<u>\$ 433,376</u>	<u>\$ 31,021</u>	<u>\$ 319,171</u>	<u>\$ 75,344</u>	<u>\$ 16,935,979</u>	<u>\$ 4,488,125</u>

NOTES TO THE FINANCIAL STATEMENTS

Deferred Compensation Plan	Death Benefit Plan of N.C.	State Health Plan	Retiree Health Benefit Fund	Disability Income Plan of N.C.	Sheriffs' Pension Fund	Register of Deeds' Supplemental Pension Fund	Totals
\$ 3,187	\$ 5,486	\$ 139,744	\$ 303,360	\$ 21,652	\$ 1,943	\$ 250	\$ 812,048
131,235	—	—	—	—	—	—	446,222
—	—	—	—	—	—	—	404,982
18,875	—	—	—	—	—	—	32,554
2,100	—	—	—	—	—	—	2,100
—	—	—	—	—	—	—	57,715
27,925	—	—	—	—	—	—	27,925
7,577	—	—	—	—	—	—	254,193
619	—	—	—	—	—	—	619
581,618	—	—	—	—	—	—	3,824,915
—	268,797	—	—	286,915	—	34,207	72,894,447
—	144,389	96,593	193,554	164,208	1,240	18,089	15,648,705
6,668	46	34,827	—	6,485	—	—	66,291
—	—	17,923	—	—	—	—	17,923
926	19	648	1,201	92	8	1	16,703
1,841	1,189	2,380	23,924	3,030	—	85	135,021
—	1,010	—	26,744	3,364	—	—	89,271
—	141	—	6,295	798	—	—	15,207
—	—	—	—	—	—	—	177,619
—	—	138	—	—	—	—	138
<u>782,571</u>	<u>421,077</u>	<u>292,253</u>	<u>555,078</u>	<u>486,544</u>	<u>3,191</u>	<u>52,632</u>	<u>94,924,598</u>
1,317	152	28,040	—	—	—	—	69,571
—	—	7,392	—	—	—	—	7,392
—	4,181	—	—	(32)	—	—	9,659
—	—	263,242	—	—	—	—	263,242
—	144,389	96,593	193,554	164,208	1,240	18,089	15,648,705
—	—	7	—	—	—	—	7
—	—	11,870	—	—	—	—	11,870
—	—	25,057	—	—	—	—	25,057
—	—	193	—	—	—	—	193
<u>1,317</u>	<u>148,722</u>	<u>432,394</u>	<u>193,554</u>	<u>164,176</u>	<u>1,240</u>	<u>18,089</u>	<u>16,035,696</u>
781,254	272,355	(140,141)	361,524	322,368	1,951	34,543	78,888,902
<u>\$ 781,254</u>	<u>\$ 272,355</u>	<u>\$ (140,141)</u>	<u>\$ 361,524</u>	<u>\$ 322,368</u>	<u>\$ 1,951</u>	<u>\$ 34,543</u>	<u>\$78,888,902</u>

NOTES TO THE FINANCIAL STATEMENTS**COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS**

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	Teachers' and State Employees' Retirement System	Consolidated Judicial Retirement System	Legislative Retirement System	Firemen's and Rescue Squad Workers' Pension Fund	North Carolina National Guard Pension Fund	Local Governmental Employees' Retirement System	401(k) Supplemental Retirement Income Plan
Additions:							
Contributions:							
Employer.....	\$ 468,669	\$ 10,844	\$ 209	\$ —	\$ —	\$ 256,612	\$ 149,224
Members.....	821,068	6,027	253	2,482	—	308,255	263,718
Other contributions.....	—	—	—	8,734	7,007	—	—
Total contributions.....	1,289,737	16,871	462	11,216	7,007	564,867	412,942
Investment Income:							
Investment earnings (loss).....	(449,279)	(3,366)	(241)	(2,388)	(457)	(142,818)	245,353
Less investment expenses.....	(671,755)	(5,295)	(383)	(3,980)	(941)	(204,970)	(9,186)
Net investment income (loss).....	(1,121,034)	(8,661)	(624)	(6,368)	(1,398)	(347,788)	236,167
Other additions:							
Fees, licenses and fines.....	—	—	—	—	—	5,147	—
Interest earnings on loans.....	—	—	—	—	—	—	13,026
Miscellaneous.....	3,184	4	—	4	—	31	—
Total other additions.....	3,184	4	—	4	—	5,178	13,026
Total additions.....	171,887	8,214	(162)	4,852	5,609	222,257	662,135
Deductions:							
Claims and benefits.....	2,897,465	26,110	1,878	20,869	5,629	697,314	219,795
Medical insurance premiums.....	—	—	—	—	—	—	—
Refund of contributions.....	73,618	22	12	348	—	42,204	—
Administrative expenses.....	14,658	40	13	1,183	76	5,093	914
Other deductions.....	2	—	—	—	—	—	—
Total deductions.....	2,985,743	26,172	1,903	22,400	5,705	744,611	220,709
Change in net assets.....	(2,813,856)	(17,958)	(2,065)	(17,548)	(96)	(522,354)	441,426
Net assets — July 1, as restated (Note 23)...	57,785,888	451,334	33,086	336,719	75,440	17,458,333	4,046,699
Net assets — June 30.....	\$ 54,972,032	\$ 433,376	\$ 31,021	\$ 319,171	\$ 75,344	\$ 16,935,979	\$ 4,488,125

NOTES TO THE FINANCIAL STATEMENTS

Deferred Compensation Plan	Death Benefit Plan of N.C.	State Health Plan	Retiree Health Benefit Fund	Disability Income Plan of N.C.	Sheriffs' Pension Fund	Registers of Deeds' Supplemental Pension Fund	Totals
\$ —	\$ 25,885	\$ 1,798,826	\$ 601,032	\$ 75,844	\$ 1,430	\$ 926	\$ 3,389,501
43,569	—	404,491	—	—	—	—	1,849,863
—	12,768	43,420	—	—	—	—	71,929
<u>43,569</u>	<u>38,653</u>	<u>2,246,737</u>	<u>601,032</u>	<u>75,844</u>	<u>1,430</u>	<u>926</u>	<u>5,311,293</u>
63,205	26,867	13,363	21,037	30,423	147	3,430	(194,724)
—	(6,002)	(4,916)	(7,738)	(6,737)	(54)	(758)	(922,715)
<u>63,205</u>	<u>20,865</u>	<u>8,447</u>	<u>13,299</u>	<u>23,686</u>	<u>93</u>	<u>2,672</u>	<u>(1,117,439)</u>
—	—	—	—	—	—	—	5,147
—	—	—	—	—	—	—	13,026
—	—	2	—	—	—	—	3,225
—	—	2	—	—	—	—	21,398
<u>106,774</u>	<u>59,518</u>	<u>2,255,186</u>	<u>614,331</u>	<u>99,530</u>	<u>1,523</u>	<u>3,598</u>	<u>4,215,252</u>
42,039	37,188	2,222,744	—	70,706	1,174	1,340	6,244,251
—	405	—	523,267	—	—	—	523,672
—	—	—	—	—	—	—	116,204
2,563	339	162,347	179	552	142	15	188,114
—	—	7,638	—	—	—	—	7,640
<u>44,602</u>	<u>37,932</u>	<u>2,392,729</u>	<u>523,446</u>	<u>71,258</u>	<u>1,316</u>	<u>1,355</u>	<u>7,079,881</u>
62,172	21,586	(137,543)	90,885	28,272	207	2,243	(2,864,629)
<u>719,082</u>	<u>250,769</u>	<u>(2,598)</u>	<u>270,639</u>	<u>294,096</u>	<u>1,744</u>	<u>32,300</u>	<u>81,753,531</u>
<u>\$ 781,254</u>	<u>\$ 272,355</u>	<u>\$ (140,141)</u>	<u>\$ 361,524</u>	<u>\$ 322,368</u>	<u>\$ 1,951</u>	<u>\$ 34,543</u>	<u>\$ 78,888,902</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16: SEGMENT INFORMATION

Component Unit. The North Carolina Housing Finance Agency's Home Ownership Bond Programs and Rental Bond Programs are initially funded with revenue bond proceeds. These proceeds are used to purchase mortgage loans which provide the income along with investment earnings to repay the debt.

Condensed financial statements for the two segments of the North Carolina Housing Finance Agency as of and for the fiscal year ended June 30, 2008 are presented below (dollars in thousands).

	N.C. Housing Finance Agency	
	Home Ownership	Rental
Condensed Statement of Net Assets		
Assets:		
Current assets.....	\$ 85,712	\$ 19,375
Noncurrent assets.....	1,646,207	61,882
Total assets.....	<u>1,731,919</u>	<u>81,257</u>
Liabilities:		
Current liabilities.....	50,676	1,300
Noncurrent liabilities.....	1,485,875	30,052
Total liabilities.....	<u>1,536,551</u>	<u>31,352</u>
Net assets:		
Restricted.....	195,368	49,905
Total net assets.....	<u>\$ 195,368</u>	<u>\$ 49,905</u>
Condensed Statement of Revenues, Expenses, and Changes in Net Assets		
Operating revenues (pledged against bonds).....	\$ 100,304	\$ 5,905
Operating expenses.....	<u>(83,120)</u>	<u>(3,408)</u>
Operating income.....	17,184	2,497
Transfers out.....	<u>(3,162)</u>	<u>(1,552)</u>
Change in net assets.....	14,022	945
Net assets — July 1.....	181,346	48,960
Net assets — June 30.....	<u>\$ 195,368</u>	<u>\$ 49,905</u>
Condensed Statement of Cash Flows		
Net cash provided (used) by:		
Operating activities.....	\$ (150,750)	\$ 9,309
Noncapital financing activities.....	(117,055)	(18,598)
Investing activities.....	<u>359,703</u>	<u>21,183</u>
Net increase (decrease).....	91,898	11,894
Cash and cash equivalents at July 1.....	43,609	6,977
Cash and cash equivalents at June 30.....	<u>\$ 135,507</u>	<u>\$ 18,871</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: PLEDGED REVENUES**Primary Government****Grant Anticipation Revenue Vehicle Bonds**

The State has pledged future federal transportation revenues to repay \$287.57 million of bonds payable for Grant Anticipation Revenue Vehicle (GARVEE) bonds issued in October 2007. Such federal transportation revenues consist of amounts derived from the National Highway System and other federal surface transportation programs pursuant to Title 23 of the United States Code. Annual principal and interest requirements on the GARVEE bonds are expected to require less than 5% of such federal transportation revenues. The North Carolina General Statute 136-18 limits the amount that can be issued by providing that the maximum debt service on all GARVEE bonds may not exceed 15% of the expected annual federal revenue and that the outstanding principal amount may not exceed the total amount of federal transportation funds authorized to the State in the prior federal fiscal year.

Proceeds from the bonds will be used to accelerate the funding of various transportation projects identified in the current State Transportation Improvement Plan. As required by State law, the projects have been selected on factors including a broad geographical distribution across the State. The total principal and interest remaining to be paid on the bonds is \$355.57 million, payable through 2019. For the current fiscal year, interest paid and total federal transportation revenues were \$5.06 million and \$904.4 million, respectively. The first principal payment is due in 2009.

Component Units**University of North Carolina System**

The University of North Carolina System has pledged future revenues, net of specific operating expenses, to repay revenue bonds and certificates of participation as shown in the table below (dollars in thousands):

Purpose	Revenue Source	Future Revenues Pledged		Current Year		Final Maturity Date	Bonds Payable as of 6/30/2008
		Amount	% of Total Revenue Source	Pledged Revenues, Net of Expenses	Principal and Interest Payments		
Revenue Bonds		(1)					
Housing and Dining	Housing/Dining Revenues	\$ 337,764	4.00% - 74.00%	\$ 103,299	\$ 17,198	2034	\$ 132,845
Utilities	Utilities Revenues	88,889	24.00% - 30.00%	29,241	4,938	2024	57,932
Health Care Facilities	Patient Service Revenues	502,107	7.50% - 59.00%	77,398	26,928	2031	354,385
Other	Various	102,138	0.10% - 82.00%	41,680	9,774	2033	55,664
Total		<u>\$ 1,030,898</u>		<u>\$ 251,618</u>	<u>\$ 58,838</u>		<u>\$ 600,826</u>
Certificates of Participation							
Student Housing System	Housing Revenues	\$ 40,623	32.74% - 80.00%	\$ 1,812	\$ 1,490	2036	\$ 23,015
Banner System	Tuition/Administrative Fees	4,757	66.62%	1,049	794	2014	4,150
Total		<u>\$ 45,380</u>		<u>\$ 2,861</u>	<u>\$ 2,284</u>		<u>\$ 27,165</u>

(1) The Future Revenues Pledged Amount is equivalent to the total principal and interest remaining to be paid on the associated bonds.

NOTES TO THE FINANCIAL STATEMENTS**North Carolina Housing Finance Agency**

The North Carolina Housing Finance Agency (The Agency) has collateralized \$1.48 billion in mortgage loans receivable, \$160.94 million in reserves, and \$71.39 million in program funds to repay \$1.57 billion single family and multiple family bonds payable at June 30, 2008. Proceeds from the bonds issued were utilized to finance housing opportunities throughout North Carolina. The bonds are payable through 2039 and are paid down from cash collections on mortgage loans receivable, interest receivable on mortgage loans, unexpended bond proceeds, and sale of investments. The Agency expects 100% of the mortgage loans, both principal and interest to pay the principal and interest debt service on the bonds. The total principal and interest remaining to be paid on bonds is \$2.86 billion. For the current fiscal year, principal and interest paid and total collections on mortgage loans receivable were \$108.72 million and \$100.67 million respectively.

State Education Assistance Authority

The State Education Assistance Authority has collateralized \$3.21 billion in student loans receivable and \$172.22 million in reserves to repay \$3.69 billion bonds payable for tax exempt and tax guaranteed student loan revenue bonds and taxable guaranteed student loan private placement bonds issued between fiscal years 1997- 2008. Proceeds from the bonds issued were utilized to finance student loans. The bonds are payable through 2037 and are paid down from cash collections on student loans receivable, interest earnings on loans and investments, and unexpended bond proceeds. In addition to cash collections on student loans receivable, all net available revenues are expected to be pledged to meet annual principal and interest payments on the bonds. For the current fiscal year, principal and interest paid, cash collections on student loans receivable, and net available revenues were \$319.11 million, \$364.27 million and \$125.13 million respectively. The total principal and interest remaining to be paid on the bonds is \$7.39 billion.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18: COMPONENT UNITS — FINANCIAL INFORMATION

The financial statements for the University of North Carolina System and Community Colleges include their nongovernmental component unit foundations and similarly affiliated organizations. Financial statements for component units as of and for the fiscal year ended June 30, 2008 are presented below (dollars in thousands).

Statement of Net Assets

	University			N.C.	State	Other	Total
	The Golden LEAF, Inc.	of North Carolina System	Community Colleges	Housing Finance Agency	Education Assistance Authority	Component Units	
Assets							
Cash and cash equivalents.....	\$ 532	\$ 1,594,862	\$ 141,792	\$ 3,880	\$ 48,896	\$ 24,585	\$ 1,814,547
Investments.....	726,907	2,054,723	51,877	4,772	—	15,653	2,853,932
Receivables, net.....	39	773,505	91,924	23,102	79,741	12,211	980,522
Due from component units.....	—	8,269	5,659	—	1,740	138	15,806
Due from primary government.....	—	1,183	—	49,256	27,484	—	77,923
Inventories.....	—	79,772	16,353	—	18	873	97,016
Prepaid items.....	34	17,238	1,528	—	115	562	19,477
Notes receivable, net.....	—	179,824	418	1,570,125	3,266,467	7,870	5,024,704
Investment in joint venture.....	—	8,319	—	—	—	—	8,319
Deferred charges.....	—	16,528	—	—	16,810	846	34,184
Restricted/designated cash and cash equiv.....	—	1,171,132	73,336	243,684	462,332	39,707	1,990,191
Restricted investments.....	—	2,783,516	118,971	157,795	917,031	2,970	3,980,283
Restricted due from primary government.....	—	81,235	110,053	—	—	—	191,288
Restricted due from component units.....	—	3,200	63	—	—	100,000	103,263
Capital assets-nondepreciable.....	928	1,681,274	288,132	242	—	144,248	2,114,824
Capital assets-depreciable, net.....	3,274	6,704,476	1,567,711	3,075	7,043	344,064	8,629,643
Total Assets.....	731,714	17,159,056	2,467,817	2,055,931	4,827,677	693,727	27,935,922
Liabilities							
Accounts payable and accrued liabilities.....	39,935	540,730	52,175	2,219	1,503	9,212	645,774
Interest payable.....	—	17,914	2	15,976	50,412	219	84,523
Short-term debt.....	—	176,657	—	—	—	—	176,657
Due to component units.....	119,069	—	—	—	—	—	119,069
Due to primary government.....	1,277	1,021	65	—	—	13,330	15,693
Unearned revenue.....	—	142,965	17,494	8,674	—	650	169,783
Advance from primary government.....	—	—	—	—	—	32,922	32,922
Deposits payable.....	—	6,339	—	3,316	—	71	9,726
Funds held for others.....	—	797,253	2,252	—	419,114	70	1,218,689
Long-term liabilities:							
Due within one year.....	—	288,258	9,365	35,675	506,308	20,837	860,443
Due in more than one year.....	—	3,151,125	75,208	1,516,762	3,194,671	83,550	8,021,316
Total Liabilities.....	160,281	5,122,262	156,561	1,582,622	4,172,008	160,861	11,354,595
Net Assets							
Invested in capital assets, net of related debt...	4,202	5,435,798	1,840,965	3,317	7,043	365,661	7,656,986
Restricted for:							
Nonexpendable:							
Higher education.....	—	1,478,553	115,486	—	—	—	1,594,039
Expendable:							
Higher education.....	—	2,561,523	252,504	—	595,106	—	3,409,133
Health and human services.....	—	—	—	—	—	4,597	4,597
Economic development.....	—	—	—	459,323	—	138,033	597,356
Unrestricted.....	567,231	2,560,920	102,301	10,669	53,520	24,575	3,319,216
Total Net Assets.....	\$ 571,433	\$ 12,036,794	\$ 2,311,256	\$ 473,309	\$ 655,669	\$ 532,866	\$ 16,581,327

NOTES TO THE FINANCIAL STATEMENTS

Statement of Activities

	University		N.C.		State		Total
	of North		Housing		Education		
	The Golden	Carolina	Community	Finance	Assistance	Other	
	LEAF, Inc.	System	Colleges	Agency	Authority	Units	
Total expenses.....	\$ 140,822	\$ 7,891,720	\$ 1,706,114	\$ 297,975	\$ 406,585	\$ 203,708	\$ 10,646,924
Program revenues:							
Charges for services.....	54	4,536,193	263,017	280,084	203,100	56,832	5,339,280
Operating grants and contributions.....	(16,676)	812,665	488,865	40,256	86,892	5,929	1,417,931
Capital grants and contributions:							
State capital aid.....	—	398,368	77,561	—	—	28,075	504,004
Other capital grants and contributions.....	—	48,533	140,966	—	—	109,382	298,881
Net program (expense) revenue.....	(157,444)	(2,095,961)	(735,705)	22,365	(116,593)	(3,490)	(3,086,828)
Non-tax general revenues:							
State aid.....	79,977	2,713,732	857,604	18,608	142,984	137,294	3,950,199
Miscellaneous.....	—	1,177	6	—	—	1,280	2,463
Total non-tax general revenues.....	79,977	2,714,909	857,610	18,608	142,984	138,574	3,952,662
Contributions to endowments.....	—	111,471	8,914	—	—	—	120,385
Change in net assets.....	(77,467)	730,419	130,819	40,973	26,391	135,084	986,219
Net assets — July 1, as restated (Note 23).....	648,900	11,306,375	2,180,437	432,336	629,278	397,782	15,595,108
Net assets — June 30.....	\$ 571,433	\$ 12,036,794	\$ 2,311,256	\$ 473,309	\$ 655,669	\$ 532,866	\$ 16,581,327

Significant Balances and Transactions Between Component Units

	University		N.C.		State		Total
	of North		Housing		Education		
	The Golden	Carolina	Community	Finance	Assistance	Other	
	LEAF, Inc.	System	Colleges	Agency	Authority	Units	
The Golden LEAF, Inc.:							
Due from (due to) component units.....	\$ (119,069)	\$ 11,469	\$ 5,722	\$ —	\$ 1,740	\$ 100,138	\$ —
Grant revenue (expense).....	(108,569)	2,746	4,083	—	1,740	100,000	—
UNC System operating aid.....	—	(38,317)	—	—	38,317	—	—

Advances To Component Units/Advances From Primary Government

The balance of \$21.742 million advanced to the N.C. Global TransPark Authority from the Escheats Fund (a special revenue fund) resulted from a \$25 million advance for the purposes of the acquisition of real property in prior fiscal years. The advance is due on October 1, 2009, and will be repaid with interest at a variable rate based upon the earnings record of the State Treasurer's Long-Term Investment Fund. The balance of \$11.180 million advanced to the North Carolina Turnpike Authority from the Highway Trust Fund is related to startup operating costs.

Intra-Entity Balances — Between Primary Government and Component Units

	Due From/Restricted Due From Component Units				Due From / Restricted Due From Primary Government					
	Other		Other	Total	University		NC		State	
	General	Governmental			of North	Community	Housing	Education		
	Fund	Funds	Funds	Total	Carolina	Colleges	Finance	Assistance	Authority	Total
Due To Component Units:										
General Fund.....	\$ —	\$ —	\$ —	\$ —	\$ 1,183	\$ —	\$ 49,256	\$ —	\$ —	\$ 50,439
Other Governmental Funds.....	—	—	—	—	81,235	110,053	—	—	27,484	218,772
Due To Primary Government:										
The Golden LEAF, Inc.....	368	909	—	1,277	—	—	—	—	—	—
University of North Carolina System.....	—	1	1,020	1,021	—	—	—	—	—	—
Community Colleges.....	—	1	64	65	—	—	—	—	—	—
Other Component Units.....	1,110	12,193	27	13,330	—	—	—	—	—	—
Total.....	\$ 1,478	\$ 13,104	\$ 1,111	\$ 15,693	\$ 82,418	\$ 110,053	\$ 49,256	\$ 27,484	\$ 269,211	

NOTES TO THE FINANCIAL STATEMENTS

NOTE 19: RELATED ORGANIZATIONS

MCNC

MCNC (formerly the Microelectronics Center of North Carolina) is a legally separate non-profit corporation fostering the advancement of education, innovation and economic development throughout North Carolina by providing high quality network infrastructure and network-based services. It is managed by a Board of Directors ranging from thirteen to twenty members. Six of the members are appointed by the Governor. Another six members serve ex officio as follows: four are chancellors of universities in the University of North Carolina System, a component unit of the State; one is the president of MCNC; and one is designated by the Board of Trustees of Duke University. These Governor-appointed members and ex officio members may elect up to eight other board members. Any appointed director may be removed from office by the Governor for cause. Any elected director may be removed by the Board of Directors at will.

Centennial Authority

The Centennial Authority (Authority) is a legally separate organization created by the 1995 General Assembly to study, design, plan, construct, own, promote, finance, and operate a regional facility on land owned by the State. Prior to this legislation, the General Assembly authorized the construction by North Carolina State University (NCSU) of a facility known as the Entertainment and Sports Arena (ESA). In fiscal year 2003, a naming rights agreement was executed to change the name of the ESA to the RBC Center. As a result of this agreement, NCSU will receive \$13.18 million over a ten-year period beginning in fiscal year 2003. The RBC Center houses entertainment shows and is home to two sports teams, the National Hockey League's Carolina Hurricanes and NCSU men's basketball. The Authority is governed by a twenty-one member board comprised of ten members appointed by the General Assembly, four members appointed by the Wake County Board of Commissioners, four members appointed by the Raleigh City Council, two members appointed jointly by the mayors of all the cities in Wake County, and the Chancellor of NCSU (or the Chancellor's designee). A member may be removed by the appointing authority for cause.

The Authority entered into a ground lease with the State of North Carolina to lease land for the RBC Center for a period of 99 years at an annual rent of \$1. NCSU entered into a use agreement with the Authority. Both parties agreed that NCSU shall be the primary and preferred user of all areas of the RBC Center. NCSU is required to pay the greater of 10% of gross ticket revenues or \$45 thousand for each men's and \$20 thousand for each women's basketball game to compensate the Authority for facility rental and operating expenses. Rent and expense payments for miscellaneous events will be negotiated on an event by event basis based on the availability of the RBC Center and the anticipated attendance. In fiscal year 2008, the University entered a capital improvement plan agreement with

the Authority to pay \$6 million in quarterly installments over the next 15 years.

North Carolina Capital Facilities Finance Agency

The North Carolina Capital Facilities Finance Agency provides the benefits of tax-exempt financing to non-profit institutions providing elementary and secondary education, private institutions of higher education, and various other entities for special purpose projects serving a public interest (see Note 21). The agency is governed by a seven member board comprised of two members appointed by the General Assembly, three members appointed by the Governor, and the State Treasurer and the State Auditor, both of whom serve ex officio.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20: RELATED PARTY TRANSACTIONS

Primary Government

June 30, 2008, this support approximated \$81.67 million for the UNC System and \$1.68 million for community colleges.

Supplemental Retirement Income Plan of North Carolina

The Plan has a third party administration contract with Prudential Retirement Services, which is a subsidiary of Prudential. The Plan also has an investment management agreement and synthetic GIC contract (Guaranteed Investment Contract) with Prudential. Prudential also provides the Prudential Stable Value Fund as an investment option for participants. The Plan recognized \$7.28 million in expenses related to Prudential for the year ended December 31, 2007. The expenses relate to loan initiation fees and investment management fees. Substantially all other administrative expenses of the Plan are paid by the Plan sponsor or Prudential Retirement Services.

North Carolina Public Employee Deferred Compensation Plan

Under the terms of an agreement effective January 1, 2004, the Plan's Board of Trustees appointed Great-West Life & Annuity Insurance Company (Great-West), as the Plan's third-party administrator. The Plan recognized \$2.41 million in expenses related to Great-West for the year ended December 31, 2007. The portion of annuity payout contract assets attributable to contracts with Great-West at December 31, 2007 was \$20.6 million.

Component Units

University of North Carolina System and Community College Foundations

The University of North Carolina (UNC) System and community colleges have separately incorporated not-for-profit foundations that are associated with constituent institutions of the UNC System or individual colleges. These organizations serve as a fundraising arm of the respective institutions through which individuals, corporations, and other organizations support institution programs by providing scholarships, fellowships, faculty salary supplements, and unrestricted funds to specific departments and the institution's overall academic environment. These affiliated organizations are not included as component units since the economic resources received or held by an individual organization are not significant to the primary government. Therefore, the financial statements of the UNC System and community colleges do not include the assets, liabilities, net assets, or operational transactions of these foundations, except for support from each organization to constituent institutions or colleges. For the fiscal year ended

NOTES TO THE FINANCIAL STATEMENTS

NOTE 21: COMMITMENTS AND CONTINGENCIES

A. No Commitment Debt

The State, by action of the General Assembly, created the North Carolina Medical Care Commission which is authorized to issue tax-exempt bonds and notes to finance construction and equipment projects for nonprofit and public hospitals, nursing homes, continuing care facilities for the elderly and related facilities. The bonds are not an indebtedness of the State and, accordingly, are not reflected in the accompanying financial statements. Each issue is payable solely from the revenues of the facility financed by that issue and any other credit support provided. Therefore, each issue is separately secured and is separate and independent from all other issues as to source of payment and security. The indebtedness of each entity is serviced and administered by a trustee independent of the State. Maturing serially to calendar year 2041, the outstanding principal of such bonds and notes as of June 30, 2008, was \$6.4 billion with interest rates varying from 2.2% to 8%.

The North Carolina Capital Facilities Finance Agency is authorized by the State to issue tax-exempt bonds and notes to finance industrial and manufacturing facilities, pollution control facilities for industry (in connection with manufacturing) where there is a favorable impact on employment or pollution control commensurate with the size and cost of the facilities and to finance facilities and structures at private nonprofit colleges and universities, and institutions providing kindergarten, elementary and secondary education, and various other nonprofit entities. The Agency's authority to issue bonds and notes also includes financing private sector capital improvements for activities that constitute a public purpose. The bonds are not an indebtedness of the State and, accordingly, are not reflected in the accompanying financial statements. Each issue is payable solely from the revenues of the facility financed by that issue and any other credit support provided. Therefore, each issue is separately secured and is separate and independent from all other issues as to source of payment and security. The indebtedness of each issue is serviced and administered by a trustee independent of the State. Maturing serially to calendar year 2045, the outstanding principal of such bonds and notes as of June 30, 2008, was \$2.6 billion with fixed interest rates varying from 2.5% to 7.1% and variable interest rates which can be reset weekly.

B. Litigation

Hoke County, et al. v. State of North Carolina and State Board of Education — Right to a Sound Basic Education (formerly Leandro). In 1994, students and boards of education in five counties in the State filed suit in Superior Court requesting a declaration that the public education system of North Carolina, including its system of funding, violates the state Constitution by failing to provide adequate or substantially equal educational opportunities, by denying due process of law, and by violating various statutes relating to public education.

Five other school boards and students therein intervened, alleging claims for relief on the basis of the high proportion of at-risk and high-cost students in their counties' systems.

The suit is similar to a number of suits in other states, some of which resulted in holdings that the respective systems of public education funding were unconstitutional under the applicable state law. The State filed a motion to dismiss, which was denied. On appeal, the North Carolina Supreme Court upheld the present funding system against the claim that it unlawfully discriminated against low wealth counties, but remanded the case for trial on the claim for relief based on the Court's conclusion that the Constitution guarantees every child the opportunity to obtain a sound basic education. Trial on the claim of one plaintiff-county was held in the fall of 1999. On October 26, 2000 the trial court, in Section Two of a projected three-part ruling, concluded that at-risk children in North Carolina are constitutionally entitled to such pre-kindergarten educational programs as may be necessary to prepare them for higher levels of education and the "sound basic education" mandated by the Supreme Court. On March 26, 2001, the Court issued Section Three of the three-part ruling, in which the judge ordered all parties to investigate certain school systems to determine why they are succeeding without additional funding. The State filed a Notice of Appeal to the Court of Appeals, which resulted in the Court's decision to re-open the trial and call additional witnesses. That proceeding took place in the fall of 2001. On April 4, 2002, the Court entered Section Four of the ruling, ordering the State to take such actions as may be necessary to remedy the constitutional deficiency for those children who are not being provided with access to a sound basic education and to report to the Court at 90-day intervals remedial actions being implemented. On July 30, 2004, the North Carolina Supreme Court affirmed the majority of the trial court's orders, thereby directing the executive and legislative branches to take corrective action necessary to ensure that every child has the opportunity to obtain a sound, basic education. The Supreme Court did agree with the State that the trial court exceeded its authority in ordering pre-kindergarten programs for at-risk children. The State is now undertaking measures to respond to the trial court's directives. The magnitude of state resources which may ultimately be required cannot be determined at this time; however, the total cost could exceed \$100 million.

N.C. School Boards Association, et al. v. Richard H. Moore, State Treasurer, et al. — Use of Administration Payments. On December 14, 1998, plaintiffs, including county school boards of Wake, Durham, Johnston, Buncombe, Edgecombe and Lenoir Counties, filed suit in Superior Court requesting a declaration that certain payments to state administrative agencies must be distributed to the public schools on the theory that such amounts are civil penalties which under the North Carolina Constitution must be paid to the schools.

NOTES TO THE FINANCIAL STATEMENTS

On December 14, 2001, the Superior Court of Wake County granted summary judgment in favor of the plaintiffs on all issues, concluding that the funds in dispute are civil fines or penalties required by Article IX, Section 7 of the Constitution to be remitted to the public schools in the county where the violation occurred. The court further determined a three-year statute of limitations to be applicable, making the order retroactive to December 1995. This case was argued in the Court of Appeals in February, 2003. The North Carolina Court of Appeals rendered a decision in September 2003 substantially favorable to the State. On July 1, 2005, the Supreme Court reversed the Court of Appeals in part, concluding that a majority of the funds in dispute are civil penalties required to be paid into the Civil Penalty and Forfeiture Fund for the benefit of public schools. On August 8, 2008 the trial court entered judgment in favor of the plaintiffs in the amount of \$749.886 million, which is included in the long-term liabilities footnote (Note 7). The General Assembly is aware of the judgment and will determine how to respond.

Southeast Compact Commission — Disposal of Low-level Radioactive Waste. North Carolina and seven other southeastern states created the Southeast Interstate Low-level Radioactive Waste Management Compact to plan and develop a site for the disposal of low-level radioactive waste generated in the member states. North Carolina was assigned responsibility for development of the first disposal site, with costs to be distributed equitably among the Compact members. In 1997, the Compact Commission discontinued funding of the development of the North Carolina site, alleging that the State was not actively pursuing the permitting and development of the proposed site. North Carolina withdrew from the Compact in 1999. The Compact subsequently asked the United States Supreme Court to accept its Complaint against North Carolina demanding the repayment, with interest, of \$80 million of Compact payments expended on the permitting of the site, plus \$10 million of future lost income, interest and attorney fees. The Supreme Court denied this motion in August 2001. On August 5, 2002 the Compact, with the addition of four member states as plaintiffs, filed a new motion requesting the United States Supreme Court to accept the claim under its original jurisdiction. On June 16, 2003, the Court accepted jurisdiction of the case and the State filed an answer and motion to dismiss on August 21, 2003. On November 17, 2003, the motion to dismiss was denied, and the U.S. Supreme Court appointed a Special Master with authority to determine when additional pleadings will be filed in the case. The Special Master heard oral arguments on dispositive motions filed by both sides on September 3, 2004 and in September 2006 allowed the State's motions as to several claims. The parties will continue to litigate the remaining claims.

State Employees Association of North Carolina (SEANC) v. State; Stone v. State — Diversion of Employer's Retirement System Contribution. On May 22, 2001, SEANC filed an action in Wake County Superior Court demanding repayment of approximately \$129 million in employer retirement contributions to the Retirement Systems. The Governor withheld, and subsequently used, the withheld funds under his

constitutional authority to balance the state budget. The trial court dismissed the action on May 23, 2001, and the North Carolina Court of Appeals affirmed this dismissal on December 3, 2002. The Supreme Court, on June 13, 2003, reversed the Court of Appeals on issues related to class standing and remanded with instructions to consider procedural issues raised but not addressed by the Court of Appeals. The Court of Appeals remanded the case to the Superior Court of Wake County without opinion and without considering any remaining issues.

In June 2002, the *Stone* case was filed in Wake County Superior Court on behalf of individual State employees and retirees seeking repayment of the withheld employer contribution and a prohibition against future diversions. A class comprised of all members of the Retirement System has been certified and the case is currently proceeding through class notification and toward trial. On September 6, 2006, the trial court issued an interlocutory order in response to cross-motions for summary judgment. The court's order found the diversion of funds to be in violation of the Constitution, but did not direct any repayment of funds. On August 5, 2008 the North Carolina Court of Appeals affirmed the order of the trial court. The State will appeal this decision to the North Carolina Supreme Court.

Goldston v. State of North Carolina — Highway Trust Fund Transfers. On November 14, 2002, a lawsuit was filed in Wake County Superior Court demanding that \$80 million transferred by the Governor from the Highway Trust Fund to the General Fund for purposes of balancing the state budget be returned to the Highway Trust Fund. The suit further alleges that actions of the General Assembly regarding the transfer of funds from the Highway Trust Fund to the General Fund constitute a borrowing by the State of Highway Trust Fund cash surplus and are unlawful and unconstitutional. The lawsuit requests a declaration that taxes collected for purposes of Highway Trust Fund expenditures cannot be used for other purposes. Summary Judgment was granted in favor of the State on all issues and Plaintiff has filed a notice of appeal. On September 20, 2005, the North Carolina Court of Appeals upheld the trial court's order. The plaintiff filed a petition for discretionary review with the North Carolina Supreme Court, and the Court agreed on March 2, 2006 to review a portion of the Court of Appeals' decision and oral argument was heard on October 16, 2006. In an opinion filed December 15, 2006, the Supreme Court reversed the Court of Appeals, concluding that plaintiffs have standing to pursue their claims on remand to Wake County Superior Court. The trial court, on March 7, 2008, again granted Summary Judgment in favor of the State and plaintiffs have appealed.

Lessie J. Dunn, et al. v. The State of North Carolina, et al. — Tax on Municipal Bonds. On February 9, 2004, Plaintiffs, on behalf of a class of all others similarly situated, filed suit in Forsyth County Superior Court alleging that the State's imposition and collection of state income tax on interest received by certain taxpayers on municipal bonds issued by non-North Carolina state and local governments constitutes a violation of the Commerce Clause of the United States

NOTES TO THE FINANCIAL STATEMENTS

Constitution and seeking class certification. An order certifying a class has been entered by the Superior Court. The State has appealed the scope of the class certification to the North Carolina Court of Appeals. On October 17, 2006, the Court of Appeals unanimously affirmed the order certifying the class. The State's Petition for Discretionary Review has been granted by the North Carolina Supreme Court. On December 7, 2007, the North Carolina Supreme Court ruled that its earlier grant of discretionary review was improvidently allowed, which means that the Court of Appeals' decision upholding class certification will stand. The United States Supreme Court, however, has now rejected plaintiff's argument in *Kentucky v. Davis* and this case has been dismissed on the merits.

***Wal-Mart Stores East, Inc. v. Tolson and Sam's East, Inc. v. Tolson* — Refund of Corporate Income Tax.** On March 17, 2006, the Plaintiffs filed complaints seeking a refund of over \$33.5 million in corporate income taxes in Wake County Superior Court (06 CVS 3928 and 06 CVS 3929). Plaintiffs are challenging the Secretary's authority to require them to file a "combined return" on various statutory and constitutional grounds. Defendant has filed a motion to dismiss under Rule 12(b)(6) and Plaintiffs have filed a motion for summary judgment. On October 31, 2006, Defendant's Motion to Dismiss was denied by Judge Horton who has been assigned to hear the actions as exceptional cases. Judge Horton granted summary judgment in favor of the State and Wal-Mart has appealed.

***State of North Carolina v. Philip Morris, Inc., et al., 98 CVS 14377* — Master Settlement Agreement (MSA) Payments.** On April 20, 2006, the State of North Carolina filed a Motion for Declaratory Order in the North Carolina Business Court against defendants Philip Morris, Inc., R.J. Reynolds Tobacco Company, and Lorillard Tobacco Company. The Motion is seeking a declaration that (1) in 2003, North Carolina continuously had a Qualifying Statute in full force and effect and "diligently enforced" its provisions throughout that year in accordance with the MSA; (2) North Carolina is not subject to a Non-Participating Manufacturers' Adjustment for 2003; and (3) defendants are obligated not to withhold or pay into a disputed payments account any payments due, or seek any offset of any payments made, on the basis that North Carolina is subject to a Non-Participating Manufacturers' Adjustment for 2003. If the State is unable to ultimately prevail in the diligent enforcement litigation, the State may be unable to recover a portion of this year's MSA payment. On December 4, 2006, Judge Tennille allowed the defendant's motion to compel arbitration of these issues. The Court of Appeals has affirmed Judge Tennille's order and the State has petitioned the Supreme Court to review the case.

Petroleum Traders Corporation (PTC) v. State. Petroleum Traders Corporation (PTC) brought a Declaratory Judgment action in Wake County Superior Court on July 19, 2006, seeking a declaration that the North Carolina e-procurement fee is a tax and is unconstitutional under provisions of the state and national constitutions. PTC claims to have paid over \$1 million itself in e-procurement fees. PTC also

seeks to have the action proceed as a class action, allegedly involving potential refunds in excess of \$100 million. The State's motion to dismiss was allowed in part and denied in part. On appeal, the Court of Appeals reversed the trial court and ordered that the State's motion to dismiss be allowed in its entirety.

***Kevin Patrick Rowlette, et. al. and the class of those similarly situated v. Richard Moore, State Treasurer* — Interest on Unclaimed Property Refunds.** On November 23, 2004 Plaintiffs filed suit in Guilford County Superior Court alleging that the State Treasurer's retention of the interest and gain from property held in the Escheat Fund is an unconstitutional taking of property under the North Carolina Constitution and the United States Constitution. Plaintiffs seek interest on past and future payments of claims by owners of monies, held in the Escheat Fund, and class certification for all persons receiving claims payments. The action was transferred to Wake County Superior Court and heard on May 30, 2006. The trial court granted the Defendant's Motion to Dismiss on June 8, 2006. Plaintiffs filed Notice of Appeal, and the Court of Appeals upheld the trial court's ruling on February 19, 2008. Plaintiffs Petition for Discretionary Review was subsequently denied by the North Carolina Supreme Court.

Other Litigation. The State is involved in numerous other claims and legal proceedings, many of which are normal for governmental operations. A review of the status of outstanding lawsuits involving the State by the North Carolina Attorney General did not disclose other proceedings that are expected to have a material adverse effect on the financial position of the State.

C. Federal Grants

The State receives significant financial assistance from the Federal Government in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Under the terms of the grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures. During the fiscal year ending June 30, 2006, the U.S. Department of Health and Human Services (USDHHS) notified the state Department of Health and Human Services (DHHS) of a disallowance of \$95 million in federal funds under Title IV-E of the Social Security Act. This disallowance has been appealed by DHHS to the USDHHS Departmental Appeals Board. On April 17, 2008, the IV-E disallowance was settled. A revised disallowance was issued for \$22.6 million. Of the \$22.6 million, the State did not drawdown \$8 million leaving a balance of \$14.6 million. The State paid the \$14.6 million on June 29, 2008.

Any disallowance as a result of questioned costs could become a liability of the State. As of June 30, 2008, the State is unable to estimate what liabilities may result from such audits except for the \$35.3 million settlement balance with the U.S.

NOTES TO THE FINANCIAL STATEMENTS

Department of Justice and the U.S. Department of Health and Human Services which is included in the long-term liabilities footnote (Note 7).

D. Highway Construction

The State may be liable for approximately \$66.84 million to contractors for highway construction claims that the State has contested. The State may also be liable for an additional \$47.45 million in contested rights-of-way acquisition costs to property owners in condemnation proceedings. These costs have not been included in project-to-date costs. Also, the State is contingently liable for outstanding contractors' claims in the amount of \$94.58 million.

E. USDA-Donated Commodities

The State has custodial responsibility for \$2.29 million of U.S. Department of Agriculture donated food commodities for which the State is liable in the event of loss.

F. Construction and Other Commitments

At June 30, 2008, the State had commitments of \$1.22 billion for construction of highway facilities. Of this amount, \$1.01 billion relates to the Highway Fund, and \$207.62 million relates to the Highway Trust Fund. The other commitments for construction and improvements of state government facilities totaled \$618.83 million (including \$511.69 million for the Department of Environment and Natural Resources and \$57.32 million for the Department of Correction).

At June 30, 2008, the University of North Carolina System (component unit) had outstanding construction commitments of \$402.88 million (including \$80.55 million for North Carolina State University, \$79.57 million for University of North Carolina – Chapel Hill, \$63.3 million for UNC Health Care System, \$58.82 million for University of North Carolina – Charlotte, and \$38.43 million for Appalachian State University).

At June 30, 2008, community colleges (component units) had outstanding construction commitments of \$129.53 million (including \$29.64 million for Central Piedmont Community College, \$10.73 million for Wake Technical Community College, \$10.27 million for Sandhills Community College, \$9.27 million for Guilford Technical Community College, \$9.04 million for Brunswick Community College and \$7.92 million for Gaston College).

At June 30, 2008, The Golden LEAF (Long-term Economic Advancement Foundation), Inc. (component unit) had outstanding commitments of \$83.09 million.

G. Tobacco Settlement

In 1998, North Carolina, along with forty-five other states, signed the Master Settlement Agreement (MSA) with the nation's largest tobacco companies to settle existing and potential claims of the states for damages arising from the use of the companies' tobacco products. Under the MSA, the tobacco companies are required to adhere to a variety of marketing, advertising, lobbying, and youth access restrictions, support smoking cessation and prevention programs, and provide payments to the states in perpetuity. The amount that North Carolina will actually receive from this settlement remains uncertain, but projections are that the State will receive approximately \$4.6 billion through the year 2025. In the early years of MSA, participating states received initial payments that were distinct from annual payments. The initial payments were made for five years: 1998 and 2000 through 2003. The annual payments began in 2000 and will continue indefinitely. However, these payments are subject to a number of adjustments including an inflation adjustment and a volume adjustment. Some adjustments (e.g., inflation) should result in an increase in the payments while others (e.g., domestic cigarette sales volume) may decrease the payments. Also, future payments may be impacted by continuing and potential litigation against the tobacco industry and changes in the financial condition of the tobacco companies. At year-end, the State recognizes a receivable and revenue for the tobacco settlement based on the underlying domestic shipment of cigarettes. This accrual estimate is based on the projected payment schedule in the MSA adjusted for historical payment trends.

In 1999, the State approved legislation to implement the terms of the MSA in North Carolina. The State created a nonprofit corporation, The Golden Leaf, Inc. (Foundation), to distribute 50 percent of the settlement funds received by the State of North Carolina. The legislation directed that these funds be used for the purposes of providing economic impact assistance to economically affected or tobacco-dependent regions of North Carolina. However, the Foundation's share of the payments may be diverted by the North Carolina General Assembly prior to the funds being received by the North Carolina State Specific Account. The Foundation is reported as a discretely presented component unit.

In 2000, the State enacted legislation that established the Health and Wellness Trust Fund and the Tobacco Trust Fund and created commissions charged with managing these funds. Each fund will receive 25 percent of the tobacco settlement payments. The purpose of the Health and Wellness Trust Fund is to finance programs and initiatives to improve the health and wellness of the people of North Carolina. An eighteen-member Health and Wellness Trust Fund Commission will administer the Fund. The primary purpose of the Tobacco Trust Fund is to compensate the tobacco-related segment of North Carolina's economy for the economic hardship it is expected to experience as a result of the MSA. An eighteen-member Tobacco Trust Fund Commission will administer the Fund. The Health and

NOTES TO THE FINANCIAL STATEMENTS

Wellness Trust Fund and Tobacco Trust Fund are reported as special revenue funds.

H. Other Contingencies

As of June 30, 2008, the North Carolina Global TransPark Authority (Authority), a component unit of the State, had a loan outstanding including accrued interest payable totaling \$33.933 million to the Escheat Fund (special revenue fund). The loan is due on October 1, 2009. As of October 15, 2008, the investment balance and the current amount of operating cash held by the Authority is not sufficient to pay the balance due to the Escheat Fund and as such, substantial doubt about the Authority's ability to continue as a going concern exists. In addition, if the Authority declares bankruptcy, funding received to date from the Federal Aviation Administration (FAA) may be required to be paid back. As of June 30, 2008, the Authority has an amortized commitment of approximately \$17.6 million from the FAA.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 22: CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

CHANGES RESULTING FROM ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2008, the State implemented the following pronouncements issued by the Governmental Accounting Standards Board (GASB):

- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.
- GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.
- GASB Statement No. 50, *Pension Disclosures - an amendment of GASB Statements No 25 and 27*.

GASB Statement No. 45 establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expense/expenditures and related liabilities, note disclosures, and required supplementary information in the financial reports of state and local governments. The approach followed in this Statement generally is consistent with the approach adopted in GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, with modifications to reflect differences between pension benefits and OPEB.

GASB Statement No. 48 requires enhanced disclosures pertaining to future revenues that have been pledged or sold. These disclosures are intended to provide financial statement users with information about which revenues will be unavailable for other purposes and how long they will continue to be so. In addition, this Statement also includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components.

GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB). It amends GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers* by requiring 1) disclosure in the notes to the financial statements of the funded status of defined benefit pension plans as of the most recent actuarial valuation and 2) disclosure by governments participating in multi-employer cost-sharing pension plans of how the contractually required contribution rate is determined.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 23: FUND EQUITY RECLASSIFICATIONS AND RESTATEMENTS

The following table reconciles the beginning fund equity as previously reported to the beginning fund equity as restated (dollars in thousands). The adjustments in the *Fund Reclassifications* column result primarily from reclassification of the North Carolina School of Science and Math from the primary government to the University of North Carolina System, a component unit (*statutory change*). The amount in the *Change in Capital Assets Valuation* column represents adjustments to beginning balances of accumulated depreciation on capital assets previously reported as fully depreciated that remain in use. The amounts in the *Other Adjustments* column are due primarily to the correction of errors related to prior periods.

	July 1, 2007 Fund Equity as Previously Reported	Change in Capital Assets Valuation	Fund Reclassifications	Other Adjustments	July 1, 2007 Fund Equity as Restated
Primary Government					
Major Governmental Funds:					
General Fund	\$ 2,576,911	\$ —	\$ (708)	\$ 30,515	\$ 2,606,718
Highway Fund	593,969	—	—	84,933	678,902
Highway Trust Fund	17,121	—	—	(84,933)	(67,812)
Other Governmental Funds:					
Special Revenue Funds	2,757,588	—	(27)	(4,144)	2,753,417
Capital Projects Funds	337,605	—	(2,367)	—	335,238
Permanent Funds	66,244	—	—	—	66,244
Total Governmental Funds	<u>6,349,438</u>	<u>—</u>	<u>(3,102)</u>	<u>26,371</u>	<u>6,372,707</u>
Internal Service Funds	190,022	—	—	(64)	189,958
Government-wide adjustments:					
Capital assets	30,792,249	9,698	(42,166)	58,611	30,818,392
Unavailable deferred revenues	189,393	—	—	—	189,393
Long-term liabilities	(7,595,106)	—	1,383	(79,011)	(7,672,734)
Accrued interest payable	(81,788)	—	—	—	(81,788)
Pension assets	114	—	—	—	114
Total Government-wide adjustments	<u>23,304,862</u>	<u>9,698</u>	<u>(40,783)</u>	<u>(20,400)</u>	<u>23,253,377</u>
Total Governmental Activities	<u>\$ 29,844,322</u>	<u>\$ 9,698</u>	<u>\$ (43,885)</u>	<u>\$ 5,907</u>	<u>\$ 29,816,042</u>
Business-type Activities - Enterprise Funds:					
Unemployment Compensation Fund	\$ 746,108	\$ —	\$ —	\$ —	\$ 746,108
EPA Revolving Loan Fund	863,183	—	—	—	863,183
Other enterprise funds	102,453	—	—	2,732	105,185
Total Business-type Activities - Enterprise Funds	<u>\$ 1,711,744</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,732</u>	<u>\$ 1,714,476</u>
Fiduciary Funds					
Pension and Other Employee Benefit Trust Funds ..	<u>\$ 81,793,252</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (39,721)</u>	<u>\$ 81,753,531</u>
Component Units					
The Golden LEAF, Inc.	\$ 648,900	\$ —	\$ —	\$ —	\$ 648,900
University of North Carolina System	11,205,829	42,652	43,885	14,009	11,306,375
Community Colleges	2,151,698	29,454	—	(715)	2,180,437
NC Housing Finance Agency	432,336	—	—	—	432,336
State Education Assistance Authority	629,278	—	—	—	629,278
Other component units	357,144	40,654	—	(16)	397,782
Total Component Units	<u>\$ 15,425,185</u>	<u>\$ 112,760</u>	<u>\$ 43,885</u>	<u>\$ 13,278</u>	<u>\$ 15,595,108</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 24: SUBSEQUENT EVENTS

Primary Government
Capital Improvement Limited Obligation Bonds

On August 27, 2008, the State sold \$200 million of Capital Improvement Limited Obligation Bonds, Series 2008A. The Series 2008A Bonds are dated August 27, 2008 and will bear interest from that date. Interest will be payable semiannually on each May 1 and Nov 1, commencing May 1, 2009. The Series 2008A Bonds will mature, subject to the redemption provisions, from May 1, 2010 to 2029 inclusive, and were issued at coupon rates ranging from 4% to 5.25%. The bonds were issued pursuant to the provisions of Article 9 of Chapter 142 of the North Carolina General Statutes (the "State Capital Facilities Finance Act") and Session Laws 2003-314, 2004-126, 2004-179, 2005-276, 2006-66, 2006-146, 2006-231 and 2007-323 (collectively the "Project Acts") which authorized a total of \$1.97 billion of varying state projects and related infrastructure. The bonds were issued for the purpose of providing funding in varying amounts for the authorized capital projects and to pay certain costs incurred in connection with the execution and delivery of the bonds.

Component Units
University of North Carolina at Chapel Hill – Remarketed Debt

Effective September 23, 2008, the University of North Carolina at Chapel Hill replaced Lehman Brothers, Inc. with J.P. Morgan Chase as the remarketing agent for the \$54.97 million General Revenue Series 2001B variable rate demand bonds. Also, any commercial paper outstanding that had been originally placed by Lehman Brothers will be remarketed by Banc of America Securities LLC when the maturities are due. The University is currently evaluating options for its floating-to-fixed swap with Lehman Brothers

North Carolina State University - Revenue Bonds and Other debt

On July 10, 2008, North Carolina State University (the University) issued \$66.61 million of Variable Rate General Revenue Bonds, Series 2008A (2008A Bonds). Interest will be payable on the first business day of each calendar month, commencing August 1, 2008. The 2008A Bonds will bear interest at weekly interest rates, not to exceed the lesser of 12% per annum and the maximum rate of interest on the relevant obligation permitted by applicable law. The bonds will mature on October 1, 2028. The 2008A Bonds provides funds to pay a portion of the costs of construction, renovation and/or improvement of athletic, housing and theatre facilities, and construction of infrastructure at the University. Proceeds will also be used to refund certain debt previously issued and to pay

the costs incurred in connection with the issuance of the 2008A Bonds.

On July 10, 2008, North Carolina State University issued \$26.96 million of General Revenue Bonds, Series 2008B (2008B Bonds). Interest will be payable semiannually on each April 1 and October 1, commencing October 1, 2008. The bonds will mature, subject to the redemption provisions, from October 1, 2009 to 2020, and were issued at interest rates ranging from 3% to 5%. The 2008B Bonds were issued to pay a portion of the costs of certain construction, renovations and improvements at the University, to refund debt previously incurred including certain maturities of the University of North Carolina System Pool Revenue Bonds, Series 1998B and Series 2000, and to pay the costs incurred in connection with the issuance of the 2008B Bonds.

North Carolina State University borrowed \$20 million on October 15, 2008 and \$10 million on November 12, 2008, through the commercial paper financial program. These borrowings provide funds to redeem the 1999A demand bonds for \$11.20 million and the remaining to provide financing for current construction projects.

State Education Assistance Authority – Revenue and Refunding Bonds.

On October 30, 2008, the State Education Assistance Authority (the Authority) issued \$309.86 million in Tax Exempt Student Loan Revenue and Refunding Bonds. On November 21, 2008, the Authority issued \$105.95 million Tax Exempt Student Loan Revenue and Refunding Bonds. The bonds will mature, subject to redemptions provisions, from September 1, 2035 to July 1, 2036 and were issued at interest rates ranging from 1.35% to 1.85%. Proceeds will be used to refund certain outstanding bonds of the Authority and to finance student loans.

Golden LEAF, Inc. – Loan for Global TransPark Project

On October 15, 2008, the Golden LEAF (Long-Term Economic Advancement Foundation), Inc. (Foundation) borrowed \$100 million through a short-term unsecured, non-revolving credit facility. The proceeds of the loan were placed in escrow to support the construction of new aerospace facilities at the Global TransPark in Lenoir County, North Carolina, in accordance with a grant awarded to the North Carolina Global TransPark Authority in May 2008. Interest on the outstanding balance is payable monthly at a rate of prime minus .75%. The principal amount of \$100 million plus any accrued interest is due April 30, 2009.

NOTES TO THE FINANCIAL STATEMENTS**Primary Government and Component Units*****Decline in Investment Values***

In the months subsequent to the fiscal year-end, there has been a significant decline in the world's financial markets. These and other economic events have had a significant adverse effect on the value of investments held by the primary government and component units of the State. Interim valuation information is not available for all investments. However for the primary government, investment declines subsequent to year-end include the following:

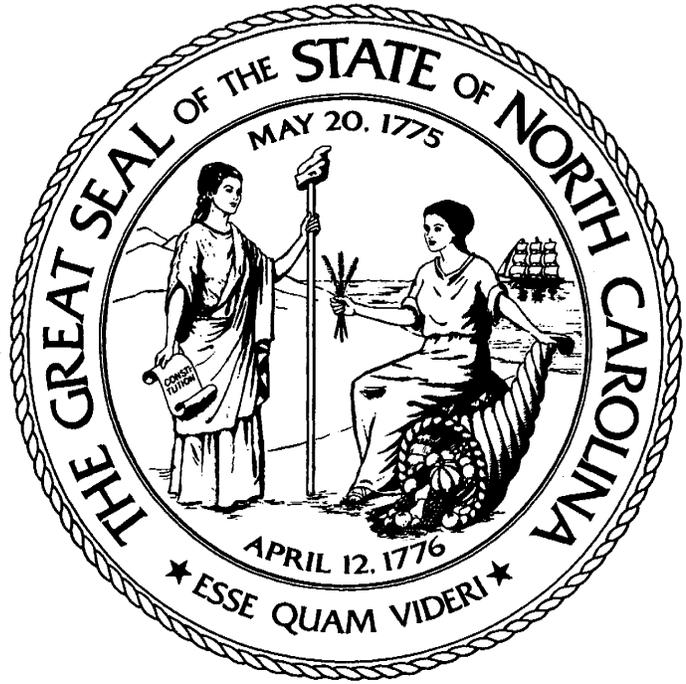
- Department of the State Treasurer's Investment Pool – approximately \$12.89 billion as of October 31, 2008.
- Supplemental Retirement Income Plan of North Carolina (401(k)) - approximately \$747.5 million as of October 31, 2008.
- The North Carolina Public Employee Deferred Compensation Plan - approximately \$131.3 million as of October 31, 2008.

For the State's component units, investment declines subsequent to year-end include the following:

- University of North Carolina at Chapel Hill – approximately \$249.4 million as of September 30, 2008.
- University of North Carolina Health Care System – University of North Carolina Hospitals – approximately \$98 million as of October 31, 2008
- University of North Carolina at Greensboro – approximately \$26.6 million as of September 30, 2008.
- North Carolina State University – approximately \$25.2 million as of October 31, 2008
- State Education Assistance Authority – approximately \$215.3 million as of October 31, 2008.

At June 30, 2008, the Golden LEAF, Inc. (Foundation) had an investment in The Bank of New York Mellon Trust Company Common Trust Cash Investment Fund (the Fund) with a fair value of \$27.9 million. The balance was unrestricted at year-end. Due to the liquidity crisis, in September 2008, Bank of New York Mellon began reviewing all requests for redemptions from the Fund and limited full redemptions to in-kind redemptions. These actions were taken to prevent forced sales of the Fund's investment holdings and to prevent the net asset value of the Fund from dropping below \$1. The Foundation has not incurred losses on the Fund to date and business activity has not been negatively affected. At October 14, 2008, the Foundation had an investment in the Fund with a fair value of \$20.44 million.

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REQUIRED
SUPPLEMENTARY
INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
ALL DEFINED BENEFIT PENSION TRUST FUNDS

June 30, 2008

(Expressed in Thousands)

<i>Retirement System</i>	<i>Valuation Date</i>	<i>Actuarial Value of Assets</i> (a)	<i>Actuarial Accrued Liability (AAL)</i> (b)	<i>Unfunded AAL (UAAL) (b) - (a)</i> NOTE 1	<i>Funded Ratio (a) / (b)</i>	<i>Annual Covered Payroll</i> (c)	<i>UAAL as a Percentage of Covered Payroll ((b-a)/c)</i>
Teachers' and State Employees'	12-31-07	\$ 55,283,120	\$ 52,815,089	\$ (2,468,031)	104.7%	\$ 12,701,017	(19.4)%
	12-31-06	52,420,808	49,391,907	(3,028,901)	106.1%	11,711,386	(25.9)%
	12-31-05	49,670,182	46,624,668	(3,045,514)	106.5%	10,990,239	(27.7)%
	12-31-04	47,383,509	43,827,854	(3,555,655)	108.1%	10,366,137	(34.3)%
	12-31-03	45,117,508	41,733,701	(3,383,807)	108.1%	10,082,153	(33.6)%
	12-31-02	43,226,837	39,863,983	(3,362,854)	108.4%	9,734,448	(34.6)%
Consolidated Judicial	12-31-07	\$ 430,356	\$ 418,137	\$ (12,219)	102.9%	\$ 61,338	(19.9)%
	12-31-06	406,015	378,490	(27,525)	107.3%	53,348	(51.6)%
	12-31-05	382,501	355,498	(27,003)	107.6%	51,018	(52.9)%
	12-31-04	363,110	334,272	(28,838)	108.6%	49,368	(58.4)%
	12-31-03	340,857	316,649	(24,208)	107.6%	49,465	(48.9)%
	12-31-02	323,384	301,031	(22,353)	107.4%	48,432	(46.2)%
Legislative	12-31-07	\$ 30,698	\$ 22,883	\$ (7,815)	134.2%	\$ 3,680	(212.4)%
	12-31-06	29,589	21,742	(7,847)	136.1%	3,695	(212.4)%
	12-31-05	28,381	21,524	(6,857)	131.9%	3,681	(186.3)%
	12-31-04	27,478	20,696	(6,782)	132.8%	3,658	(185.4)%
	12-31-03	26,327	20,046	(6,281)	131.3%	3,692	(170.1)%
	12-31-02	25,304	19,243	(6,061)	131.5%	3,668	(165.2)%
Firemen's and Rescue Squad Workers'	6-30-07	\$ 305,869	\$ 322,453	\$ 16,584	94.9%	N/A	N/A
	6-30-06	287,933	304,339	16,406	94.6%	N/A	N/A
	6-30-05	274,265	285,356	11,091	96.1%	N/A	N/A
	6-30-04	261,148	273,826	12,678	95.4%	N/A	N/A
	6-30-03	249,925	260,707	10,782	95.9%	N/A	N/A
	6-30-02	239,918	249,316	9,398	96.2%	N/A	N/A
North Carolina National Guard	12-31-07	\$ 74,794	\$ 109,431	\$ 34,637	68.3%	N/A	N/A
	12-31-06	66,898	105,017	38,119	63.7%	N/A	N/A
	12-31-05	59,204	81,803	22,599	72.4%	N/A	N/A
	12-31-04	54,069	93,388	39,319	57.9%	N/A	N/A
	12-31-03	51,316	58,752	7,436	87.3%	N/A	N/A
	12-31-02	46,769	58,943	12,174	79.3%	N/A	N/A
Registers of Deeds'	12-31-07	\$ 35,453	\$ 17,830	\$ (17,623)	198.8%	\$ 5,869	(300.3)%
	12-31-06	32,371	17,375	(14,996)	186.3%	5,558	(269.8)%
	12-31-05	28,242	11,788	(16,454)	239.6%	5,367	(306.6)%
	12-31-04	24,262	12,240	(12,022)	198.2%	5,549	(216.6)%
	12-31-03	20,439	11,886	(8,553)	172.0%	5,178	(165.2)%
	12-31-02	16,325	11,673	(4,652)	139.9%	4,767	(97.6)%
Local Governmental Employees'	12-31-07	\$ 16,791,984	\$ 16,868,147	\$ 76,163	99.5%	\$ 4,750,682	1.6%
	12-31-06	15,564,789	15,643,377	78,588	99.5%	4,468,394	1.8%
	12-31-05	14,395,849	14,480,208	84,359	99.4%	4,241,334	2.0%
	12-31-04	13,377,297	13,466,189	88,892	99.3%	4,088,170	2.2%
	12-31-03	12,364,380	12,455,503	91,123	99.3%	3,898,476	2.3%
	12-31-02	11,393,460	11,462,706	69,246	99.4%	3,746,396	1.9%

NOTE 1- A negative UAAL denotes excess actuarial assets

N/A - Not applicable

The information presented in these required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information for the latest actuarial valuations is presented on page 131.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYERS AND OTHER CONTRIBUTING ENTITIES
ALL DEFINED BENEFIT PENSION TRUST FUNDS

For the Six-Year Period 2003 to 2008 (July 1 to June 30)

(Expressed in Thousands)

<u>Retirement System</u>	<u>State Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	
Teachers' and State Employees'	2008	\$ 406,576	99%	Note 1
	2007	332,149	100%	Note 2
	2006	269,587	100%	
	2005	237,170	100%	
	2004	23,135	100%	Note 2
	2003	—	NR	
Consolidated Judicial	2008	\$ 8,158	104%	Note 1
	2007	6,520	100%	Note 2
	2006	6,448	100%	Note 2
	2005	6,513	100%	
	2004	5,583	100%	Note 2
	2003	5,993	100%	
Legislative	2008	\$ —	NR	Note 1
	2007	—	NR	
	2006	—	NR	
	2005	—	NR	
	2004	—	NR	
	2003	—	NR	
Firemen's and Rescue Squad Workers'	2008	\$ 8,734	100%	
	2007	8,440	100%	
	2006	7,926	100%	
	2005	7,521	100%	
	2004	6,801	100%	Note 2
	2003	6,856	100%	
North Carolina National Guard	2008	\$ 6,232	112%	
	2007	7,327	96%	
	2006	5,944	102%	
	2005	1,412	111%	
	2004	1,176	100%	Note 2
	2003	1,132	—	
Registers of Deeds' <i>NOTE 3</i>	2008	\$ —	NR	
	2007	—	NR	
	2006	—	NR	
	2005	29	10,458%	
	2004	286	1,158%	
	2003	1,722	197%	
Local Governmental Employees'	2008	\$ 246,004	100%	
	2007	233,003	100%	
	2006	226,665	100%	
	2005	216,097	100%	
	2004	208,092	100%	
	2003	233,753	100%	

NR- No contribution was required or made.

Note 1- The State made additional contributions not related to the ARC of \$42.4 million for Teachers', \$2.3 million for Judicial and \$209 thousand for Legislative.

Note 2- The State made minor additional contributions not related to the ARC disclosed in that year's CAFR.

Note 3 For Registers, significant fees and collections are contributed. They are not directly related to the ARC.

The information presented in these required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information for the latest actuarial valuations is presented on page 131.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS

June 30, 2008

(Expressed in Thousands)

	Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b) (1)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c) (3)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Retiree Health Benefit (2)	12-31-07	\$ 296,500	\$ 28,890,120	\$ 28,593,620	1.0%	\$ 14,810,279	193.1%
	12-31-05	139,175	23,925,139	23,785,964	0.6%	12,359,975	192.4%
Disability Income	12-31-07	\$ 326,674	\$ 474,614	\$ 147,940	68.8%	\$ 13,849,158	1.1%
	12-31-06	302,632	459,284	156,652	65.9%	12,736,915	1.2%
	12-31-05	279,286	438,186	158,900	63.7%	11,928,558	1.3%

(1) The Retiree Health Benefit AAL has been prepared using the projected unit credit cost method.

The Disability Income AAL has been prepared using the entry age actuarial cost method. The information presented is intended to approximate the funding progress of the plan as required by GASB Statements 43 and 45.

(2) The State legislature recently enacted legislation, which established service-based contributions for employees hired October 1, 2006 or later (February 1, 2007 for legislators). The most current valuation dated December 31, 2007 includes the impact of this legislation. A valuation was not done for December 31, 2006.

(3) Buck Consulting reported the unadjusted covered payroll for the DIPNC long-term disability benefits. Aon Consulting reported the adjusted, annualized payroll for postemployment health benefits.

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS**

For the Fiscal Years Ended June 30, 2007-2008

(Expressed in Thousands)

	<u>State Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
Retiree Health Benefit	2008	\$ 2,714,184	22%
	2007	2,389,583	22%
Disability Income	2008	\$ 73,470	102%
	2007	70,116	102%

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS — NON-GAAP)
GENERAL FUND

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Individual income.....	\$ 10,895,121	\$ 10,895,121	\$ 10,902,299	\$ 7,178
Corporate income.....	1,095,140	1,095,140	1,111,669	16,529
Sales and use.....	5,049,400	5,049,400	4,981,673	(67,727)
Franchise.....	549,035	549,035	574,461	25,426
Insurance.....	481,900	481,900	492,699	10,799
Beverage.....	219,700	219,700	225,125	5,425
Inheritance.....	171,800	171,800	158,765	(13,035)
Tobacco products.....	238,900	238,900	237,378	(1,522)
Other.....	138,504	138,504	148,170	9,666
Non-Tax:				
Fees, licenses and fines.....	208,086	208,086	198,400	(9,686)
Investment income.....	212,111	212,111	239,680	27,569
Disproportionate share receipts.....	100,000	100,000	100,000	—
Other.....	223,545	205,355	263,032	57,677
Transfers in.....	172,500	190,690	190,733	43
Tobacco settlement.....	—	79,977	79,977	—
Departmental:				
Federal funds.....	10,108,406	11,007,401	9,831,130	(1,176,271)
Local funds.....	1,001,683	1,092,356	1,068,223	(24,133)
Inter-agency grants and allocations.....	21,277	11,903	8,839	(3,064)
Intra-governmental transactions.....	2,760,220	3,680,707	3,907,213	226,506
Sales and services.....	84,198	82,818	99,794	16,976
Rental and lease of property.....	8,853	9,284	8,888	(396)
Fees, licenses and fines.....	333,157	352,185	353,868	1,683
Contributions, gifts and grants.....	946,577	1,119,418	1,114,781	(4,637)
Miscellaneous.....	566,169	464,407	140,960	(323,447)
Total Revenues.....	35,586,282	37,656,198	36,437,757	(1,218,441)
Expenditures:				
Current:				
General government.....	1,391,670	811,282	744,470	66,812
Primary and secondary education.....	9,617,352	10,519,223	9,738,676	780,547
Higher education.....	3,842,669	4,111,930	4,010,500	101,430
Health and human services.....	16,891,922	18,051,846	17,543,045	508,801
Environment and natural resources.....	437,536	452,432	427,170	25,262
Economic development.....	341,088	379,248	371,392	7,856
Public safety, corrections, and regulation.....	2,271,434	2,504,712	2,292,886	211,826
Agriculture.....	97,555	152,498	144,637	7,861
Capital outlay.....	230,741	375,741	375,741	—
Debt service.....	1,446,116	1,489,831	1,431,211	58,620
Total Expenditures.....	36,568,083	38,848,743	37,079,728	1,769,015
Excess revenues over (under) expenditures.....	(981,801)	(1,192,545)	(641,971)	550,574
Total fund balance at July 1, 2007, as restated.....	2,632,828	2,632,828	2,632,828	—
Total fund balance at June 30, 2008.....	\$ 1,651,027	\$ 1,440,283	\$ 1,990,857	\$ 550,574
Fund balance reserved:				
Statutory.....			\$ 985,794	
Non-reverting purposes.....			406,025	
Fund balance unreserved.....			\$ 599,038	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY REPORTING

A. General Fund Budgetary Process

The State of North Carolina operates on a biennial budget cycle with separate annual departmental certified budgets adopted by the General Assembly on the cash basis of accounting for the General Fund.

The accompanying budgetary comparison schedule discloses the annual original budget and final budget for the General Fund. Actual amounts in the schedule are presented on the budgetary basis. Since the budgetary basis differs from generally accepted accounting principles (GAAP), a reconciliation between the budgetary basis and the GAAP basis is presented in section C below.

On July 20, 2006, the General Assembly passed House Bill 914 the State Budget Act to replace the Executive Budget Act. This new legislation was effective July 1, 2007 and affects budget development and management by simplifying, reorganizing, updating the current budget statutes, and making changes to conform the statutes to the state constitutional provisions governing appropriations. The new legislation provides that agency budgets be classified in accordance with generally accepted accounting principles as interpreted by the State Controller.

The fiscal year 2008 presentation of *The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis – Non-GAAP) – General Fund* reflects total General Fund fund balance. In prior years, the Schedule represented only activity as it related to unreserved fund balance. With changes resulting from House Bill 914, the fiscal year 2008 presentation is more complete, relates more closely to the presentation of the General Fund on a GAAP basis, and now includes both reverting and non-reverting appropriation activity. Non-reverting fund balance is presented as reserved on the budgetary basis. In prior years, the General Fund budgetary presentation included only reverting funds activity.

The legal level of budgetary control is essentially at the object level. However, departments and institutions may make changes at their discretion within the budget of each purpose between and among objects for supplies and materials, current obligations and services, fixed charges and other expenses, and capital outlay. Also, Chapter 116, Article 1, Part 2A of the General Statutes authorized the sixteen universities within the University of North Carolina System and the North Carolina School of Science and Mathematics to apply for special responsibility status, which sets the legal level of budgetary control at the institution's budget code level. A budget code is a convention used in the State's accounting system to distinguish the type of fund and the responsible department or institution. Budget codes are also used to segregate certain purposes within departments or institutions. Institutions with special responsibility status must still have certain budget

revisions, primarily those associated with unanticipated revenues, approved by the Office of State Budget and Management (OSBM). Additionally, universities must maintain programs and services in accordance with the guidelines established by the Board of Governors of the consolidated University of North Carolina System. All sixteen universities and the North Carolina School of Science and Mathematics have applied for and received special responsibility status.

Generally, unexpended appropriations at the end of the fiscal year lapse and are reappropriated in the next fiscal year. However, in certain circumstances the OSBM will allow a department to carry forward appropriations for specifically identified expenditures that will be paid in the next fiscal year. This is accomplished by the department writing a check to itself and recording a budgetary expenditure. The check is deposited in the next fiscal year as a budgetary receipt.

A detailed listing of appropriation and departmental budget information is available for public inspection in the separately published "Budgetary Compliance Report" prepared by the Office of the State Controller, 3512 Bush Street, Raleigh, NC 27609-7509 and through the Office of State Budget and Management, 116 West Jones Street, Raleigh, NC 27603-8005.

B. Special Fund Budgetary Process

The major special revenue funds, which are the Highway Fund and Highway Trust Fund, do not have annual appropriated budgets.

C. Reconciliation of Budget/GAAP Reporting Differences

The *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis – Non-GAAP) – General Fund*, presents comparisons of the legally adopted budget (which is more fully described in section A, above) with actual data on a budgetary basis. Accounting principles applied to develop data on a budgetary basis differ significantly from those principles used to present financial statements in conformity with generally accepted accounting principles (GAAP). The following describes the major differences between budgetary financial data and GAAP financial data.

Basis differences. Budgetary funds are accounted for on the cash basis of accounting, while under GAAP the governmental funds use the modified accrual basis. Accrued revenues and expenditures are recognized in the GAAP financial statements.

Timing differences. A significant variance between budgetary practices and GAAP is the authorized carryforward of appropriated funds, which is described in section A.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The following table presents a reconciliation of resulting basis and timing differences in the fund balances (budgetary basis) at June 30, 2008 to the fund balances on a modified accrual basis (GAAP). Amounts are expressed in thousands.

	<u>General Fund</u>
Fund balance (budgetary basis), June 30, 2008.....	\$ 1,990,857
Reconciling Adjustments:	
Basis Differences:	
Accrued revenues:	
Taxes receivable.....	1,735,612
Accounts receivable.....	257,113
Federal funds, net.....	658,213
Other receivables.....	262,830
Less:	
Tax refunds payable.....	(1,276,922)
Deferred revenue.....	(560,224)
Total accrued revenues.....	<u>1,076,622</u>
Accrued expenditures:	
Medical claims payable.....	(871,345)
Accounts payable and accrued liabilities.....	(648,720)
Other payables.....	(207,900)
Total accrued expenditures.....	<u>(1,727,965)</u>
Other Adjustments:	
Notes receivable.....	25,427
Inventories.....	55,705
Investments.....	—
Timing Differences:	
Authorized carryforward for specific encumbrances.....	25,041
Authorized carryforward for designated programs.....	<u>233,391</u>
Fund balance (GAAP basis) June 30, 2008.....	<u>\$ 1,679,078</u>

D. Budgetary Reserves

The North Carolina General Assembly has established several accounts in the General Fund as reserved fund balances for budgetary purposes. Funds that are transferred to these accounts from the unreserved credit balance of the General Fund can be used only for their intended purposes and on a budgetary basis are not available for appropriation.

Savings Reserve Account (General Statute 143C-4-2). 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. Funds reserved to 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 eight percent (8%) of the prior year's General Fund operating budget.

However in accordance with Session Law 2008-107, House Bill 2436, Section 2.2.(c1) the State Controller was directed to not transfer funds from the unreserved fund balance to the Savings Reserve on June 30, 2008. At the end of the fiscal year 2007-08, the balance of the Savings Reserve was \$786.65 million.

Repairs and Renovations Reserve Account (General Statute 143C-4-3). The Repairs and Renovations Reserve Account is established 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 Repairs and Renovations Reserve 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 Repairs and Renovations Reserve Account shall be available for expenditure only upon an act of appropriation by the General Assembly. In accordance with Session Law 2008-107, House Bill 2436, Section 2.2.(b) the State Controller was directed to transfer \$69.8 million from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2008. At the end of the fiscal year 2007-08, the balance of this reserve was \$69.84 million.

Disproportionate Share Reserve Account (Session Law 2005-276, Senate Bill 622, Section 10.12). Disproportionate share payments are Medicaid payments made to hospitals which serve a disproportionate share of indigent patients. This account was established to reserve for future appropriation any excess collection of disproportionate share revenues above those budgeted as non-tax revenues. At the end of the fiscal year 2007-08, the remaining balance of this reserve was \$19.3 million.

Disaster Relief Reserve (Session Law 2005-1, Senate Bill 7). During fiscal year 2004-2005 \$248.17 million was transferred to the Disaster Relief Reserve. This \$248.17 million was funded from required agency, university, and community college transfers, a Savings Reserve transfer, and transfers of funds from the unreserved credit balance. At the end of the fiscal year 2007-08, the remaining balance of this reserve was \$97.16 million.

One North Carolina Fund Reserve. The Office of State Budget and Management, after consultation with Joint Legislative Commission on Governmental Operations on November 4, 2003, established the One North Carolina Fund Reserve. This reserve was funded by a transfer from the unexpended legislative increase appropriation of \$1.5 million. During the fiscal year an establishment of \$0.4 million was expended. However, since that time no further funds have been disbursed. Therefore, for fiscal years 2003-04 through 2007-08 the balance has remained at \$1.08 million.

Job Development Investment Grant (JDIG) Program Reserve (General Statute 143-15.3E). In accordance with Session Law 2004-124, House Bill 1414, Section 6.12.(a),

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Article 1 of Chapter 143 of the General Statutes was amended by adding a new section requiring the establishment of a JDIG Reserve in the General Fund. It is the intent of the General Assembly to annually appropriate funds to this reserve in amounts sufficient to meet anticipated cash requirements for each fiscal year of the Job Development Investment Grant Program established pursuant to General Statute 143B-437.52. Funds in the amount of \$4.5 million were appropriated for

fiscal year 2004-05, \$9 million for fiscal year 2005-06, \$12.4 million for fiscal year 2006-07 and \$12.4 million for fiscal year 2007-08. At the end of fiscal year 2007-08, the balance of JDIG was \$11.76 million.

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*COMBINING FUND
STATEMENTS
AND
SCHEDULES*

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*NONMAJOR
GOVERNMENTAL
FUNDS*

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2008

Exhibit C-1

(Dollars in Thousands)

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,701,514	\$ —	\$ —	\$ 1,701,514
Investments	455,148	—	—	455,148
Securities lending collateral	1,026,287	79	38,844	1,065,210
Receivables, net:				
Taxes receivable.....	2,123	—	—	2,123
Accounts receivable.....	29,719	4	7	29,730
Intergovernmental receivable.....	6,182	244	—	6,426
Interest receivable.....	8,597	2	28	8,627
Due from other funds	14,516	7,278	—	21,794
Due from component units	13,104	—	—	13,104
Inventories.....	40,369	—	—	40,369
Advances to component units	21,742	—	—	21,742
Notes receivable, net.....	317,579	—	—	317,579
Securities held in trust.....	42,379	—	—	42,379
Restricted/designated cash and cash equivalents....	29,396	422,667	7,593	459,656
Restricted investments.....	430,916	6,237	65,497	502,650
Total Assets.....	<u>\$ 4,139,571</u>	<u>\$ 436,511</u>	<u>\$ 111,969</u>	<u>\$ 4,688,051</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities:				
Accounts payable.....	\$ 88,730	\$ 21,280	\$ —	\$ 110,010
Accrued payroll.....	676	—	—	676
Intergovernmental payable.....	13,838	1,032	—	14,870
Claims payable.....	26,218	—	—	26,218
Obligations under securities lending.....	1,026,287	79	38,844	1,065,210
Due to fiduciary funds.....	47	—	—	47
Due to other funds	15,946	234	—	16,180
Due to component units	218,772	—	—	218,772
Deferred revenue.....	21,775	—	—	21,775
Deposits payable.....	85	1	—	86
Funds held for others.....	42,482	—	—	42,482
Total Liabilities.....	<u>1,454,856</u>	<u>22,626</u>	<u>38,844</u>	<u>1,516,326</u>
Fund Balances:				
Reserved.....	737,706	129,349	70,813	937,868
Unreserved.....	1,947,009	284,536	2,312	2,233,857
Total Fund Balances.....	<u>2,684,715</u>	<u>413,885</u>	<u>73,125</u>	<u>3,171,725</u>
Total Liabilities and Fund Balances.....	<u>\$ 4,139,571</u>	<u>\$ 436,511</u>	<u>\$ 111,969</u>	<u>\$ 4,688,051</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

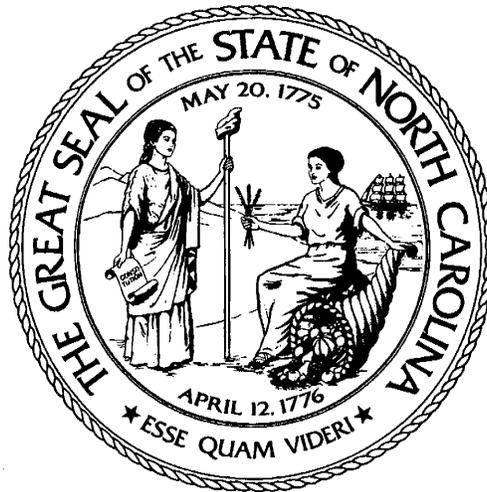
For the Fiscal Year Ended June 30, 2008

Exhibit C-2

(Dollars in Thousands)

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes:				
Individual income tax.....	\$ 3,794	\$ —	\$ —	\$ 3,794
Corporate income tax.....	87,202	—	—	87,202
Sales and use tax.....	31,413	—	—	31,413
Gasoline tax.....	28,437	—	—	28,437
Insurance tax.....	13,237	—	—	13,237
Beverage tax.....	800	—	—	800
Other taxes.....	153,670	—	—	153,670
Federal funds.....	342,348	5,841	—	348,189
Local funds.....	14,348	—	—	14,348
Investment earnings.....	156,793	428	7,278	164,499
Interest earnings on loans.....	5,031	—	—	5,031
Sales and services.....	180,075	2,407	58	182,540
Rental and lease of property.....	4,021	11	—	4,032
Fees, licenses, and fines.....	221,241	—	3,830	225,071
Contributions, gifts, and grants.....	21,813	88,072	108	109,993
Funds escheated.....	74,743	—	—	74,743
Miscellaneous.....	13,049	278	—	13,327
Total revenues.....	<u>1,352,015</u>	<u>97,037</u>	<u>11,274</u>	<u>1,460,326</u>
Expenditures:				
Current:				
General government.....	83,330	—	—	83,330
Primary and secondary education.....	415,608	—	—	415,608
Higher education.....	326,967	—	26	326,993
Health and human services.....	95,729	—	8	95,737
Economic development.....	346,916	—	—	346,916
Environment and natural resources.....	403,026	31	1,818	404,875
Public safety, corrections, and regulation.....	462,083	—	—	462,083
Agriculture.....	24,199	—	—	24,199
Capital outlay.....	—	346,764	—	346,764
Debt service:				
Principal retirement.....	1,659	—	—	1,659
Interest and fees.....	1,282	89	—	1,371
Debt issuance costs.....	1,393	—	—	1,393
Total expenditures.....	<u>2,162,192</u>	<u>346,884</u>	<u>1,852</u>	<u>2,510,928</u>
Excess revenues over (under) expenditures.....	<u>(810,177)</u>	<u>(249,847)</u>	<u>9,422</u>	<u>(1,050,602)</u>
Other Financing Sources (Uses):				
Special indebtedness issued.....	275,000	—	—	275,000
Other debt issued.....	—	2,835	—	2,835
Premium on debt issued.....	9,612	—	—	9,612
Sale of capital assets.....	5,331	25	—	5,356
Insurance recoveries.....	252	—	—	252
Transfers in.....	1,396,320	326,645	960	1,723,925
Transfers out.....	(947,665)	(1,011)	(3,501)	(952,177)
Total other financing sources (uses).....	<u>738,850</u>	<u>328,494</u>	<u>(2,541)</u>	<u>1,064,803</u>
Net change in fund balances.....	<u>(71,327)</u>	<u>78,647</u>	<u>6,881</u>	<u>14,201</u>
Fund balances — July 1, as restated.....	2,753,417	335,238	66,244	3,154,899
Increase (decrease) in reserve for related assets.....	2,625	—	—	2,625
Fund balances — June 30.....	<u>\$ 2,684,715</u>	<u>\$ 413,885</u>	<u>\$ 73,125</u>	<u>\$ 3,171,725</u>

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NONMAJOR SPECIAL REVENUE FUNDS

The special revenue funds are maintained to account for those financial resources which are restricted by legal, regulatory or administrative action to finance particular functions or activities of the State.

The following are included in the nonmajor special revenue funds:

- Escheat Fund
- Health and Wellness Trust Fund
- Tobacco Trust Fund
- Clean Water Funds
- Public School Bond Fund
- Higher Education and Public Improvement Bond Funds
- Public School Building Capital Fund
- Clean Water Management Trust Fund
- N.C. Infrastructure Finance Corporation
- Natural Gas Funds
- Correction Enterprises Fund
- Educational Materials and School Buses Fund
- Employment Security Commission Funds
- Highway Patrol Fund
- Employment and Training Administration Fund
- Leaking Petroleum Underground Storage Tank Cleanup Fund
- Ecosystem Enhancement Funds
- Wildlife Resources Commission Fund
- Natural Heritage Trust Fund
- 911 Fund
- Parks and Recreation Trust Fund
- Education Lottery Funds
- Departmental Funds

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2008

(Dollars in Thousands)

	Escheat Fund	Health and Wellness Trust Fund	Tobacco Trust Fund	Clean Water Funds	Public School Bond Fund	Higher Education and Public Improvement Bond Funds	Public School Building Capital Fund	Clean Water Management Trust Fund
Assets								
Cash and cash equivalents	\$ 239,174	\$ 77,009	\$ 22,538	\$ 11,184	\$ —	\$ —	\$242,892	\$ 234,523
Investments	452,908	—	—	—	—	—	—	—
Securities lending collateral	279,197	49,129	14,393	17,409	—	—	183,600	149,616
Receivables, net:								
Taxes receivable.....	—	—	—	—	—	—	—	—
Accounts receivable.....	—	—	110	1	—	—	—	—
Intergovernmental receivable.....	—	—	—	—	—	—	—	—
Interest receivable.....	905	296	—	700	4	519	1,164	891
Due from other funds	—	—	—	—	—	6	—	360
Due from component units	12,191	—	—	—	—	—	—	—
Inventories.....	—	—	—	—	—	—	—	—
Advances to component units	21,742	—	—	—	—	—	—	—
Notes receivable, net.....	—	—	—	110,191	—	—	—	—
Securities held in trust.....	—	—	—	—	—	—	—	—
Restricted/designated								
cash and cash equivalents.....	—	—	—	29,354	41	—	—	—
Restricted investments.....	—	—	—	767	2,284	298,194	—	—
Total Assets.....	<u>\$1,006,117</u>	<u>\$ 126,434</u>	<u>\$ 37,041</u>	<u>\$ 169,606</u>	<u>\$ 2,329</u>	<u>\$ 298,719</u>	<u>\$427,656</u>	<u>\$ 385,390</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable and accrued liabilities:								
Accounts payable.....	\$ 1	\$ 115	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ 930
Accrued payroll.....	—	2	—	—	—	—	—	—
Intergovernmental payable.....	—	—	—	—	—	—	—	3,273
Claims payable.....	26,218	—	—	—	—	—	—	—
Obligations under securities lending.....	279,197	49,129	14,393	17,409	—	—	183,600	149,616
Due to fiduciary funds	—	—	—	—	—	—	—	—
Due to other funds	—	5	1	—	—	—	—	9
Due to component units	27,484	—	—	—	—	148,224	—	—
Deferred revenue.....	14,409	—	—	—	—	—	—	—
Deposits payable.....	—	—	—	—	—	—	—	—
Funds held for others.....	—	—	—	—	—	—	—	—
Total Liabilities.....	<u>347,309</u>	<u>49,251</u>	<u>14,395</u>	<u>17,409</u>	<u>—</u>	<u>148,224</u>	<u>183,600</u>	<u>153,828</u>
Fund Balances:								
Reserved for:								
Inventories.....	—	—	—	—	—	—	—	—
Notes receivable.....	—	—	—	110,191	—	—	—	—
Loan and grant commitments.....	—	—	—	11,876	—	—	—	176,535
Advance to component unit.....	21,742	—	—	—	—	—	—	—
Unreserved:								
Undesignated.....	637,066	77,183	22,646	30,130	2,329	150,495	244,056	55,027
Total Fund Balances.....	<u>658,808</u>	<u>77,183</u>	<u>22,646</u>	<u>152,197</u>	<u>2,329</u>	<u>150,495</u>	<u>244,056</u>	<u>231,562</u>
Total Liabilities and Fund Balances.....	<u>\$1,006,117</u>	<u>\$ 126,434</u>	<u>\$ 37,041</u>	<u>\$ 169,606</u>	<u>\$ 2,329</u>	<u>\$ 298,719</u>	<u>\$427,656</u>	<u>\$ 385,390</u>

Exhibit C-3

N.C. Infrastructure Finance Corporation	Natural Gas Funds	Correction Enterprises Fund	Educational Materials and School Buses Fund	Employment Security Commission Funds	Highway Patrol Fund	Employment and Training Administration Fund	Leaking Petroleum Underground Storage Tank Cleanup Fund	Ecosystem Enhancement Funds
\$ —	\$ —	\$ 12,070	\$ 99,848	\$ 16,624	\$ 13,344	\$ 91	\$ 47,657	\$ 45,009
—	—	—	—	—	—	—	—	—
—	—	—	—	—	2,342	—	30,295	31,314
—	—	—	—	—	—	—	1,460	—
—	—	1,521	269	680	1,054	—	421	—
—	—	231	441	743	852	—	—	—
—	—	—	—	—	—	—	175	187
—	—	5,139	—	110	793	—	—	—
—	—	4	—	—	—	—	—	—
—	—	17,171	4,002	277	14,167	—	—	—
—	—	—	—	—	—	—	—	—
—	200,000	—	—	—	—	—	662	—
—	—	—	—	—	—	—	—	—
1	—	—	—	—	—	—	—	—
129,671	—	—	—	—	—	—	—	—
<u>\$ 129,672</u>	<u>\$ 200,000</u>	<u>\$ 36,136</u>	<u>\$ 104,560</u>	<u>\$ 18,434</u>	<u>\$ 32,552</u>	<u>\$ 91</u>	<u>\$ 80,670</u>	<u>\$ 76,510</u>
\$ —	\$ —	\$ 1,565	\$ 52,717	\$ 4,297	\$ 3,870	\$ 29	\$ 8,939	\$ 3,305
—	—	17	—	427	8	—	—	—
—	—	1	15	915	853	—	3	87
—	—	—	—	—	—	—	—	—
—	—	—	—	—	2,342	—	30,295	31,314
—	—	—	—	—	—	—	—	—
7,670	—	236	2	3,305	188	7	—	15
10,371	—	—	—	—	—	—	—	—
—	—	373	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
<u>18,041</u>	<u>—</u>	<u>2,192</u>	<u>52,734</u>	<u>8,944</u>	<u>7,261</u>	<u>36</u>	<u>39,237</u>	<u>34,721</u>
—	—	17,171	4,002	277	14,167	—	—	—
—	200,000	—	—	—	—	—	662	—
—	—	—	—	—	—	—	—	101,617
—	—	—	—	—	—	—	—	—
111,631	—	16,773	47,824	9,213	11,124	55	40,771	(59,828)
111,631	200,000	33,944	51,826	9,490	25,291	55	41,433	41,789
<u>\$ 129,672</u>	<u>\$ 200,000</u>	<u>\$ 36,136</u>	<u>\$ 104,560</u>	<u>\$ 18,434</u>	<u>\$ 32,552</u>	<u>\$ 91</u>	<u>\$ 80,670</u>	<u>\$ 76,510</u>

Continued

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2008

Exhibit C-3

(Dollars in Thousands)

	Wildlife Resources Commission Fund	Natural Heritage Trust Fund	911 Fund	Parks and Recreation Trust Fund	Education Lottery Funds	Departmental Funds	Total Nonmajor Special Revenue Funds
Assets							
Cash and cash equivalents	\$ 13,426	\$ 26,235	\$ 30,500	\$ 56,821	\$ 50,013	\$ 462,556	\$ 1,701,514
Investments	—	—	—	—	—	2,240	455,148
Securities lending collateral	4,489	16,321	18,708	34,881	48,442	146,151	1,026,287
Receivables, net:							
Taxes receivable.....	—	—	—	—	—	663	2,123
Accounts receivable.....	347	—	10,984	—	—	14,332	29,719
Intergovernmental receivable.....	2,320	—	—	—	—	1,595	6,182
Interest receivable.....	36	88	116	205	225	3,086	8,597
Due from other funds	—	—	—	25	3,501	4,582	14,516
Due from component units	—	—	—	—	—	909	13,104
Inventories.....	1,655	—	—	—	—	3,097	40,369
Advances to component units	—	—	—	—	—	—	21,742
Notes receivable, net.....	—	—	—	—	—	6,726	317,579
Securities held in trust.....	—	—	—	—	—	42,379	42,379
Restricted/designated							
cash and cash equivalents.....	—	—	—	—	—	—	29,396
Restricted investments.....	—	—	—	—	—	—	430,916
Total Assets.....	<u>\$ 22,273</u>	<u>\$ 42,644</u>	<u>\$ 60,308</u>	<u>\$ 91,932</u>	<u>\$ 102,181</u>	<u>\$ 688,316</u>	<u>\$ 4,139,571</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities:							
Accounts payable.....	\$ 1,218	\$ 29	\$ 999	\$ 25	\$ —	\$ 10,690	\$ 88,730
Accrued payroll.....	55	—	—	—	—	167	676
Intergovernmental payable.....	—	—	5,875	1,696	—	1,120	13,838
Claims payable.....	—	—	—	—	—	—	26,218
Obligations under securities lending.....	4,489	16,321	18,708	34,881	48,442	146,151	1,026,287
Due to fiduciary funds	—	—	—	—	—	47	47
Due to other funds	212	—	1,268	—	—	3,028	15,946
Due to component units	—	—	—	—	—	32,693	218,772
Deferred revenue.....	—	—	—	—	—	6,993	21,775
Deposits payable.....	—	—	—	—	—	85	85
Funds held for others.....	—	—	—	—	—	42,482	42,482
Total Liabilities.....	<u>5,974</u>	<u>16,350</u>	<u>26,850</u>	<u>36,602</u>	<u>48,442</u>	<u>243,456</u>	<u>1,454,856</u>
Fund Balances:							
Reserved for:							
Inventories.....	1,655	—	—	—	—	3,097	40,369
Notes receivable.....	—	—	—	—	—	6,726	317,579
Loan and grant commitments.....	—	15,927	—	49,786	—	2,275	358,016
Advance to component unit.....	—	—	—	—	—	—	21,742
Unreserved:							
Undesignated.....	14,644	10,367	33,458	5,544	53,739	432,762	1,947,009
Total Fund Balances.....	<u>16,299</u>	<u>26,294</u>	<u>33,458</u>	<u>55,330</u>	<u>53,739</u>	<u>444,860</u>	<u>2,684,715</u>
Total Liabilities and Fund Balances.....	<u>\$ 22,273</u>	<u>\$ 42,644</u>	<u>\$ 60,308</u>	<u>\$ 91,932</u>	<u>\$ 102,181</u>	<u>\$ 688,316</u>	<u>\$ 4,139,571</u>

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**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	Escheat Fund	Health and Wellness Trust Fund	Tobacco Trust Fund	Clean Water Funds	Public School Bond Fund	Higher Education and Public Improvement Bond Funds	Public School Building Capital Fund	Clean Water Management Trust Fund
Revenues:								
Taxes:								
Individual income tax.....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Corporate income tax.....	—	—	—	—	—	—	87,202	—
Sales and use tax.....	—	—	—	—	—	—	—	—
Gasoline tax.....	—	—	—	—	—	—	—	—
Insurance tax.....	—	—	—	—	—	—	—	—
Beverage tax.....	—	—	—	—	—	—	—	—
Other taxes.....	—	—	—	—	—	—	—	—
Federal funds.....	—	—	—	—	—	—	—	—
Local funds.....	—	—	—	—	—	—	—	—
Investment earnings.....	42,577	5,053	854	2,669	93	17,125	23,794	17,951
Interest earnings on loans.....	—	—	—	4,096	—	—	—	—
Sales and services.....	—	—	—	143	—	—	—	—
Rental and lease of property.....	—	—	—	—	—	—	—	—
Fees, licenses, and fines.....	—	—	—	—	—	—	—	—
Contributions, gifts, and grants.....	—	—	—	—	—	—	—	—
Funds escheated.....	74,743	—	—	—	—	—	—	—
Miscellaneous.....	—	—	7	—	—	—	—	—
Total revenues.....	117,320	5,053	861	6,908	93	17,125	110,996	17,951
Expenditures:								
Current:								
General government.....	16,578	—	—	—	2	228	—	—
Primary and secondary education.....	—	—	—	—	788	—	196,303	—
Higher education.....	107,984	—	—	—	—	67,280	—	—
Health and human services.....	—	23,337	—	—	—	—	—	—
Economic development.....	—	—	—	29,630	—	—	—	—
Environment and natural resources.....	—	—	—	15,549	—	—	—	88,082
Public safety, corrections, and regulation...	—	—	—	—	—	—	—	—
Agriculture.....	—	—	18,193	—	—	—	—	—
Debt service:								
Principal retirement.....	—	—	—	—	—	—	—	—
Interest and fees.....	—	—	—	—	—	—	—	—
Debt issuance costs.....	—	—	—	—	—	—	—	—
Total expenditures.....	124,562	23,337	18,193	45,179	790	67,508	196,303	88,082
Excess revenues over (under) expenditures..	(7,242)	(18,284)	(17,332)	(38,271)	(697)	(50,383)	(85,307)	(70,131)
Other Financing Sources (Uses):								
Special indebtedness issued.....	—	—	—	—	—	—	—	—
Premium on debt issued.....	—	—	—	—	—	—	—	—
Sale of capital assets.....	—	—	—	—	—	—	—	—
Insurance recoveries.....	—	—	—	—	—	—	—	—
Transfers in.....	—	39,988	39,988	37,025	—	—	140,106	100,474
Transfers out.....	(20,210)	(9,974)	(6,354)	(11,063)	—	(82,033)	(51,949)	(1,657)
Total other financing sources (uses).....	(20,210)	30,014	33,634	25,962	—	(82,033)	88,157	98,817
Net change in fund balances.....	(27,452)	11,730	16,302	(12,309)	(697)	(132,416)	2,850	28,686
Fund balances — July 1, as restated.....	686,260	65,453	6,344	164,506	3,026	282,911	241,206	202,876
Increase (decrease) in reserve for related assets.....	—	—	—	—	—	—	—	—
Fund balances — June 30.....	\$ 658,808	\$ 77,183	\$ 22,646	\$ 152,197	\$ 2,329	\$ 150,495	\$ 244,056	\$ 231,562

Exhibit C-4

N.C. Infrastructure Finance Corporation	Natural Gas Funds	Correction Enterprises Fund	Educational Materials and School Buses Fund	Employment Security Commission Funds	Highway Patrol Fund	Employment and Training Administration Fund	Leaking Petroleum Underground Storage Tank Cleanup Fund	Ecosystem Enhancement Funds
\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
---	---	---	---	---	---	---	---	---
---	---	---	---	---	---	---	18,175	---
---	---	---	---	---	---	---	---	---
---	---	---	---	189,377	143	75,731	---	---
---	---	---	---	10,148	---	---	---	---
7,406	3	---	---	---	295	---	3,361	4,263
---	---	---	---	---	---	---	1	---
---	---	91,266	2,572	---	1,767	1	---	---
---	---	95	1,818	---	---	---	---	---
---	---	---	---	5,285	1,053	265	7,870	38,272
---	---	---	---	1,484	1,237	---	---	---
---	---	---	---	---	---	---	---	---
---	---	173	19	1,711	967	34	---	---
<u>7,406</u>	<u>3</u>	<u>91,534</u>	<u>4,409</u>	<u>208,005</u>	<u>5,462</u>	<u>76,031</u>	<u>29,407</u>	<u>42,535</u>
35	---	---	---	---	---	---	---	---
---	---	---	126,292	---	---	---	---	---
139,950	---	---	---	---	---	---	---	---
---	4	---	---	218,000	---	75,975	---	---
---	---	---	---	---	---	---	18,844	52,410
---	---	89,567	---	---	228,192	---	---	---
---	---	---	---	---	---	---	---	---
85	---	---	---	---	---	---	---	---
1,393	---	---	---	---	---	---	---	---
<u>141,463</u>	<u>4</u>	<u>89,567</u>	<u>126,292</u>	<u>218,000</u>	<u>228,192</u>	<u>75,975</u>	<u>18,844</u>	<u>52,410</u>
<u>(134,057)</u>	<u>(1)</u>	<u>1,967</u>	<u>(121,883)</u>	<u>(9,995)</u>	<u>(222,730)</u>	<u>56</u>	<u>10,563</u>	<u>(9,875)</u>
275,000	---	---	---	---	---	---	---	---
9,612	---	---	---	---	---	---	---	---
---	---	210	2,026	---	2,737	---	---	---
---	---	20	---	---	232	---	---	---
---	---	202	124,940	13,981	224,780	206	3,877	---
<u>(160,028)</u>	<u>(125)</u>	<u>(6,872)</u>	<u>(778)</u>	<u>(6,112)</u>	<u>(1,786)</u>	<u>(220)</u>	<u>(4,420)</u>	<u>(282)</u>
<u>124,584</u>	<u>(125)</u>	<u>(6,440)</u>	<u>126,188</u>	<u>7,869</u>	<u>225,963</u>	<u>(14)</u>	<u>(543)</u>	<u>(282)</u>
(9,473)	(126)	(4,473)	4,305	(2,126)	3,233	42	10,020	(10,157)
121,104	200,126	37,724	47,607	11,662	20,044	13	31,413	51,946
---	---	693	(86)	(46)	2,014	---	---	---
<u>\$ 111,631</u>	<u>\$ 200,000</u>	<u>\$ 33,944</u>	<u>\$ 51,826</u>	<u>\$ 9,490</u>	<u>\$ 25,291</u>	<u>\$ 55</u>	<u>\$ 41,433</u>	<u>\$ 41,789</u>

Continued

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

For the Fiscal Year Ended June 30, 2008

Exhibit C-4

(Dollars in Thousands)

	Wildlife Resources Commission Fund	Natural Heritage Trust Fund	911 Fund	Parks and Recreation Trust Fund	Education Lottery Funds	Departmental Funds	Total Nonmajor Special Revenue Funds
Revenues:							
Taxes:							
Individual income tax.....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,794	\$ 3,794
Corporate income tax.....	—	—	—	—	—	—	87,202
Sales and use tax.....	23,711	—	—	—	—	7,702	31,413
Gasoline tax.....	2,000	—	—	—	—	8,262	28,437
Insurance tax.....	—	—	—	—	—	13,237	13,237
Beverage tax.....	—	—	—	—	—	800	800
Other taxes.....	—	15,196	74,329	45,587	—	18,558	153,670
Federal funds.....	13,953	—	—	—	—	63,144	342,348
Local funds.....	212	—	—	—	—	3,988	14,348
Investment earnings.....	700	1,973	2,035	4,058	4,230	18,353	156,793
Interest earnings on loans.....	—	—	—	—	—	—	934
Sales and services.....	6,232	—	676	—	—	77,418	180,075
Rental and lease of property.....	80	—	—	—	—	2,028	4,021
Fees, licenses, and fines.....	21,975	4,353	—	1,446	—	140,722	221,241
Contributions, gifts, and grants.....	1,198	—	—	—	—	17,894	21,813
Funds escheated.....	—	—	—	—	—	—	74,743
Miscellaneous.....	83	—	—	—	—	10,055	13,049
Total revenues.....	<u>70,144</u>	<u>21,522</u>	<u>77,040</u>	<u>51,091</u>	<u>4,230</u>	<u>386,889</u>	<u>1,352,015</u>
Expenditures:							
Current:							
General government.....	—	—	—	—	—	66,487	83,330
Primary and secondary education.....	—	—	—	—	36,556	55,669	415,608
Higher education.....	—	—	—	—	—	11,753	326,967
Health and human services.....	—	—	—	—	—	72,392	95,729
Economic development.....	—	—	—	—	—	23,307	346,916
Environment and natural resources.....	65,619	29,108	—	66,870	—	66,544	403,026
Public safety, corrections, and regulation.....	—	—	53,921	—	—	90,403	462,083
Agriculture.....	—	—	—	—	—	6,006	24,199
Debt service:							
Principal retirement.....	690	—	—	—	—	969	1,659
Interest and fees.....	743	—	—	—	—	454	1,282
Debt issuance costs.....	—	—	—	—	—	—	1,393
Total expenditures.....	<u>67,052</u>	<u>29,108</u>	<u>53,921</u>	<u>66,870</u>	<u>36,556</u>	<u>393,984</u>	<u>2,162,192</u>
Excess revenues over (under) expenditures.....	<u>3,092</u>	<u>(7,586)</u>	<u>23,119</u>	<u>(15,779)</u>	<u>(32,326)</u>	<u>(7,095)</u>	<u>(810,177)</u>
Other Financing Sources (Uses):							
Special indebtedness issued.....	—	—	—	—	—	—	275,000
Premium on debt issued.....	—	—	—	—	—	—	9,612
Sale of capital assets.....	167	—	—	—	—	191	5,331
Insurance recoveries.....	—	—	—	—	—	—	252
Transfers in.....	3,220	9,487	—	19,189	348,310	290,547	1,396,320
Transfers out.....	(3,265)	(802)	(7,153)	(8,487)	(315,000)	(249,095)	(947,665)
Total other financing sources (uses).....	<u>122</u>	<u>8,685</u>	<u>(7,153)</u>	<u>10,702</u>	<u>33,310</u>	<u>41,643</u>	<u>738,850</u>
Net change in fund balances.....	<u>3,214</u>	<u>1,099</u>	<u>15,966</u>	<u>(5,077)</u>	<u>984</u>	<u>34,548</u>	<u>(71,327)</u>
Fund balances — July 1, as restated.....	13,011	25,195	17,492	60,407	52,755	410,336	2,753,417
Increase (decrease) in reserve for related assets.....	74	—	—	—	—	(24)	2,625
Fund balances — June 30.....	<u>\$ 16,299</u>	<u>\$ 26,294</u>	<u>\$ 33,458</u>	<u>\$ 55,330</u>	<u>\$ 53,739</u>	<u>\$ 444,860</u>	<u>\$ 2,684,715</u>

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COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES — BUDGET AND ACTUAL (BUDGETARY BASIS — NON-GAAP) NONMAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	Escheat Fund			Health and Wellness Trust Fund			Tobacco Trust Fund		
	Final		Variance	Final		Variance	Final		Variance
	Budget	Actual	with Final Budget	Budget	Actual	with Final Budget	Budget	Actual	with Final Budget
Revenues:									
Departmental:									
Federal funds.....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Local funds.....	—	—	—	—	—	—	—	—	—
Inter-agency grants and allocations.....	—	—	—	—	—	—	—	—	—
Intra-governmental transactions.....	—	—	—	51,712	55,994	4,282	39,989	39,988	(1)
Sales and services.....	—	—	—	—	—	—	—	—	—
Sale, rental, and lease of property.....	—	—	—	—	—	—	—	—	—
Fees, licenses, and fines.....	—	—	—	—	—	—	—	—	—
Contributions, gifts, and grants.....	—	—	—	—	—	—	—	—	—
Miscellaneous	202,107	143,078	(59,029)	2,227	3,176	949	461	469	8
Total revenues.....	<u>202,107</u>	<u>143,078</u>	<u>(59,029)</u>	<u>53,939</u>	<u>59,170</u>	<u>5,231</u>	<u>40,450</u>	<u>40,457</u>	<u>7</u>
Expenditures:									
Current:									
General government.....	104,634	104,570	64	51,110	48,386	2,724	—	—	—
Public safety and corrections.....	—	—	—	—	—	—	—	—	—
Economic development.....	—	—	—	—	—	—	—	—	—
Primary and secondary education.....	—	—	—	—	—	—	—	—	—
Higher education.....	—	—	—	—	—	—	—	—	—
Health and human services.....	—	—	—	—	—	—	—	—	—
Environmental and natural resources..	—	—	—	—	—	—	—	—	—
Agriculture.....	—	—	—	—	—	—	40,450	24,234	16,216
Debt service:									
Principal retirement.....	—	—	—	—	—	—	—	—	—
Interest and fees.....	—	—	—	—	—	—	—	—	—
Debt issuance cost.....	—	—	—	—	—	—	—	—	—
Total expenditures.....	<u>104,634</u>	<u>104,570</u>	<u>64</u>	<u>51,110</u>	<u>48,386</u>	<u>2,724</u>	<u>40,450</u>	<u>24,234</u>	<u>16,216</u>
Excess revenues over (under) expenditures	<u>\$ 97,473</u>	<u>\$ 38,508</u>	<u>\$ (58,965)</u>	<u>\$ 2,829</u>	<u>\$ 10,784</u>	<u>\$ 7,955</u>	<u>\$ —</u>	<u>\$ 16,223</u>	<u>\$ 16,223</u>
Fund balances (budgetary basis)									
at July 1, 2007.....	—	—	—	—	—	—	—	—	—
Restatements.....		<u>667,868</u>			<u>66,226</u>			<u>6,315</u>	
Fund balances (budgetary basis) at June 30, 2008.....		<u>\$ 706,376</u>			<u>\$ 77,010</u>			<u>\$ 22,538</u>	

Clean Water Funds			Public School Bond Fund			Higher Education and Public Improvement Bond Funds			Public School Building Capital Fund		
Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget
\$ 120	\$ —	\$ (120)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
29,027	19,839	(9,188)	—	—	—	—	—	—	227,309	227,309	—
31	143	112	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
23,182	16,236	(6,946)	305	102	(203)	45,420	19,266	(26,154)	14,970	14,970	—
<u>52,360</u>	<u>36,218</u>	<u>(16,142)</u>	<u>305</u>	<u>102</u>	<u>(203)</u>	<u>45,420</u>	<u>19,266</u>	<u>(26,154)</u>	<u>242,279</u>	<u>242,279</u>	<u>—</u>
9,831	9,491	340	7	2	5	295,970	290,179	5,791	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
13,948	1,534	12,414	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	287,145	239,501	47,644
—	—	—	—	—	—	71,241	52,813	18,428	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
46,446	36,817	9,629	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
<u>70,225</u>	<u>47,842</u>	<u>22,383</u>	<u>7</u>	<u>2</u>	<u>5</u>	<u>367,211</u>	<u>342,992</u>	<u>24,219</u>	<u>287,145</u>	<u>239,501</u>	<u>47,644</u>
<u>\$ (17,865)</u>	<u>\$ (11,624)</u>	<u>\$ 6,241</u>	<u>\$ 298</u>	<u>\$ 100</u>	<u>\$ (198)</u>	<u>\$ (321,791)</u>	<u>\$ (323,726)</u>	<u>\$ (1,935)</u>	<u>\$ (44,866)</u>	<u>\$ 2,778</u>	<u>\$ 47,644</u>
	7,428			—			—			—	
	<u>43,437</u>			<u>2,184</u>			<u>621,920</u>			<u>240,114</u>	
	<u>\$ 39,241</u>			<u>\$ 2,284</u>			<u>\$ 298,194</u>			<u>\$ 242,892</u>	

Continued

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES — BUDGET AND ACTUAL (BUDGETARY BASIS — NON-GAAP)
NONMAJOR SPECIAL REVENUE FUNDS**

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	Clean Water			N.C. Infrastructure			Natural Gas Funds		
	Management Trust Fund			Finance Corporation			Natural Gas Funds		
	Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget
Revenues:									
Departmental:									
Federal funds.....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Local funds.....	—	—	—	—	—	—	—	—	—
Inter-agency grants and allocations.....	—	—	—	—	—	—	—	—	—
Intra-governmental transactions.....	102,475	102,160	(315)	294,968	295,011	43	—	—	—
Sales and services.....	—	—	—	—	—	—	—	—	—
Sale, rental, and lease of property.....	—	—	—	—	—	—	—	—	—
Fees, licenses, and fines.....	—	—	—	—	—	—	—	—	—
Contributions, gifts, and grants.....	—	—	—	—	—	—	—	—	—
Miscellaneous	9,600	11,313	1,713	329,124	291,819	(37,305)	21	3	(18)
Total revenues.....	<u>112,075</u>	<u>113,473</u>	<u>1,398</u>	<u>624,092</u>	<u>586,830</u>	<u>(37,262)</u>	<u>21</u>	<u>3</u>	<u>(18)</u>
Expenditures:									
Current:									
General government.....	—	—	—	733,881	598,322	135,559	488	125	363
Public safety and corrections.....	—	—	—	—	—	—	—	—	—
Economic development.....	—	—	—	—	—	—	3	3	—
Primary and secondary education.....	—	—	—	—	—	—	—	—	—
Higher education.....	—	—	—	—	—	—	—	—	—
Health and human services.....	—	—	—	—	—	—	—	—	—
Environmental and natural resources..	112,075	83,993	28,082	—	—	—	—	—	—
Agriculture.....	—	—	—	—	—	—	—	—	—
Debt service:.....	—	—	—	—	—	—	—	—	—
Principal retirement.....	—	—	—	—	—	—	—	—	—
Interest and fees.....	—	—	—	146	85	61	—	—	—
Debt issuance cost.....	—	—	—	2,179	1,394	785	—	—	—
Total expenditures.....	<u>112,075</u>	<u>83,993</u>	<u>28,082</u>	<u>736,206</u>	<u>599,801</u>	<u>136,405</u>	<u>491</u>	<u>128</u>	<u>363</u>
Excess revenues over (under) expenditures	<u>\$ —</u>	<u>\$ 29,480</u>	<u>\$ 29,480</u>	<u>\$(112,114)</u>	<u>\$ (12,971)</u>	<u>\$ 99,143</u>	<u>\$ (470)</u>	<u>\$ (125)</u>	<u>\$ 345</u>
Fund balances (budgetary basis)									
at July 1, 2007.....	—	—	—	—	—	—	—	—	—
Restatements.....	—	<u>205,043</u>	—	—	<u>142,443</u>	—	—	<u>125</u>	—
Fund balances (budgetary basis)									
at June 30, 2008.....	—	<u>\$ 234,523</u>	—	—	<u>\$ 129,472</u>	—	—	<u>\$ —</u>	—

Exhibit C-5

Correction Enterprises Fund			Educational Materials and School Buses Fund			Employment Security Commission Funds			Highway Patrol Fund		
Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 190,098	\$ 189,791	\$ (307)	\$ 513	\$ 71	\$ (442)
—	—	—	—	—	—	10,695	10,228	(467)	—	—	—
—	—	—	—	—	—	1,588	1,457	(131)	1,493	1,252	(241)
—	203	203	128,899	125,176	(3,723)	42,987	41,730	(1,257)	238,382	225,987	(12,395)
90,677	90,796	119	2,121	2,107	(14)	—	—	—	1,730	1,677	(53)
77	154	77	3,100	3,843	743	—	—	—	3,004	2,529	(475)
—	—	—	—	—	—	5,342	5,286	(56)	2	1,051	1,049
—	—	—	—	—	—	—	—	—	32	—	(32)
592	193	(399)	—	19	19	1,715	1,710	(5)	490	678	188
<u>91,346</u>	<u>91,346</u>	<u>—</u>	<u>134,120</u>	<u>131,145</u>	<u>(2,975)</u>	<u>252,425</u>	<u>250,202</u>	<u>(2,223)</u>	<u>245,646</u>	<u>233,245</u>	<u>(12,401)</u>
—	—	—	—	—	—	—	—	—	—	—	—
97,524	96,495	1,029	—	—	—	—	—	—	254,012	231,309	22,703
—	—	—	—	—	—	252,425	247,479	4,946	—	—	—
—	—	—	165,640	93,792	71,848	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
<u>97,524</u>	<u>96,495</u>	<u>1,029</u>	<u>165,640</u>	<u>93,792</u>	<u>71,848</u>	<u>252,425</u>	<u>247,479</u>	<u>4,946</u>	<u>254,012</u>	<u>231,309</u>	<u>22,703</u>
<u>\$ (6,178)</u>	<u>\$ (5,149)</u>	<u>\$ 1,029</u>	<u>\$ (31,520)</u>	<u>\$ 37,353</u>	<u>\$ 68,873</u>	<u>\$ —</u>	<u>\$ 2,723</u>	<u>\$ 2,723</u>	<u>\$ (8,366)</u>	<u>\$ 1,936</u>	<u>\$ 10,302</u>
—	—	—	—	—	—	—	1,683	—	—	7,806	—
—	17,218	—	—	62,495	—	—	12,218	—	—	3,532	—
—	<u>\$ 12,069</u>	—	—	<u>\$ 99,848</u>	—	—	<u>\$ 16,624</u>	—	—	<u>\$ 13,274</u>	—

Continued

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES — BUDGET AND ACTUAL (BUDGETARY BASIS — NON-GAAP)
NONMAJOR SPECIAL REVENUE FUNDS**

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	Employment and Training Administration Fund			Leaking Petroleum Underground Storage Tank Cleanup Fund			Ecosystem Enhancement Funds		
	Final		Variance	Final		Variance	Final		Variance
	Budget	Actual	with Final Budget	Budget	Actual	with Final Budget	Budget	Actual	with Final Budget
Revenues:									
Departmental:									
Federal funds.....	\$ 120,049	\$ 75,731	\$ (44,318)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Local funds.....	—	—	—	—	—	—	—	—	—
Inter-agency grants and allocations.....	—	—	—	—	—	—	—	—	—
Intra-governmental transactions.....	130	211	81	13,453	23,499	10,046	4,995	11,551	6,556
Sales and services.....	—	1	1	—	—	—	—	—	—
Sale, rental, and lease of property.....	1	—	(1)	—	—	—	—	—	—
Fees, licenses, and fines.....	250	265	15	8,080	7,893	(187)	59,500	38,279	(21,221)
Contributions, gifts, and grants.....	—	—	—	—	—	—	—	—	—
Miscellaneous	4	34	30	360	2,098	1,738	1,345	2,756	1,411
Total revenues.....	<u>120,434</u>	<u>76,242</u>	<u>(44,192)</u>	<u>21,893</u>	<u>33,490</u>	<u>11,597</u>	<u>65,840</u>	<u>52,586</u>	<u>(13,254)</u>
Expenditures:									
Current:									
General government.....	—	—	—	—	—	—	—	—	—
Public safety and corrections.....	—	—	—	—	—	—	—	—	—
Economic development.....	120,446	76,193	44,253	—	—	—	—	—	—
Primary and secondary education.....	—	—	—	—	—	—	—	—	—
Higher education.....	—	—	—	—	—	—	—	—	—
Health and human services.....	—	—	—	—	—	—	—	—	—
Environmental and natural resources..	—	—	—	21,893	21,893	—	69,309	63,300	6,009
Agriculture.....	—	—	—	—	—	—	—	—	—
Debt service:.....	—	—	—	—	—	—	—	—	—
Principal retirement.....	—	—	—	—	—	—	—	—	—
Interest and fees.....	—	—	—	—	—	—	—	—	—
Debt issuance cost.....	—	—	—	—	—	—	—	—	—
Total expenditures.....	<u>120,446</u>	<u>76,193</u>	<u>44,253</u>	<u>21,893</u>	<u>21,893</u>	<u>—</u>	<u>69,309</u>	<u>63,300</u>	<u>6,009</u>
Excess revenues over (under) expenditures	<u>\$ (12)</u>	<u>\$ 49</u>	<u>\$ 61</u>	<u>\$ —</u>	<u>\$ 11,597</u>	<u>\$ 11,597</u>	<u>\$ (3,469)</u>	<u>\$ (10,714)</u>	<u>\$ (7,245)</u>
Fund balances (budgetary basis)									
at July 1, 2007.....	—	—	—	—	—	—	—	—	—
Restatements.....	—	—	—	—	36,060	—	—	55,722	—
Fund balances (budgetary basis) at June 30, 2008.....	<u>\$ 49</u>	<u>\$ 49</u>	<u>\$ 61</u>	<u>\$ —</u>	<u>\$ 47,657</u>	<u>\$ 11,597</u>	<u>\$ 45,008</u>	<u>\$ 45,008</u>	<u>\$ 45,008</u>

Wildlife Resources Commission Fund			Natural Heritage Trust Fund			911 Fund			Parks and Recreation Trust Fund		
Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget
\$ 14,859	\$ 15,237	\$ 378	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
222	212	(10)	—	—	—	—	—	—	—	—	—
725	321	(404)	—	—	—	—	—	—	—	—	—
85,020	84,540	(480)	20,813	21,693	880	—	—	—	63,635	56,674	(6,961)
6,021	6,145	124	—	—	—	495	632	137	—	—	—
238	199	(39)	—	—	—	—	—	—	—	—	—
21,742	21,868	126	3,187	3,187	—	78,737	69,768	(8,969)	1,380	1,446	66
527	518	(9)	—	—	—	—	—	—	—	—	—
506	509	3	1,000	1,255	255	1,014	1,251	237	—	2,360	2,360
<u>129,860</u>	<u>129,549</u>	<u>(311)</u>	<u>25,000</u>	<u>26,135</u>	<u>1,135</u>	<u>80,246</u>	<u>71,651</u>	<u>(8,595)</u>	<u>65,015</u>	<u>60,480</u>	<u>(4,535)</u>
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	78,452	59,831	18,621	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
127,473	123,818	3,655	25,000	25,000	—	—	—	—	65,015	64,738	277
—	—	—	—	—	—	—	—	—	—	—	—
690	690	—	—	—	—	—	—	—	—	—	—
743	743	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
<u>128,906</u>	<u>125,251</u>	<u>3,655</u>	<u>25,000</u>	<u>25,000</u>	<u>—</u>	<u>78,452</u>	<u>59,831</u>	<u>18,621</u>	<u>65,015</u>	<u>64,738</u>	<u>277</u>
<u>\$ 954</u>	<u>\$ 4,298</u>	<u>\$ 3,344</u>	<u>\$ —</u>	<u>\$ 1,135</u>	<u>\$ 1,135</u>	<u>\$ 1,794</u>	<u>\$ 11,820</u>	<u>\$ 10,026</u>	<u>\$ —</u>	<u>\$ (4,258)</u>	<u>\$ (4,258)</u>
	9,128			—						—	
	<u>—</u>			<u>25,099</u>			<u>18,680</u>			<u>61,079</u>	
	<u>\$ 13,426</u>			<u>\$ 26,234</u>			<u>\$ 30,500</u>			<u>\$ 56,821</u>	

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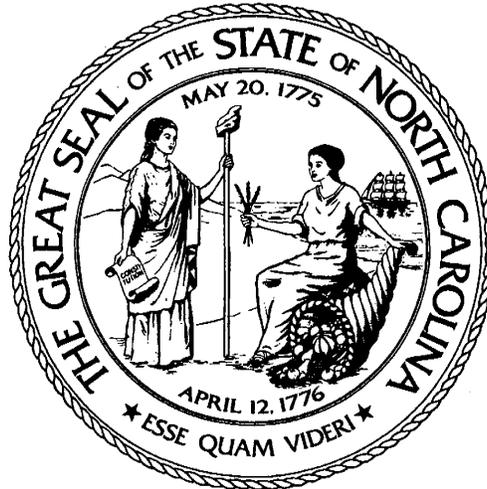
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES — BUDGET AND ACTUAL (BUDGETARY BASIS — NON-GAAP)
NONMAJOR SPECIAL REVENUE FUNDS**

For the Fiscal Year Ended June 30, 2008

Exhibit C-5

(Dollars in Thousands)

	Education Lottery Funds			Departmental Funds			Total Nonmajor Special Revenue Funds		
	Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget
Revenues:									
Departmental:									
Federal funds.....	\$ —	\$ —	\$ —	\$ 78,666	\$ 63,351	\$ (15,315)	\$ 404,305	\$ 344,181	\$ (60,124)
Local funds.....	—	—	—	12,333	4,288	(8,045)	23,250	14,728	(8,522)
Inter-agency grants and allocations.....	—	—	—	18,337	13,050	(5,287)	22,143	16,080	(6,063)
Intra-governmental transactions.....	349,935	349,946	11	338,373	350,409	12,036	2,032,102	2,031,920	(182)
Sales and services.....	—	—	—	45,580	76,876	31,296	146,655	178,377	31,722
Sale, rental, and lease of property.....	—	—	—	34,878	2,037	(32,841)	41,298	8,762	(32,536)
Fees, licenses, and fines.....	—	—	—	123,393	130,763	7,370	301,613	279,806	(21,807)
Contributions, gifts, and grants.....	—	—	—	5,894	5,180	(714)	6,453	5,698	(755)
Miscellaneous	2,659	2,661	2	49,090	50,991	1,901	686,192	566,947	(119,245)
Total revenues.....	<u>352,594</u>	<u>352,607</u>	<u>13</u>	<u>706,544</u>	<u>696,945</u>	<u>(9,599)</u>	<u>3,664,011</u>	<u>3,446,499</u>	<u>(217,512)</u>
Expenditures:									
Current:									
General government.....	—	—	—	291,234	265,917	25,317	1,487,155	1,316,992	170,163
Public safety and corrections.....	—	—	—	162,383	141,861	20,522	592,371	529,496	62,875
Economic development.....	—	—	—	75,164	29,947	45,217	461,986	355,156	106,830
Primary and secondary education.....	354,579	354,579	—	54,585	53,348	1,237	861,949	741,220	120,729
Higher education.....	—	—	—	877	557	320	72,118	53,370	18,748
Health and human services.....	—	—	—	98,983	81,312	17,671	98,983	81,312	17,671
Environmental and natural resources..	—	—	—	93,381	79,926	13,455	560,592	499,485	61,107
Agriculture.....	—	—	—	16,001	6,756	9,245	56,451	30,990	25,461
Debt service:.....	—	—	—	—	—	—	—	—	—
Principal retirement.....	—	—	—	1,224	969	255	1,914	1,659	255
Interest and fees.....	—	—	—	1,029	454	575	1,918	1,282	636
Debt issuance cost.....	—	—	—	—	—	—	2,179	1,394	785
Total expenditures.....	<u>354,579</u>	<u>354,579</u>	<u>—</u>	<u>794,861</u>	<u>661,047</u>	<u>133,814</u>	<u>4,197,616</u>	<u>3,612,356</u>	<u>585,260</u>
Excess revenues over (under) expenditures	<u>\$ (1,985)</u>	<u>\$ (1,972)</u>	<u>\$ 13</u>	<u>\$ (88,317)</u>	<u>\$ 35,898</u>	<u>\$ 124,215</u>	<u>\$ (533,605)</u>	<u>\$ (165,857)</u>	<u>\$ 367,748</u>
Fund balances (budgetary basis)									
at July 1, 2007.....		51,984			179,634			257,663	
Restatements.....		—			200,618			2,488,396	
Fund balances (budgetary basis) at June 30, 2008.....		<u>\$ 50,012</u>			<u>\$ 416,150</u>			<u>\$ 2,580,202</u>	



NONMAJOR CAPITAL PROJECTS FUNDS

The Capital Projects funds are maintained to account for those financial resources received and used for the acquisition, construction or improvement of major governmental general fixed assets which are financed principally by transfers from the General Fund or lease purchase revenue bonds and certificates of participation.

The following activities are included in the nonmajor capital projects funds:

Capital Projects Fund
N.C. Infrastructure Finance Corporation
State Energy Contracts

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

June 30, 2008

Exhibit C-6

(Dollars in Thousands)

	Capital Projects Fund	N.C. Infrastructure Finance Corporation	State Energy Contracts	Total Nonmajor Capital Projects Funds
Assets				
Securities lending collateral.....	\$ 75	\$ —	\$ 4	\$ 79
Receivables, net:				
Accounts receivable.....	4	—	—	4
Intergovernmental receivable.....	244	—	—	244
Interest receivable.....	2	—	—	2
Due from other funds	—	7,278	—	7,278
Restricted/designated cash and cash equivalents...	422,055	605	7	422,667
Restricted investments.....	—	3,830	2,407	6,237
Total Assets.....	<u>\$ 422,380</u>	<u>\$ 11,713</u>	<u>\$ 2,418</u>	<u>\$ 436,511</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities:				
Accounts payable.....	\$ 12,929	\$ 7,281	\$ 1,070	\$ 21,280
Intergovernmental payable.....	1,032	—	—	1,032
Obligations under securities lending.....	75	—	4	79
Due to other funds	234	—	—	234
Deposits payable.....	1	—	—	1
Total Liabilities.....	<u>14,271</u>	<u>7,281</u>	<u>1,074</u>	<u>22,626</u>
Fund Balances:				
Reserved for:				
Capital projects commitments.....	75,929	51,300	—	127,229
Specific projects.....	619	416	1,085	2,120
Unreserved:				
Undesignated.....	331,561	(47,284)	259	284,536
Total Fund Balances.....	<u>408,109</u>	<u>4,432</u>	<u>1,344</u>	<u>413,885</u>
Total Liabilities and Fund Balances.....	<u>\$ 422,380</u>	<u>\$ 11,713</u>	<u>\$ 2,418</u>	<u>\$ 436,511</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS**

For the Fiscal Year Ended June 30, 2008

Exhibit C-7

(Dollars in Thousands)

	Capital Projects Fund	N.C. Infrastructure Finance Corporation	State Energy Contracts	Total Nonmajor Capital Projects Funds
Revenues:				
Federal funds.....	\$ 5,841	\$ —	\$ —	\$ 5,841
Investment earnings.....	83	187	158	428
Sales and services.....	2,407	—	—	2,407
Rental and lease of property.....	11	—	—	11
Contributions, gifts, and grants.....	63,344	24,728	—	88,072
Miscellaneous.....	278	—	—	278
Total revenues.....	<u>71,964</u>	<u>24,915</u>	<u>158</u>	<u>97,037</u>
Expenditures:				
Current:				
Environment & natural resources.....	31	—	—	31
Capital outlay.....	184,713	158,096	3,955	346,764
Debt service:				
Interest and fees.....	—	81	8	89
Total expenditures.....	<u>184,744</u>	<u>158,177</u>	<u>3,963</u>	<u>346,884</u>
Excess revenues over (under) expenditures.....	<u>(112,780)</u>	<u>(133,262)</u>	<u>(3,805)</u>	<u>(249,847)</u>
Other Financing Sources (Uses):				
Other debt issued.....	—	—	2,835	2,835
Sale of capital assets.....	25	—	—	25
Transfers in.....	195,298	131,347	—	326,645
Transfers out.....	(962)	(49)	—	(1,011)
Total other financing sources (uses).....	<u>194,361</u>	<u>131,298</u>	<u>2,835</u>	<u>328,494</u>
Net change in fund balances.....	81,581	(1,964)	(970)	78,647
Fund balances — July 1, as restated	326,528	6,396	2,314	335,238
Fund balances — June 30.....	<u>\$ 408,109</u>	<u>\$ 4,432</u>	<u>\$ 1,344</u>	<u>\$ 413,885</u>

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NONMAJOR PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs—that is, for the benefit of the government or its citizenry.

The following are included in nonmajor permanent funds:

Wildlife Endowment Fund
Departmental Funds

**COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS**

June 30, 2008

Exhibit C-8

(Dollars in Thousands)

	Wildlife Endowment Fund	Departmental Funds	Total Nonmajor Permanent Funds
Assets			
Receivables, net:			
Accounts receivable.....	\$ 5	\$ 2	\$ 7
Interest receivable.....	1	27	28
Securities lending collateral	34,219	4,625	38,844
Restricted/designated cash and cash equivalents...	332	7,261	7,593
Restricted investments.....	64,922	575	65,497
Total Assets.....	<u>\$ 99,479</u>	<u>\$ 12,490</u>	<u>\$ 111,969</u>
Liabilities and Fund Balances			
Liabilities:			
Obligations under securities lending.....	\$ 34,219	\$ 4,625	\$ 38,844
Total Liabilities.....	<u>34,219</u>	<u>4,625</u>	<u>38,844</u>
Fund Balances:			
Reserved for:			
Permanent investments.....	64,936	5,877	70,813
Unreserved:			
Undesignated.....	324	1,988	2,312
Total Fund Balances.....	<u>65,260</u>	<u>7,865</u>	<u>73,125</u>
Total Liabilities and Fund Balances.....	<u>\$ 99,479</u>	<u>\$ 12,490</u>	<u>\$ 111,969</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS**

For the Fiscal Year Ended June 30, 2008

Exhibit C-9

(Dollars in Thousands)

	Wildlife Endowment Fund	Departmental Funds	Total Nonmajor Permanent Funds
Revenues:			
Investment earnings.....	\$ 6,735	\$ 543	\$ 7,278
Sales and services.....	58	—	58
Fees, licenses, and fines.....	2,968	862	3,830
Contributions, gifts, and grants.....	7	101	108
Total revenues.....	<u>9,768</u>	<u>1,506</u>	<u>11,274</u>
Expenditures:			
Current:			
Higher education.....	—	26	26
Health and human services.....	—	8	8
Environment and natural resources.....	1,541	277	1,818
Total expenditures.....	<u>1,541</u>	<u>311</u>	<u>1,852</u>
Excess revenues over (under) expenditures.....	<u>8,227</u>	<u>1,195</u>	<u>9,422</u>
Other Financing Sources (Uses):			
Transfers in.....	—	960	960
Transfers out.....	(3,501)	—	(3,501)
Total other financing sources (uses).....	<u>(3,501)</u>	<u>960</u>	<u>(2,541)</u>
Net change in fund balances.....	4,726	2,155	6,881
Fund balances — July 1.....	60,534	5,710	66,244
Fund balances — June 30.....	<u>\$ 65,260</u>	<u>\$ 7,865</u>	<u>\$ 73,125</u>

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES — BUDGET AND ACTUAL (BUDGETARY BASIS — NON-GAAP)
NONMAJOR PERMANENT FUNDS**

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	Wildlife Endowment Fund			Departmental Funds		
	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
Revenues:						
Departmental:						
Inter-agency grants and allocations.....	\$ —	\$ —	\$ —	\$ —	\$ 92	\$ 92
Intra-governmental transactions.....	1,510	1,510	—	—	986	986
Sales and services.....	58	58	—	—	—	—
Fees, licenses, and fines.....	2,928	2,963	35	58	876	818
Contributions, gifts, and grants.....	7	7	—	—	9	9
Miscellaneous.....	3,873	3,841	(32)	149	330	181
Total revenues.....	<u>8,376</u>	<u>8,379</u>	<u>3</u>	<u>207</u>	<u>2,293</u>	<u>2,086</u>
Expenditures:						
Current:						
Higher education.....	—	—	—	26	26	—
Environmental and natural resources.....	5,120	5,112	8	181	132	49
Total expenditures.....	<u>5,120</u>	<u>5,112</u>	<u>8</u>	<u>207</u>	<u>158</u>	<u>49</u>
Excess revenues over (under) expenditures	<u>\$ 3,256</u>	<u>\$ 3,267</u>	<u>\$ 11</u>	<u>\$ —</u>	<u>\$ 2,135</u>	<u>\$ 2,135</u>
Fund balances (budgetary basis)						
at July 1, 2007.....		—			—	
Restatements.....		<u>60,534</u>			<u>5,676</u>	
Fund balances (budgetary basis)						
at June 30, 2008.....		<u>\$ 63,801</u>			<u>\$ 7,811</u>	

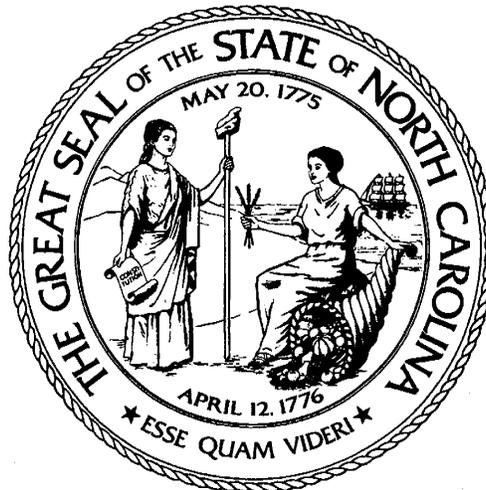
Total Nonmajor Permanent Funds		
<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
\$ —	\$ 92	\$ 92
1,510	2,496	986
58	58	—
2,986	3,839	853
7	16	9
4,022	4,171	149
<u>8,583</u>	<u>10,672</u>	<u>2,089</u>
26	26	—
5,301	5,244	57
<u>5,327</u>	<u>5,270</u>	<u>57</u>
<u>\$ 3,256</u>	<u>\$ 5,402</u>	<u>\$ 2,146</u>
	—	
	<u>66,210</u>	
	<u>\$ 71,612</u>	

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PROPRIETARY FUNDS

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NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to report activities for which a fee is charged to external users for goods or services.

The following activities are included in the nonmajor enterprise funds:

- Public School Insurance
- North Carolina State Fair
- USS North Carolina Battleship Commission
- Agricultural Farmers Market
- Workers' Compensation
- Utilities Commission
- State Banking Commission
- ABC Commission
- Departmental Funds

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS**

June 30, 2008

(Dollars in Thousands)

	Public School Insurance	North Carolina State Fair	USS North Carolina Battleship Commission	Agricultural Farmers Market	Workers' Compensation	Utilities Commission	State Banking Commission
Assets							
Current Assets:							
Cash and cash equivalents.....	\$ 10,417	\$ 4,230	\$ 1,924	\$ 1,561	\$ 8,385	\$ 11,565	\$ 7,668
Investments.....	38,390	—	—	—	15,441	—	—
Securities lending collateral.....	26,696	—	—	—	13,439	7,948	—
Receivables:							
Accounts receivable, net.....	1,000	211	30	—	46	3,193	44
Interest receivable.....	38	—	—	—	27	—	—
Premiums receivable.....	1,274	—	—	—	7	—	—
Inventories.....	—	121	212	11	—	41	—
Prepaid items.....	2,538	—	97	—	27	—	—
Total current assets.....	<u>80,353</u>	<u>4,562</u>	<u>2,263</u>	<u>1,572</u>	<u>37,372</u>	<u>22,747</u>	<u>7,712</u>
Noncurrent Assets:							
Investments.....	—	—	721	—	—	—	—
Restricted investments.....	—	—	3,791	—	—	—	—
Capital assets-nondepreciable.....	—	1,379	629	1,087	—	—	—
Capital assets-depreciable, net.....	—	7,977	1,826	5,884	—	133	95
Total noncurrent assets.....	<u>—</u>	<u>9,356</u>	<u>6,967</u>	<u>6,971</u>	<u>—</u>	<u>133</u>	<u>95</u>
Total Assets.....	<u>80,353</u>	<u>13,918</u>	<u>9,230</u>	<u>8,543</u>	<u>37,372</u>	<u>22,880</u>	<u>7,807</u>
Liabilities							
Current Liabilities:							
Accounts payable and accrued liabilities:							
Accounts payable.....	8	332	85	48	—	29	102
Accrued payroll.....	—	33	—	5	—	1	—
Claims payable.....	292	—	—	—	15,043	—	—
Obligations under securities lending..	26,696	—	—	—	13,439	7,948	—
Due to other funds.....	3	10	—	1	—	9	7
Unearned revenue.....	4,762	786	10	—	1,972	—	—
Deposits payable.....	—	2	—	—	—	—	—
Compensated absences.....	4	16	6	5	—	85	48
Total current liabilities.....	<u>31,765</u>	<u>1,179</u>	<u>101</u>	<u>59</u>	<u>30,454</u>	<u>8,072</u>	<u>157</u>
Noncurrent Liabilities:							
Compensated absences.....	80	291	84	83	—	1,363	770
Total noncurrent liabilities.....	<u>80</u>	<u>291</u>	<u>84</u>	<u>83</u>	<u>—</u>	<u>1,363</u>	<u>770</u>
Total Liabilities.....	<u>31,845</u>	<u>1,470</u>	<u>185</u>	<u>142</u>	<u>30,454</u>	<u>9,435</u>	<u>927</u>
Net Assets							
Invested in capital assets, net of related debt.....	—	9,356	2,455	6,971	—	133	95
Restricted for:							
Capital outlay.....	—	—	2,544	—	—	—	—
Unrestricted.....	48,508	3,092	4,046	1,430	6,918	13,312	6,785
Total Net Assets.....	<u>\$ 48,508</u>	<u>\$ 12,448</u>	<u>\$ 9,045</u>	<u>\$ 8,401</u>	<u>\$ 6,918</u>	<u>\$ 13,445</u>	<u>\$ 6,880</u>

Exhibit D-1

<u>ABC Commission</u>	<u>Departmental Funds</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 7,014	\$ 2,439	\$ 55,203
—	—	53,831
—	—	48,083
119	—	4,643
—	—	65
—	—	1,281
40	73	498
—	—	2,662
<u>7,173</u>	<u>2,512</u>	<u>166,266</u>
—	—	721
—	—	3,791
550	339	3,984
2,876	8,170	26,961
<u>3,426</u>	<u>8,509</u>	<u>35,457</u>
<u>10,599</u>	<u>11,021</u>	<u>201,723</u>
496	49	1,149
27	9	75
—	—	15,335
—	—	48,083
10	1	41
—	147	7,677
—	—	2
15	3	182
<u>548</u>	<u>209</u>	<u>72,544</u>
238	58	2,967
<u>238</u>	<u>58</u>	<u>2,967</u>
<u>786</u>	<u>267</u>	<u>75,511</u>
3,426	8,509	30,945
—	—	2,544
6,387	2,245	92,723
<u>\$ 9,813</u>	<u>\$ 10,754</u>	<u>\$ 126,212</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS**

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	Public School Insurance	North Carolina State Fair	USS North Carolina Battleship Commission	Agricultural Farmers Market	Workers' Compensation	Utilities Commission
Operating Revenues:						
Sales and services.....	\$ —	\$ 256	\$ 763	\$ 26	\$ —	\$ 15
Rental and lease earnings.....	—	5,950	—	615	—	—
Fees, licenses, and fines.....	—	8,823	1,968	784	—	14,014
Insurance premiums.....	14,053	—	—	—	2,938	—
Miscellaneous.....	—	—	193	—	—	4
Total operating revenues.....	<u>14,053</u>	<u>15,029</u>	<u>2,924</u>	<u>1,425</u>	<u>2,938</u>	<u>14,033</u>
Operating Expenses:						
Personal services.....	588	5,076	1,163	777	—	12,166
Supplies and materials.....	3	863	49	107	—	37
Services.....	63	4,891	668	314	667	540
Cost of goods sold.....	—	—	281	—	—	—
Depreciation/amortization.....	—	597	120	291	—	6
Claims.....	1,942	71	—	—	9,421	—
Insurance and bonding.....	2,371	158	19	43	933	1
Other.....	10	945	101	74	—	908
Total operating expenses.....	<u>4,977</u>	<u>12,601</u>	<u>2,401</u>	<u>1,606</u>	<u>11,021</u>	<u>13,658</u>
Operating income (loss).....	<u>9,076</u>	<u>2,428</u>	<u>523</u>	<u>(181)</u>	<u>(8,083)</u>	<u>375</u>
Nonoperating Revenues (Expenses):						
Noncapital grants.....	—	—	—	—	—	189
Noncapital gifts.....	—	281	—	—	—	—
Investment earnings (loss).....	4,377	—	509	—	2,101	945
Insurance recoveries.....	—	—	—	2	—	—
Miscellaneous.....	(967)	29	—	7	(574)	(349)
Total nonoperating revenues (expenses).....	<u>3,410</u>	<u>310</u>	<u>509</u>	<u>9</u>	<u>1,527</u>	<u>785</u>
Income (loss) before contributions and transfers.....	12,486	2,738	1,032	(172)	(6,556)	1,160
Capital contributions.....	—	58	29	15	—	—
Transfers in.....	—	—	—	—	4,500	—
Transfers out.....	—	(2,547)	—	(2)	—	(358)
Change in net assets.....	<u>12,486</u>	<u>249</u>	<u>1,061</u>	<u>(159)</u>	<u>(2,056)</u>	<u>802</u>
Net assets — July 1, as restated.....	<u>36,022</u>	<u>12,199</u>	<u>7,984</u>	<u>8,560</u>	<u>8,974</u>	<u>12,643</u>
Net assets — June 30.....	<u>\$ 48,508</u>	<u>\$ 12,448</u>	<u>\$ 9,045</u>	<u>\$ 8,401</u>	<u>\$ 6,918</u>	<u>\$ 13,445</u>

Exhibit D-2

<u>State Banking Commission</u>	<u>ABC Commission</u>	<u>Departmental Funds</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ —	\$ 3	\$ 145	\$ 1,208
—	—	797	7,362
13,746	9,159	1,207	49,701
—	—	—	16,991
206	16	—	419
<u>13,952</u>	<u>9,178</u>	<u>2,149</u>	<u>75,681</u>
7,857	2,388	899	30,914
38	53	182	1,332
2,381	5,720	607	15,851
—	—	93	374
4	117	91	1,226
—	—	—	11,434
1	15	44	3,585
1,997	213	216	4,464
<u>12,278</u>	<u>8,506</u>	<u>2,132</u>	<u>69,180</u>
<u>1,674</u>	<u>672</u>	<u>17</u>	<u>6,501</u>
—	—	—	189
—	—	57	338
—	—	—	7,932
—	—	—	2
—	—	2	(1,852)
—	—	59	6,609
1,674	672	76	13,110
—	—	6,487	6,589
—	—	—	4,500
(144)	(121)	—	(3,172)
1,530	551	6,563	21,027
5,350	9,262	4,191	105,185
<u>\$ 6,880</u>	<u>\$ 9,813</u>	<u>\$ 10,754</u>	<u>\$ 126,212</u>

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS

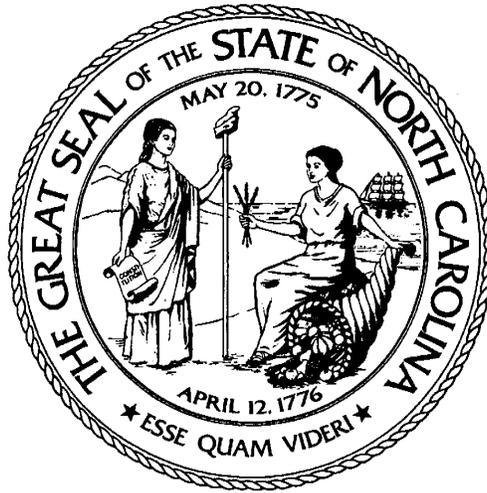
For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	Public School Insurance	North Carolina State Fair	USS North Carolina Battleship Commission	Agricultural Farmers Market	Workers' Compensation	Utilities Commission
Cash Flows from Operating Activities:						
Receipts from customers.....	\$ 13,814	\$ 14,207	\$ 2,898	\$ 1,424	\$ 3,556	\$ 13,999
Payments to suppliers.....	(2,709)	(6,575)	(1,152)	(511)	(1,603)	(908)
Payments to employees.....	(580)	(5,048)	(1,124)	(769)	—	(11,953)
Payments for prizes, benefits, and claims.....	(3,633)	(71)	—	—	(5,251)	—
Other receipts (payments).....	—	29	—	8	—	(576)
Net cash flows provided (used) by operating activities.....	<u>6,892</u>	<u>2,542</u>	<u>622</u>	<u>152</u>	<u>(3,298)</u>	<u>562</u>
Cash Provided From (Used For)						
Noncapital Financing Activities:						
Grant receipts (refunds).....	—	—	—	—	—	189
Transfers from other funds.....	—	—	—	—	4,500	—
Transfers to other funds.....	—	(2,547)	—	(2)	—	(358)
Gifts.....	—	281	29	—	—	—
Total cash provided from (used for) noncapital financing activities.....	<u>—</u>	<u>(2,266)</u>	<u>29</u>	<u>(2)</u>	<u>4,500</u>	<u>(169)</u>
Cash Provided From (Used For)						
Capital and Related Financing Activities:						
Acquisition and construction of capital assets.....	—	(173)	—	(26)	—	(8)
Proceeds from the sale of capital assets.....	—	—	155	—	—	—
Total cash provided from (used for) capital and related financing activities.....	<u>—</u>	<u>(173)</u>	<u>155</u>	<u>(26)</u>	<u>—</u>	<u>(8)</u>
Cash Provided From (Used For)						
Investment Activities:						
Investment earnings (loss).....	428	—	153	—	410	596
Total cash provided from (used for) investment activities.....	<u>428</u>	<u>—</u>	<u>153</u>	<u>—</u>	<u>410</u>	<u>596</u>
Net increase (decrease) in cash and cash equivalents.....	7,320	103	959	124	1,612	981
Cash and cash equivalents at July 1.....	3,097	4,127	965	1,437	6,773	10,584
Cash and cash equivalents at June 30.....	<u>\$ 10,417</u>	<u>\$ 4,230</u>	<u>\$ 1,924</u>	<u>\$ 1,561</u>	<u>\$ 8,385</u>	<u>\$ 11,565</u>
Reconciliation of Operating Income to Net Cash Provided From (Used For) Operating Activities:						
Operating income (loss).....	\$ 9,076	\$ 2,428	\$ 523	\$ (181)	\$ (8,083)	\$ 375
Adjustments to reconcile operating income to net cash flows from operating activities:						
Depreciation/amortization.....	—	597	120	291	—	6
Restatements and adjustments.....	2,746	—	—	—	(14)	—
Nonoperating miscellaneous income (expense).....	—	29	—	7	—	—
(Increases) decreases in assets:						
Receivables.....	(1,172)	(81)	(28)	—	(55)	(30)
Inventories.....	—	(10)	—	(3)	—	2
Prepaid items.....	(155)	—	(33)	—	10	—
Increases (decreases) in liabilities:						
Accounts payable and accrued liabilities.....	(3,545)	268	20	26	4,171	(5)
Due to other funds.....	1	(4)	—	—	—	—
Compensated absences.....	7	53	19	12	—	214
Unearned revenue.....	(66)	(740)	1	—	673	—
Deposits payable.....	—	2	—	—	—	—
Total cash provided from (used for) operations.....	<u>\$ 6,892</u>	<u>\$ 2,542</u>	<u>\$ 622</u>	<u>\$ 152</u>	<u>\$ (3,298)</u>	<u>\$ 562</u>
Noncash Investing, Capital, and Financing Activities:						
Noncash distributions from the State Treasurer						
Long-Term Investment Portfolio and/or other agents.....	\$ 2,225	\$ —	\$ —	\$ —	\$ 902	\$ —
Transferred assets.....	—	58	—	15	—	—
Assets acquired through the assumption of a liability.....	26,696	—	—	—	13,439	7,948
Change in fair value of investments.....	732	—	201	—	215	—

State Banking Commission	ABC Commission	Departmental Funds	Total Nonmajor Enterprise Funds
\$ 11,137	\$ 9,077	\$ 2,155	\$ 72,267
(2,652)	(5,554)	(1,160)	(22,824)
(7,725)	(2,307)	(895)	(30,401)
—	—	—	(8,955)
(1,589)	11	—	(2,117)
(829)	1,227	100	7,970
—	—	—	189
—	—	—	4,500
(144)	(121)	—	(3,172)
—	—	57	367
(144)	(121)	57	1,884
(8)	(22)	(69)	(306)
—	—	2	157
(8)	(22)	(67)	(149)
—	—	—	1,587
—	—	—	1,587
(981)	1,084	90	11,292
8,649	5,930	2,349	43,911
\$ 7,668	\$ 7,014	\$ 2,439	\$ 55,203
\$ 1,674	\$ 672	\$ 17	\$ 6,501
4	117	91	1,226
—	—	—	2,732
—	—	—	36
83	(86)	2	(1,367)
—	(8)	(30)	(49)
—	—	—	(178)
(33)	474	11	1,387
(1)	(1)	1	(4)
137	59	5	506
(2,693)	—	3	(2,822)
—	—	—	2
\$ (829)	\$ 1,227	\$ 100	\$ 7,970
\$ —	\$ —	\$ —	\$ 3,127
—	—	6,487	6,560
—	—	—	48,083
—	—	—	1,148

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INTERNAL SERVICE FUNDS

The internal service funds are maintained to account for the operations of State agencies that provide services to other State agencies, component units, or other governmental units on a cost reimbursement basis.

The following activities are included in the internal service funds:

Office of the State Controller:

Workers' Compensation Program

Department of Administration:

Motor Fleet Management
Mail Service Center
Temporary Solutions
Surplus Property

Office of the Governor:

Computing Services
State Telecommunications Services

Department of Insurance:

State Property Fire Insurance

COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS

June 30, 2008

(Dollars in Thousands)

	Workers' Compensation Program	State Property Fire Insurance	Motor Fleet Management	Mail Service Center	Temporary Solutions
Assets					
Current Assets:					
Cash and cash equivalents.....	\$ 1,373	\$ 30,918	\$ 16,278	\$ —	\$ —
Investments.....	—	19,640	—	—	—
Securities lending collateral.....	—	30,014	—	—	—
Receivables:					
Accounts receivable, net.....	2,360	—	1,451	280	2,709
Interest receivable.....	—	111	—	—	—
Premiums receivable.....	—	1,337	—	—	—
Due from fiduciary funds.....	—	—	1	—	—
Due from other funds.....	1,614	—	3,487	—	—
Due from component units.....	—	—	536	—	—
Inventories.....	—	—	177	19	—
Prepaid items.....	—	—	—	—	—
Total current assets.....	<u>5,347</u>	<u>82,020</u>	<u>21,930</u>	<u>299</u>	<u>2,709</u>
Noncurrent Assets:					
Capital assets-nondepreciable.....	—	—	288	—	—
Capital assets-depreciable, net.....	—	—	58,600	364	—
Total noncurrent assets.....	<u>—</u>	<u>—</u>	<u>58,888</u>	<u>364</u>	<u>—</u>
Total Assets.....	<u>5,347</u>	<u>82,020</u>	<u>80,818</u>	<u>663</u>	<u>2,709</u>
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities:					
Accounts payable.....	—	—	684	24	1
Accrued payroll.....	—	—	1	18	722
Intergovernmental payable.....	—	—	—	—	—
Claims payable.....	—	8,207	—	—	—
Obligations under securities lending.....	—	30,014	—	—	—
Due to other funds.....	—	—	13	946	98
Unearned revenue.....	—	4,960	—	—	—
Compensated absences.....	—	15	29	31	5
Total current liabilities.....	<u>—</u>	<u>43,196</u>	<u>727</u>	<u>1,019</u>	<u>826</u>
Noncurrent Liabilities:					
Compensated absences.....	—	189	154	162	28
Total noncurrent liabilities.....	<u>—</u>	<u>189</u>	<u>154</u>	<u>162</u>	<u>28</u>
Total Liabilities.....	<u>—</u>	<u>43,385</u>	<u>881</u>	<u>1,181</u>	<u>854</u>
Net Assets					
Invested in capital assets, net of related debt.....	—	—	58,888	364	—
Unrestricted.....	5,347	38,635	21,049	(882)	1,855
Total Net Assets.....	<u>\$ 5,347</u>	<u>\$ 38,635</u>	<u>\$ 79,937</u>	<u>\$ (518)</u>	<u>\$ 1,855</u>

Exhibit E-1

Computing Services	State Telecommu- nications Services	Surplus Property	Totals
\$ 19,006	\$ 9,675	\$ 966	\$ 78,216
—	—	—	19,640
—	—	—	30,014
5,574	1,923	39	14,336
—	—	—	111
—	—	—	1,337
2	4	—	7
6,235	8,393	942	20,671
4	571	—	1,111
19	—	—	215
6,072	101	—	6,173
<u>36,912</u>	<u>20,667</u>	<u>1,947</u>	<u>171,831</u>
3,089	—	19	3,396
48,768	5,173	93	112,998
51,857	5,173	112	116,394
<u>88,769</u>	<u>25,840</u>	<u>2,059</u>	<u>288,225</u>
324	498	1,248	2,779
5	1	—	747
—	—	1	1
—	—	—	8,207
—	—	—	30,014
341	73	142	1,613
—	—	—	4,960
155	64	26	325
<u>825</u>	<u>636</u>	<u>1,417</u>	<u>48,646</u>
2,771	1,155	141	4,600
2,771	1,155	141	4,600
<u>3,596</u>	<u>1,791</u>	<u>1,558</u>	<u>53,246</u>
51,857	5,173	112	116,394
33,316	18,876	389	118,585
<u>\$ 85,173</u>	<u>\$ 24,049</u>	<u>\$ 501</u>	<u>\$ 234,979</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS**

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	Workers' Compensation Program	State Property Fire Insurance	Motor Fleet Management	Mail Service Center	Temporary Solutions
Operating Revenues:					
Sales and services.....	\$ 47,596	\$ —	\$ 43,275	\$ 4,032	\$ 12,334
Rental and lease earnings.....	—	—	—	—	—
Fees, licenses, and fines.....	—	—	—	—	—
Insurance premiums.....	—	19,257	—	—	—
Miscellaneous.....	—	—	19	6	—
Total operating revenues.....	<u>47,596</u>	<u>19,257</u>	<u>43,294</u>	<u>4,038</u>	<u>12,334</u>
Operating Expenses:					
Personal services.....	—	1,834	2,118	3,056	12,467
Supplies and materials.....	—	3	15,342	82	6
Services.....	47,614	164	2,391	769	123
Cost of goods sold.....	—	—	384	—	—
Depreciation/amortization.....	—	—	18,686	56	—
Claims.....	—	1,170	—	—	—
Insurance and bonding.....	—	15,717	2,281	1	—
Other.....	—	76	5	79	30
Total operating expenses.....	<u>47,614</u>	<u>18,964</u>	<u>41,207</u>	<u>4,043</u>	<u>12,626</u>
Operating income (loss).....	<u>(18)</u>	<u>293</u>	<u>2,087</u>	<u>(5)</u>	<u>(292)</u>
Nonoperating Revenues (Expenses):					
Investment earnings.....	—	4,850	—	—	—
Insurance recoveries.....	—	—	153	—	—
Gain (loss) on sale of equipment.....	—	—	220	—	—
Miscellaneous.....	—	(1,465)	37	—	—
Total nonoperating revenues (expenses).....	<u>—</u>	<u>3,385</u>	<u>410</u>	<u>—</u>	<u>—</u>
Income (loss) before contributions.....					
and transfers.....	(18)	3,678	2,497	(5)	(292)
Capital contributions.....	—	—	—	—	—
Transfers in.....	—	—	23	18	5
Transfers out.....	—	—	(60)	—	—
Change in net assets.....	<u>(18)</u>	<u>3,678</u>	<u>2,460</u>	<u>13</u>	<u>(287)</u>
Net assets — July 1, as restated.....	5,365	34,957	77,477	(531)	2,142
Net assets — June 30.....	<u>\$ 5,347</u>	<u>\$ 38,635</u>	<u>\$ 79,937</u>	<u>\$ (518)</u>	<u>\$ 1,855</u>

Exhibit E-2

Computing Services	State Telecommu- nications Services	Surplus Property	Totals
\$ 90,249	\$ 83,594	\$ 2,028	\$ 283,108
—	—	20	20
75	—	65	140
—	—	—	19,257
—	124	273	422
<u>90,324</u>	<u>83,718</u>	<u>2,386</u>	<u>302,947</u>
25,746	14,041	1,623	60,885
342	105	56	15,936
9,585	52,273	500	113,419
—	—	233	617
7,607	1,695	14	28,058
—	—	—	1,170
137	46	21	18,203
42,152	14,038	32	56,412
<u>85,569</u>	<u>82,198</u>	<u>2,479</u>	<u>294,700</u>
<u>4,755</u>	<u>1,520</u>	<u>(93)</u>	<u>8,247</u>
—	—	—	4,850
—	—	—	153
—	(52)	—	168
21	—	—	(1,407)
<u>21</u>	<u>(52)</u>	<u>—</u>	<u>3,764</u>
4,776	1,468	(93)	12,011
29,820	45	—	29,865
3,233	—	28	3,307
(15)	(87)	—	(162)
<u>37,814</u>	<u>1,426</u>	<u>(65)</u>	<u>45,021</u>
<u>47,359</u>	<u>22,623</u>	<u>566</u>	<u>189,958</u>
<u>\$ 85,173</u>	<u>\$ 24,049</u>	<u>\$ 501</u>	<u>\$ 234,979</u>

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2008

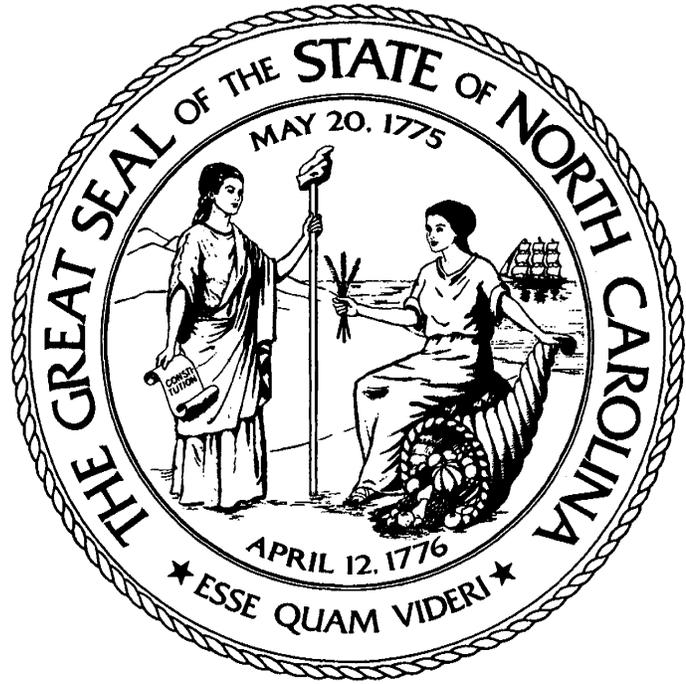
(Dollars in Thousands)

	Workers' Compensation Program	State Property Fire Insurance	Motor Fleet Management	Mail Service Center	Temporary Solutions
Cash Flows From Operating Activities:					
Receipts from customers.....	\$ 9,466	\$ 7,930	\$ 5,501	\$ 1,069	\$ —
Receipts from other funds.....	37,864	11,602	39,820	2,804	10,820
Payments to suppliers.....	(47,614)	(9,830)	(17,371)	(520)	(93)
Payments to employees.....	—	(1,842)	(2,107)	(3,050)	(12,182)
Payments for benefits and claims.....	—	(3,668)	—	—	—
Payments to other funds.....	—	(1,939)	(5,790)	(153)	(33)
Other receipts (payments).....	—	—	52	(74)	(30)
Net cash flows provided (used) by operating activities.....	(284)	2,253	20,105	76	(1,518)
Cash Provided From (Used For)					
Noncapital Financing Activities:					
Transfers from other funds.....	—	—	23	18	5
Transfers to other funds.....	—	—	(60)	—	—
Total cash provided from (used for) noncapital financing activities.....	—	—	(37)	18	5
Cash Provided From (Used For)					
Capital and Related Financing Activities:					
Acquisition and construction of capital assets.....	—	—	(10,676)	(94)	—
Proceeds from the sale of capital assets.....	—	—	220	—	—
Insurance recoveries.....	—	—	153	—	—
Total cash provided from (used for) capital and related financing activities.....	—	—	(10,303)	(94)	—
Cash Provided From (Used For)					
Investment Activities:					
Redemptions from State Treasurer investment pool.....	—	—	—	—	—
Investment earnings.....	—	1,800	—	—	—
Total cash provided from (used for) investment activities.....	—	1,800	—	—	—
Net increase (decrease) in cash and cash equivalents.....	(284)	4,053	9,765	—	(1,513)
Cash and cash equivalents at July 1.....	1,657	26,865	6,513	—	1,513
Cash and cash equivalents at June 30.....	\$ 1,373	\$ 30,918	\$ 16,278	\$ —	\$ —
Reconciliation of Operating Income to Net Cash Provided					
From (Used For) Operating Activities:					
Operating income (loss).....	\$ (18)	\$ 293	\$ 2,087	\$ (5)	\$ (292)
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation/amortization.....	—	—	18,686	56	—
Restatements and adjustments.....	—	112	—	—	—
Nonoperating miscellaneous income (expense).....	—	—	37	—	—
(Increases) decreases in assets:					
Receivables.....	81	(58)	574	(158)	(1,619)
Due from other funds.....	(347)	—	1,317	—	11
Due from fiduciary funds.....	—	—	(1)	—	—
Due from component units.....	—	—	158	—	—
Inventories.....	—	—	21	98	—
Prepaid items.....	—	—	—	—	—
Increases (decreases) in liabilities:					
Accounts payable and accrued liabilities.....	—	1,694	(2,803)	—	276
Due to other funds.....	—	—	11	73	97
Compensated absences.....	—	(120)	18	12	9
Unearned revenue.....	—	332	—	—	—
Total cash provided from (used for) operations.....	\$ (284)	\$ 2,253	\$ 20,105	\$ 76	\$ (1,518)
Noncash Investing, Capital, and Financing Activities:					
Donated or transferred assets (fair market value).....	\$ —	\$ —	\$ —	\$ —	\$ —
Assets acquired through the assumption of a liability.....	—	30,014	—	—	—
Change in fair value of investments.....	—	434	—	—	—

Exhibit E-3

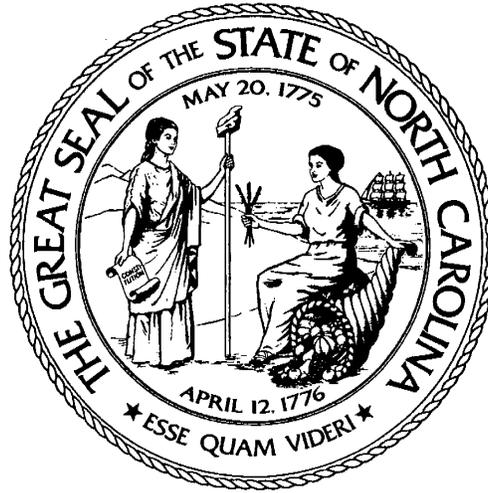
Computing Services	State Telecommunications Services	Surplus Property	Totals
\$ 1,793	\$ 20,007	\$ 744	\$ 46,510
88,107	62,033	1,304	254,354
(46,835)	(62,487)	(552)	(185,302)
(25,287)	(13,789)	(1,554)	(59,811)
—	—	—	(3,668)
(4,837)	(1,628)	(193)	(14,573)
(1,198)	(296)	242	(1,304)
<u>11,743</u>	<u>3,840</u>	<u>(9)</u>	<u>36,206</u>
3,233	—	28	3,307
(15)	(87)	—	(162)
<u>3,218</u>	<u>(87)</u>	<u>28</u>	<u>3,145</u>
(2,920)	(4,073)	(42)	(17,805)
21	—	—	241
—	—	—	153
<u>(2,899)</u>	<u>(4,073)</u>	<u>(42)</u>	<u>(17,411)</u>
—	—	—	—
—	—	—	1,800
—	—	—	1,800
12,062	(320)	(23)	23,740
6,944	9,995	989	54,476
<u>\$ 19,006</u>	<u>\$ 9,675</u>	<u>\$ 966</u>	<u>\$ 78,216</u>
\$ 4,755	\$ 1,520	\$ (93)	\$ 8,247
7,607	1,695	14	28,058
—	—	—	112
—	—	—	37
922	58	(68)	(268)
(1,345)	(1,505)	2	(1,867)
(2)	7	—	4
2	(113)	—	47
—	—	—	119
1,583	1,614	—	3,197
(2,301)	318	100	(2,716)
—	(19)	(32)	130
522	265	68	774
—	—	—	332
<u>\$ 11,743</u>	<u>\$ 3,840</u>	<u>\$ (9)</u>	<u>\$ 36,206</u>
\$ 29,820	\$ 45	\$ —	\$ 29,865
—	—	—	30,014
—	—	—	434

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FIDUCIARY FUNDS

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PRIVATE PURPOSE TRUST FUNDS

Private purpose trust funds account for resources held in trust in which the principal and income benefit individuals, private organizations, or other governments.

The following activities are included in the private purpose trust funds:

Deposits of Insurance Carriers Fund
Administrative Office of the Courts Trust Fund
Departmental Funds

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS**

June 30, 2008

Exhibit F-1

(Dollars in Thousands)

	Deposits of Insurance Carriers Fund	Administrative Office of the Courts Trust Fund	Departmental Funds	Totals
Assets				
Cash and cash equivalents.....	\$ 232	\$ 100,346	\$ 414	\$ 100,992
Investments:				
U.S. government securities.....	—	2,073	—	2,073
Certificates of deposit.....	—	63,602	—	63,602
Securities lending collateral.....	148	—	264	412
Receivables:				
Interest receivable.....	1	—	1	2
Sureties.....	905,225	—	—	905,225
Total Assets.....	<u>905,606</u>	<u>166,021</u>	<u>679</u>	<u>1,072,306</u>
Liabilities				
Obligations under securities lending.....	148	—	264	412
Total Liabilities.....	<u>148</u>	<u>—</u>	<u>264</u>	<u>412</u>
Net Assets				
Held in trust for:				
Individuals, organizations, and other governments.....	905,458	166,021	415	1,071,894
Total Net Assets.....	<u>\$ 905,458</u>	<u>\$ 166,021</u>	<u>\$ 415</u>	<u>\$ 1,071,894</u>

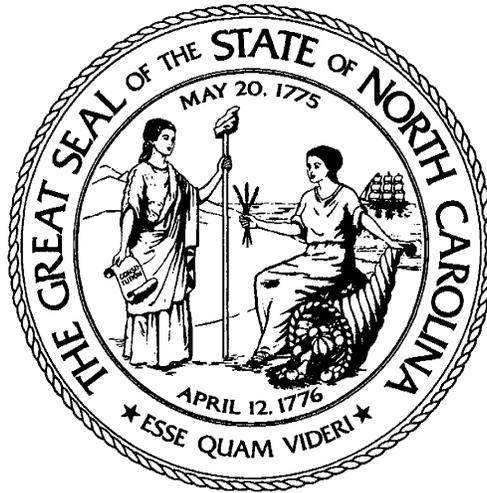
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PRIVATE PURPOSE TRUST FUNDS

For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

Exhibit F-2

	Deposits of Insurance Carriers Fund	Administrative Office of the Courts Trust Fund	Departmental Funds	Totals
Additions:				
Contributions:				
Trustee deposits.....	\$ 26,700	\$ 118,786	\$ 1	\$ 145,487
Total contributions.....	<u>26,700</u>	<u>118,786</u>	<u>1</u>	<u>145,487</u>
Investment Income:				
Investment earnings.....	31	3,674	33	3,738
Less investment expenses.....	<u>(18)</u>	<u>—</u>	<u>(13)</u>	<u>(31)</u>
Net investment income.....	<u>13</u>	<u>3,674</u>	<u>20</u>	<u>3,707</u>
Total additions.....	<u>26,713</u>	<u>122,460</u>	<u>21</u>	<u>149,194</u>
Deductions:				
Payments in accordance with trust arrangements.....	9,839	121,570	—	131,409
Administrative expenses.....	<u>9</u>	<u>—</u>	<u>—</u>	<u>9</u>
Total deductions.....	<u>9,848</u>	<u>121,570</u>	<u>—</u>	<u>131,418</u>
Change in net assets.....	16,865	890	21	17,776
Net assets — July 1.....	888,593	165,131	394	1,054,118
Net assets — June 30.....	<u>\$ 905,458</u>	<u>\$ 166,021</u>	<u>\$ 415</u>	<u>\$ 1,071,894</u>

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AGENCY FUNDS

Agency funds account for resources held by the State in a purely custodial capacity for individuals, private organizations, or other governments.

The following activities are included in the agency funds:

- Local Sales Tax Collections
- Clerks of Court
- Intra-Entity Investment Fund Deposits
- Insurers in Receivership
- Departmental Funds

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	Balance, July 1, 2007	Additions	Deductions	Balance, June 30, 2008
Local Sales Tax Collections				
Assets				
Cash and cash equivalents.....	\$ 459,064	\$ 2,791,739	\$ (2,777,993)	\$ 472,810
Receivables:				
Taxes receivable.....	165,600	179,400	(208,600)	136,400
Due from other funds.....	12,732	14,474	(12,732)	14,474
Total Assets.....	<u>\$ 637,396</u>	<u>\$ 2,985,613</u>	<u>\$ (2,999,325)</u>	<u>\$ 623,684</u>
Liabilities				
Accounts payable and accrued liabilities:				
Intergovernmental payable.....	\$ 637,396	\$ 2,985,613	\$ (2,999,325)	\$ 623,684
Total Liabilities.....	<u>\$ 637,396</u>	<u>\$ 2,985,613</u>	<u>\$ (2,999,325)</u>	<u>\$ 623,684</u>
Clerks of Court				
Assets				
Cash and cash equivalents.....	\$ 102,196	\$ 1,543,368	\$ (1,559,723)	\$ 85,841
Receivables:				
Accounts receivable.....	417	5,768	(5,575)	610
Sureties.....	96,198	50,812	(53,724)	93,286
Total Assets.....	<u>\$ 198,811</u>	<u>\$ 1,599,948</u>	<u>\$ (1,619,022)</u>	<u>\$ 179,737</u>
Liabilities				
Accounts payable and accrued liabilities:				
Intergovernmental payable.....	\$ 5,280	\$ 124,987	\$ (124,500)	\$ 5,767
Funds held for others.....	193,531	521,034	(540,595)	173,970
Total Liabilities.....	<u>\$ 198,811</u>	<u>\$ 646,021</u>	<u>\$ (665,095)</u>	<u>\$ 179,737</u>
Intra-Entity Investment Fund Deposits				
Assets				
Cash and cash equivalents.....	\$ 2,190,145	\$ 513,396	\$ —	\$ 2,703,541
Investments:				
State Treasurer investment pool.....	40,868	3,295	—	44,163
Securities lending collateral.....	1,832,246	—	(90,951)	1,741,295
Total Assets.....	<u>\$ 4,063,259</u>	<u>\$ 516,691</u>	<u>\$ (90,951)</u>	<u>\$ 4,488,999</u>
Liabilities				
Obligations under securities lending.....	\$ 1,832,246	\$ —	\$ (90,951)	\$ 1,741,295
Funds held for others.....	2,231,013	516,691	—	2,747,704
Total Liabilities.....	<u>\$ 4,063,259</u>	<u>\$ 516,691</u>	<u>\$ (90,951)</u>	<u>\$ 4,488,999</u>
Insurers in Receivership				
Assets				
Cash and cash equivalents.....	\$ 40,885	\$ 19,835	\$ (7,738)	\$ 52,982
Investments:				
Corporate bonds.....	54,801	7,571	(16,479)	45,893
Corporate stocks.....	1,011	—	—	1,011
Receivables:				
Accounts receivable.....	8,182	11,530	(4,883)	14,829
Interest receivable.....	275	—	(275)	—
Total Assets.....	<u>\$ 105,154</u>	<u>\$ 38,936</u>	<u>\$ (29,375)</u>	<u>\$ 114,715</u>
Liabilities				
Funds held for others.....	\$ 105,154	\$ 38,936	\$ (29,375)	\$ 114,715
Total Liabilities.....	<u>\$ 105,154</u>	<u>\$ 38,936</u>	<u>\$ (29,375)</u>	<u>\$ 114,715</u>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

For the Fiscal Year Ended June 30, 2008

Exhibit F-3

(Dollars in Thousands)

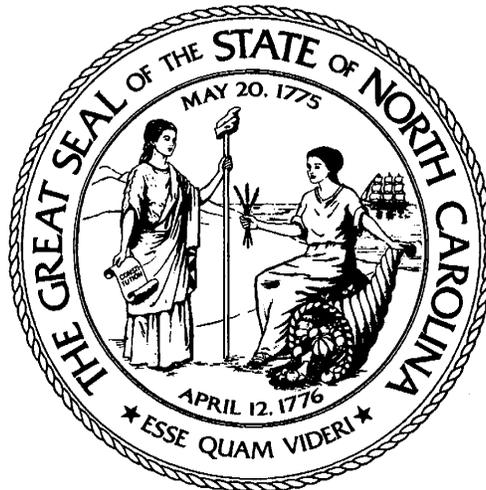
	Balance, July 1, 2007	Additions	Deductions	Balance, June 30, 2008
Departmental Funds				
Assets				
Cash and cash equivalents.....	\$ 26,261	\$ 1,207,902	\$ (1,199,399)	\$ 34,764
Investments:				
Certificates of deposit.....	392	1,968	(1,968)	392
Securities lending collateral.....	15,968	—	(819)	15,149
Receivables:				
Accounts receivable.....	21	—	—	21
Interest receivable.....	1	—	—	1
Due from other funds.....	47	156	—	203
Inventories.....	301	—	(301)	—
Total Assets.....	\$ 42,991	\$ 1,210,026	\$ (1,202,487)	\$ 50,530
Liabilities				
Accounts payable and accrued liabilities:				
Accounts payable.....	\$ 418	\$ 8,592	\$ (8,415)	\$ 595
Intergovernmental payable.....	6,147	202,462	(202,462)	6,147
Obligations under securities lending.....	15,968	—	(819)	15,149
Deposits payable.....	1,640	4,748	(4,567)	1,821
Funds held for others.....	18,818	114,703	(106,703)	26,818
Total Liabilities.....	\$ 42,991	\$ 330,505	\$ (322,966)	\$ 50,530
Total Agency Funds				
Assets				
Cash and cash equivalents.....	\$ 2,818,551	\$ 6,076,240	\$ (5,544,853)	\$ 3,349,938
Investments:				
Corporate bonds.....	54,801	7,571	(16,479)	45,893
Corporate stocks.....	1,011	—	—	1,011
Certificates of deposit.....	392	1,968	(1,968)	392
State Treasurer investment pool.....	40,868	3,295	—	44,163
Securities lending collateral.....	1,848,214	—	(91,770)	1,756,444
Receivables:				
Taxes receivable.....	165,600	179,400	(208,600)	136,400
Accounts receivable.....	8,620	17,298	(10,458)	15,460
Interest receivable.....	276	—	(275)	1
Due from other funds.....	12,779	14,630	(12,732)	14,677
Inventories.....	301	—	(301)	—
Sureties.....	96,198	50,812	(53,724)	93,286
Total Assets.....	\$ 5,047,611	\$ 6,351,214	\$ (5,941,160)	\$ 5,457,665
Liabilities				
Accounts payable and accrued liabilities:				
Accounts payable.....	\$ 418	\$ 8,592	\$ (8,415)	\$ 595
Intergovernmental payable.....	648,823	3,313,062	(3,326,287)	635,598
Obligations under securities lending.....	1,848,214	—	(91,770)	1,756,444
Deposits payable.....	1,640	4,748	(4,567)	1,821
Funds held for others.....	2,548,516	1,191,364	(676,673)	3,063,207
Total Liabilities.....	\$ 5,047,611	\$ 4,517,766	\$ (4,107,712)	\$ 5,457,665

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COMPONENT UNITS

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NONMAJOR COMPONENT UNITS – DISCRETELY PRESENTED

Component units are legally separate entities for which the State is financially accountable. Accountability is defined as the State's substantive appointment of a majority of the component unit's governing board. Furthermore, the State must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific benefits to, or impose specific financial burdens on the State. The State has applied the criteria outlined in GASB Statement No. 14, The Financial Reporting Entity, in determining financial accountability. These component units are included in the financial reporting entity because of the significance of their operational or financial relationships with the State.

Nonmajor component units are comprised of the following entities:

- N.C. State Ports Authority
- N.C. Agricultural Finance Authority
- N.C. Global TransPark Authority
- N.C. Partnership for Children, Inc.
- Regional Economic Development Commissions
- North Carolina Railroad Company
- N.C. Phase II Tobacco Certification Entity, Inc.
- N.C. Turnpike Authority

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR COMPONENT UNITS**

June 30, 2008

(Dollars in Thousands)

	N.C. State Ports Authority	N.C. Agricultural Finance Authority	N.C. Global TransPark Authority	N.C. Partnership for Children, Inc.	Regional Economic Development Commissions	North Carolina Railroad Company
Assets						
Cash and cash equivalents.....	\$ 652	\$ 9,966	\$ 9,148	\$ 259	\$ 2,125	\$ 2,250
Investments.....	10,185	—	—	4,471	997	—
Receivables, net.....	6,645	211	1,097	3,651	193	294
Due from component units.....	—	—	—	—	138	—
Inventories.....	872	1	—	—	—	—
Prepaid items.....	379	—	—	90	11	82
Notes receivable, net.....	—	7,654	—	—	216	—
Deferred charges.....	846	—	—	—	—	—
Restricted/designated cash and cash equiv....	10,413	—	480	—	—	28,814
Restricted investments.....	1,150	—	1,820	—	—	—
Restricted due from component units.....	—	—	100,000	—	—	—
Capital assets-nondepreciable.....	76,451	172	23,513	—	72	16,945
Capital assets-depreciable, net.....	219,230	29	55,632	210	911	68,000
Total Assets.....	<u>326,823</u>	<u>18,033</u>	<u>191,690</u>	<u>8,681</u>	<u>4,663</u>	<u>116,385</u>
Liabilities						
Accounts payable and accrued liabilities.....	2,412	144	256	260	46	3,662
Interest payable.....	6	—	213	—	—	—
Due to primary government.....	24	1	12,195	1,110	—	—
Unearned revenue.....	342	—	—	—	308	—
Advance from primary government.....	—	—	21,742	—	—	—
Deposits payable.....	—	—	3	—	—	68
Funds held for others.....	—	—	—	70	—	—
Long-term liabilities:						
Due within one year.....	20,254	2	448	28	102	—
Due in more than one year.....	78,796	30	4,533	164	—	—
Total Liabilities.....	<u>101,834</u>	<u>177</u>	<u>39,390</u>	<u>1,632</u>	<u>456</u>	<u>3,730</u>
Net Assets						
Invested in capital assets, net of related debt.....	197,838	201	54,337	210	982	84,946
Restricted for:						
Expendable:						
Health and human services.....	—	—	—	4,597	—	—
Economic development.....	7,791	—	101,480	—	—	28,762
Unrestricted.....	19,360	17,655	(3,517)	2,242	3,225	(1,053)
Total Net Assets.....	<u>\$ 224,989</u>	<u>\$ 17,856</u>	<u>\$ 152,300</u>	<u>\$ 7,049</u>	<u>\$ 4,207</u>	<u>\$ 112,655</u>

Exhibit G-1

N.C. Phase II Tobacco Certification Entity, Inc.	N.C. Turnpike Authority	Total
\$ —	\$ 185	\$ 24,585
—	—	15,653
—	120	12,211
—	—	138
—	—	873
—	—	562
—	—	7,870
—	—	846
—	—	39,707
—	—	2,970
—	—	100,000
—	27,095	144,248
—	52	344,064
—	27,452	693,727
—	2,432	9,212
—	—	219
—	—	13,330
—	—	650
—	11,180	32,922
—	—	71
—	—	70
—	3	20,837
—	27	83,550
—	13,642	160,861
—	27,147	365,661
—	—	4,597
—	—	138,033
—	(13,337)	24,575
\$ —	\$ 13,810	\$ 532,866

**COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS**

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	N.C. State Ports Authority	N.C. Agricultural Finance Authority	N.C. Global TransPark Authority	N.C. Partnership for Children, Inc.	Regional Economic Development Commissions	North Carolina Railroad Company
Total expenses	\$ 39,830	\$ 706	\$ 7,286	\$ 133,717	\$ 4,762	\$ 10,064
Program revenues:						
Charges for services	39,731	844	1,398	—	214	14,645
Operating grants and contributions	569	597	742	1,352	904	1,722
Capital grants and contributions:						
State capital aid	10,000	—	—	—	—	8,693
Other capital grants and contributions	574	—	101,517	—	—	—
Net program (expense) revenue	11,044	735	96,371	(132,365)	(3,644)	14,996
Non-tax general revenues:						
State aid	—	—	1,600	131,908	3,786	—
Miscellaneous	—	—	—	382	128	734
Total non-tax general revenues	—	—	1,600	132,290	3,914	734
Change in net assets	11,044	735	97,971	(75)	270	15,730
Net assets — July 1, as restated	213,945	17,121	54,329	7,124	3,937	96,925
Net assets — June 30	<u>\$ 224,989</u>	<u>\$ 17,856</u>	<u>\$ 152,300</u>	<u>\$ 7,049</u>	<u>\$ 4,207</u>	<u>\$ 112,655</u>

Exhibit G-2

N.C. Phase II Tobacco Certification Entity, Inc.	N.C. Turnpike Authority	Total
\$ 1,091	\$ 6,252	\$ 203,708
—	—	56,832
17	26	5,929
—	9,382	28,075
—	7,291	109,382
<u>(1,074)</u>	<u>10,447</u>	<u>(3,490)</u>
—	—	137,294
36	—	1,280
<u>36</u>	<u>—</u>	<u>138,574</u>
(1,038)	10,447	135,084
1,038	3,363	397,782
<u>\$ —</u>	<u>\$ 13,810</u>	<u>\$ 532,866</u>

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STATISTICAL SECTION

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Index to Statistical Section

This part of the State of North Carolina's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

Contents	Page
<i>Financial Trends</i>	252
These schedules contain trend information to help the reader understand how the State's financial performance has changed over time.	
Net Assets by Component - Fiscal Years 2002-2008	
Changes in Net Assets - Fiscal Years 2002-2008	
Fund Balances of Governmental Funds - Fiscal Years 2002-2008	
Changes in Fund Balances of Governmental Funds - Fiscal Years 1999-2008	
Schedule of Revenues by Source - General Fund GAAP Basis- Fiscal Years 1999-2008	
<i>Revenue Capacity</i>	264
These schedules contain information to help the reader assess the factors affecting the State's ability to generate its individual income and sales taxes.	
Personal Income by Industry - Fiscal Years 1998-2006	
Individual Income Tax Filers and Liability - Calendar Years 1997 and 2006 and Individual Income Tax Rates - Calendar Years 1997-2008	
Taxable Sales by Business Group - Fiscal Years 2006-2008	
Sales Tax Revenue Payers by Business Group - Fiscal Years 1998 and 2008	
<i>Debt Capacity</i>	270
These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.	
Ratios of Outstanding Debt by Type - Fiscal Years 1999-2008	
Ratios of General Bonded and Similar Debt Outstanding - Fiscal Years 1999-2008	
Schedule of General Obligation Bonds Payable - June 30, 2008	
Schedule of Special Indebtedness Debt - June 30, 2008	
Pledged Revenue Coverage - Fiscal Years 2002-2008	
<i>Demographic and Economic Information</i>	286
These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.	
Schedule of Demographic Data	
Principal Employers - Fiscal Years 2001 and 2008	
Teachers and State Employees by Function - Fiscal Years 2002-2008	
<i>Operating Information</i>	292
These schedules contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.	
Operating Indicators by Function - Fiscal Years 2002-2008	
Capital Asset Statistics by Function - Fiscal Years 2002-2008	
Ten Year Claims Development Information - Public School Insurance Fund - Fiscal Years 1998-2008	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

NET ASSETS BY COMPONENT

For the Fiscal Years 2002-2008

(Dollars in Thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities:					
Invested in capital assets, net of related debt..	\$ 30,931,799	\$ 29,715,168	\$ 28,052,926	\$ 26,434,617	\$ 24,706,355
Restricted.....	878,856	1,094,352	890,602	1,314,397	1,474,405
Unrestricted.....	(1,839,740)	(993,478)	(1,310,486)	(3,839,972)	(3,199,354)
Total governmental activities net assets [1].....	<u>\$ 29,970,915</u>	<u>\$ 29,816,042</u>	<u>\$ 27,633,042</u>	<u>\$ 23,909,042</u>	<u>\$ 22,981,406</u>
Business-type activities:					
Invested in capital assets, net of related debt..	32,515	\$ 26,673	\$ 26,975	\$ 44,007	\$ 40,277
Restricted.....	1,773,018	1,612,943	1,286,477	970,615	665,547
Unrestricted.....	91,236	74,860	75,108	76,988	48,295
Total business-type activities net assets.....	<u>\$ 1,896,769</u>	<u>\$ 1,714,476</u>	<u>\$ 1,388,560</u>	<u>\$ 1,091,610</u>	<u>\$ 754,119</u>
Primary government:					
Invested in capital assets, net of related debt..	\$ 30,964,314	\$ 29,741,841	\$ 28,079,901	\$ 26,478,624	\$ 24,746,632
Restricted.....	2,651,874	2,707,295	2,177,079	2,285,012	2,139,952
Unrestricted.....	(1,748,504)	(918,618)	(1,235,378)	(3,762,984)	(3,151,059)
Total primary government net assets.....	<u>\$ 31,867,684</u>	<u>\$ 31,530,518</u>	<u>\$ 29,021,602</u>	<u>\$ 25,000,652</u>	<u>\$ 23,735,525</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).

Table 1

<u>2003</u>	<u>2002</u>
\$ 23,449,373	\$ 22,025,039
1,071,626	1,604,772
(2,210,477)	(1,615,102)
<u>\$ 22,310,522</u>	<u>\$ 22,014,709</u>
\$ 38,450	\$ 38,267
863,426	797,437
56,448	50,479
<u>\$ 958,324</u>	<u>\$ 886,183</u>
\$ 23,487,823	\$ 22,063,306
1,935,052	2,402,209
(2,154,029)	(1,564,623)
<u>\$ 23,268,846</u>	<u>\$ 22,900,892</u>

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>
Expenses					
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>
Program Revenues:					
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>
Net (expense) revenue					
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

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>
General Revenues and Other Changes in Net Assets					
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>
Change in Net Assets					
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
<u>15,844,790</u>	<u>15,328,149</u>
-	-
(4,918)	(47,957)
<u>(4,918)</u>	<u>(47,957)</u>
<u>\$ 15,839,872</u>	<u>\$ 15,280,192</u>
\$ 771,636	\$ 561,597
(449,429)	(509,384)
<u>\$ 322,207</u>	<u>\$ 52,213</u>

FUND BALANCES OF GOVERNMENTAL FUNDS

For the Fiscal Years 2002-2008

(Dollars in Thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund						
Reserved.....	\$ 173,850	\$ 208,932	\$ 155,948	\$ 172,633	\$ 197,448	\$ 166,172
Unreserved.....	1,505,228	2,397,786	1,810,452	(251,442)	(393,735)	(333,127)
Total General Fund [1].....	<u>\$ 1,679,078</u>	<u>\$ 2,606,718</u>	<u>\$ 1,966,400</u>	<u>\$ (78,809)</u>	<u>\$ (196,287)</u>	<u>\$ (166,955)</u>
All Other Governmental Funds						
Reserved.....	\$ 1,182,723	\$ 1,014,757	\$ 951,701	\$ 911,966	\$ 847,174	\$ 672,653
Unreserved, reported in:						
Special revenue funds.....	2,519,286	2,524,643	2,204,146	2,170,533	2,260,374	2,041,905
Capital projects funds.....	284,536	224,991	115,060	44,237	110,395	84,677
Permanent funds.....	2,312	1,598	1,518	2,645	2,380	6,903
Total all other governmental funds.....	<u>\$ 3,988,857</u>	<u>\$ 3,765,989</u>	<u>\$ 3,272,425</u>	<u>\$ 3,129,381</u>	<u>\$ 3,220,323</u>	<u>\$ 2,806,138</u>

Note: Due to changes in the State's fund structure initiated when GASB Statement 34 was implemented, the changes in fund balance information is not available before 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).

Table 3

2002

\$ 227,767
(576,318)
\$ (348,551)

\$ 1,099,039

2,254,227
73,751
226
\$ 3,427,243

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

For the Fiscal Years 1999-2008

(Dollars in Thousands)

		2008	2007	2006	2005	2004
Revenues						
Taxes.....	[3]	\$ 21,583,521	\$ 21,660,719	\$ 19,848,465	\$ 17,618,730	\$ 15,961,629
Federal funds.....		12,096,354	11,519,927	11,315,722	11,287,454	10,089,075
Local funds.....		527,325	725,542	610,501	767,067	657,954
Investment earnings.....		620,829	669,297	384,014	292,406	160,846
Interest earnings on loans.....		5,156	5,639	5,405	5,664	5,801
Sales and services.....		285,848	264,081	260,538	235,894	210,161
Rental and lease of property.....		27,737	28,722	25,982	38,585	27,848
Fees, licenses and fines.....		1,593,893	1,525,928	1,405,569	1,218,431	1,035,303
Tobacco settlement.....		159,954	142,825	136,453	148,641	146,452
Contributions, gifts, and grants.....		140,575	155,958	118,936	108,450	150,731
Funds escheated.....		74,743	214,500	108,075	49,684	55,330
Federal funds for fiscal relief.....		—	—	—	—	136,859
Miscellaneous.....		167,449	122,161	161,052	146,529	196,937
Total revenues.....	[1]	<u>37,283,384</u>	<u>37,035,299</u>	<u>34,380,712</u>	<u>31,917,535</u>	<u>28,834,926</u>
Expenditures						
Current:						
General government.....		1,167,090	1,102,512	963,899	754,175	711,327
Education.....	[2]	N/A	N/A	N/A	N/A	N/A
Primary and secondary education.....	[2]	9,879,602	9,087,905	8,211,998	7,713,265	7,223,143
Higher education.....	[2]	4,207,164	4,405,767	3,471,604	3,576,766	3,140,698
Health and human services.....		14,918,068	14,203,474	13,318,071	13,376,364	11,722,721
Economic development.....		747,728	623,038	643,510	622,000	532,674
Environment and natural resources.....		689,119	662,296	626,442	579,853	581,726
Public safety, corrections, and regulation.....		2,629,567	2,467,763	2,291,596	2,123,837	2,073,338
Transportation.....		3,473,718	3,296,301	3,219,549	3,511,161	3,389,042
Agriculture.....		117,380	92,062	110,626	82,508	81,488
Retiree tax judgements.....		—	—	—	—	—
Capital outlay.....		346,764	451,716	270,882	313,932	385,506
Debt service:						
Principal retirement.....		427,550	417,807	367,946	303,818	235,792
Interest and fees.....		329,813	306,410	288,088	241,936	185,350
Debt issuance costs.....		2,141	2,456	1,645	7,454	4,830
Total expenditures.....	[1]	<u>38,935,704</u>	<u>37,119,507</u>	<u>33,785,856</u>	<u>33,207,069</u>	<u>30,267,635</u>
Excess revenues over (under) expenditures.....		<u>(1,652,320)</u>	<u>(84,208)</u>	<u>594,856</u>	<u>(1,289,534)</u>	<u>(1,432,709)</u>
Other Financing Sources (Uses)						
Bonds issued.....		—	502,745	370,000	1,075,140	1,377,560
Special Indebtedness issued.....		275,000	300,000	—	188,385	283,955
GARVEE bonds issued.....		287,565	—	—	—	—
Refunding bonds issued.....		—	84,385	—	959,665	326,710
Other debt issued.....		7,425	2,897	30,688	12,686	17,597
Premium on debt issued.....		21,843	40,867	16,338	210,116	137,256
Discount on debt issued.....		—	—	—	—	—
Payments to refunded bond escrow agent.....		—	(85,519)	—	(1,059,663)	(346,915)
Capital leases.....		—	799	26,745	212	—
Sale of capital assets.....		29,570	15,898	20,131	14,674	10,105
Insurance recoveries.....		7,317	5,700	6,537	—	—
Transfers in.....		2,567,141	2,340,937	1,784,222	1,754,448	1,566,520
Transfers out.....		(2,223,438)	(2,030,162)	(1,718,585)	(1,760,801)	(1,557,208)
Total other financing sources (uses).....		<u>972,423</u>	<u>1,178,547</u>	<u>536,076</u>	<u>1,394,862</u>	<u>1,815,580</u>
Net change in fund balances.....		<u>\$ (679,897)</u>	<u>\$ 1,094,339</u>	<u>\$ 1,130,932</u>	<u>\$ 105,328</u>	<u>\$ 382,871</u>
Debt service as a percentage of noncapital expenditures..		2.07%	2.06%	2.08%	1.78%	1.51%

All governmental fund types consist of the General Fund, special revenue funds, capital projects funds, and permanent funds. Years prior to 2002 do not include permanent funds.

Table 4

2003	2002	2001	2000	1999
\$ 15,394,024	\$ 14,894,796	\$ 15,147,177	\$ 14,569,104	\$ 13,817,577
8,672,065	8,459,344	7,924,893	7,253,282	6,297,196
586,638	702,076	760,607	511,350	469,539
320,023	335,082	487,824	500,854	529,028
7,165	47,421	5,789	5,356	6,665
184,739	194,548	97,686	94,751	92,237
22,175	24,359	43,046	25,059	26,913
915,380	864,912	896,435	1,046,042	895,892
173,256	175,836	140,272	—	N/A
90,486	93,802	122,871	79,554	71,787
41,369	90,181	N/A	N/A	N/A
136,859	N/A	N/A	N/A	N/A
147,777	145,887	165,349	147,816	172,103
<u>26,691,956</u>	<u>26,028,244</u>	<u>25,791,949</u>	<u>24,233,168</u>	<u>22,378,937</u>
691,267	809,398	1,035,440	1,229,513	1,039,855
N/A	N/A	6,964,812	6,674,757	6,253,838
6,863,338	6,802,662	N/A	N/A	N/A
2,813,629	2,519,624	N/A	N/A	N/A
10,583,184	10,398,386	9,617,423	8,411,025	7,665,461
484,298	498,644	453,931	428,819	370,124
534,405	574,871	459,170	371,238	354,025
1,998,576	2,070,166	1,948,423	1,999,894	1,670,703
2,967,551	2,992,187	2,820,290	2,598,605	2,508,886
81,857	122,337	88,623	143,936	72,562
—	—	58,679	440,000	399,000
104,379	126,011	155,228	159,241	182,793
168,009	180,398	151,120	141,934	123,952
152,110	147,580	130,343	122,943	103,678
1,410	734	N/A	N/A	N/A
<u>27,444,013</u>	<u>27,242,998</u>	<u>23,883,482</u>	<u>22,721,905</u>	<u>20,744,877</u>
<u>(752,057)</u>	<u>(1,214,754)</u>	<u>1,908,467</u>	<u>1,511,263</u>	<u>1,634,060</u>
711,600	605,000	680,000	200,000	450,055
17,500	—	—	—	—
—	—	—	—	—
556,350	—	—	—	26,182
—	4,832	—	—	—
25,017	14,733	—	—	—
(254)	—	—	—	—
(558,444)	—	—	—	(26,182)
150	216	—	339	841
8,882	12,570	—	—	—
—	—	—	—	—
1,587,388	1,478,308	1,415,317	1,573,875	1,273,470
<u>(1,583,075)</u>	<u>(1,414,418)</u>	<u>(1,427,607)</u>	<u>(1,576,980)</u>	<u>(1,307,996)</u>
<u>765,114</u>	<u>701,241</u>	<u>667,710</u>	<u>197,234</u>	<u>416,370</u>
<u>\$ 13,057</u>	<u>\$ (513,513)</u>	<u>\$ 2,576,177</u>	<u>\$ 1,708,497</u>	<u>\$ 2,050,430</u>
1.25%	1.30%	1.26%	1.24%	1.17%

[1] Fiscal years prior to 2001 do not reflect the implementation of GASB Statement No. 33, *Accounting for Nonexchange Transactions*. This statement provided new rules on the timing of recognition of nonexchange transactions involving financial or capital resources.

[2] Fiscal years prior to 2002 do not reflect the implementation of GASB - Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (as amended by Statement No. 37). This statement establishes new financial reporting requirements for state and local governments throughout the United States.

[3] 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).

SCHEDULE OF REVENUES BY SOURCE — GENERAL FUND GAAP BASIS

For the Fiscal Years 1999-2008

(Dollars in Thousands)

	2008	2007	2006	2005	2004
TAX REVENUES					
Individual income tax..... [2] \$	10,672,362	\$ 10,737,494	\$ 9,493,714	\$ 8,206,026	\$ 7,404,956
Corporate income tax.....	1,265,654	1,357,454	1,208,356	1,065,374	699,441
Sales and use tax.....	5,125,674	5,078,997	5,007,567	4,587,542	4,268,292
Franchise tax.....	739,947	669,235	628,665	613,093	560,502
Beverage tax.....	257,393	245,430	232,987	220,782	213,271
Insurance tax.....	492,699	475,546	431,729	431,664	423,405
Piped natural gas.....	58,413	61,345	58,397	60,739	64,327
Intangible tax.....	—	—	—	—	—
Inheritance tax.....	158,789	161,604	133,248	134,419	129,579
Soft drink tax.....	—	—	—	—	—
Tobacco products tax.....	249,664	241,687	187,566	43,361	44,126
License tax.....	55,293	48,137	46,035	44,219	42,418
Real estate conveyance tax.....	—	—	—	—	—
Gift tax.....	17,361	15,669	16,251	18,924	16,615
Manufacturing tax.....	37,661	39,132	11,992	—	—
Other taxes.....	16,623	16,640	15,579	14,114	13,571
Total tax revenues.....	19,147,533	19,148,370	17,472,086	15,440,257	13,880,503
NON-TAX REVENUES					
Federal Funds:					
Departmental revenues.....	10,843,765	10,312,318	9,905,879	9,755,067	8,769,925
Federal Funds for Fiscal Relief:					
Federal funds for fiscal relief.....	—	—	—	—	136,859
Local Funds:					
Departmental revenues.....	486,536	665,532	574,300	731,368	636,900
Investment Earnings:					
Income from General Fund investments.....	234,478	208,955	122,405	75,669	76,415
Income from securities lending.....	143,487	216,072	133,098	48,463	21,305
Departmental revenues.....	7,829	8,059	7,357	8,539	2,613
Other investment earnings.....	39	66	44	14	3
	385,833	433,152	262,904	132,685	100,336
Interest Earnings on Loans:					
Departmental revenues.....	113	399	—	—	—
Sales and Services:					
Departmental revenues.....	102,307	94,664	94,994	85,592	76,010
Other non-tax revenues.....	138	171	184	168	182
	102,445	94,835	95,178	85,760	76,192
Rental and Lease of Property:					
Proceeds from rental and lease of property.....	98	41	57	4,304	102
Departmental revenues.....	7,908	8,392	7,885	7,072	6,620
	8,006	8,433	7,942	11,376	6,722
Fees, Licenses and Fines:					
Court fines and fees.....	198,520	159,583	158,646	142,798	138,878
Secretary of State service fees.....	62,035	58,046	55,976	46,975	40,638
Banking and investment fees.....	5,862	5,466	5,386	5,165	4,758
Self insurer fees (Industrial Commission).....	14,791	14,292	14,269	14,128	13,777
Probation supervision fees.....	16,892	16,629	16,471	16,476	16,748
Department of Insurance fees.....	42,872	27,991	25,990	24,526	25,147
DWI service and restoration fees.....	9,441	8,782	8,420	8,398	8,709
Departmental revenues.....	164,813	160,006	157,024	200,452	62,578
Fines from tax collection activity.....	93,181	69,758	53,663	—	—
Other non-tax revenues.....	6,583	4,944	5,173	3,818	4,388
	614,990	525,497	501,018	462,736	315,621
Tobacco settlement					
Tobacco settlement.....	159,954	142,825	136,453	148,641	146,452
Contributions, Gifts and Grants:					
Departmental revenues.....	16,054	17,207	17,632	34,375	50,140
Other non-tax revenues.....	—	—	1	105	234
	16,054	17,207	17,633	34,480	50,374
Miscellaneous:					
Local sales and use tax administration.....	16,982	16,979	14,356	13,932	13,989
Sales tax refunds.....	3,303	4,124	3,014	10,253	14,456
Departmental revenues.....	106,517	56,733	113,171	84,927	123,852
Other non-tax revenue.....	1,566	1,508	1,302	1,253	2,083
	128,368	79,344	131,843	110,365	154,380
Total non-tax revenues.....	12,746,064	12,279,542	11,633,150	11,472,478	10,393,761
Total Revenues..... [1], [2] \$	\$ 31,893,597	\$ 31,427,912	\$ 29,105,236	\$ 26,912,735	\$ 24,274,264

Table 5

2003	2002	2001	2000	1999
\$ 7,126,655	\$ 7,219,794	\$ 7,605,542	\$ 7,097,514	\$ 6,586,153
922,936	548,046	712,161	989,280	920,583
4,020,923	3,766,285	3,429,532	3,361,189	3,342,157
583,781	592,259	746,687	557,544	567,497
198,848	200,593	198,646	193,003	182,970
408,873	340,785	305,791	273,367	291,202
63,219	64,852	64,854	52,025	—
—	—	4	20	31
112,605	104,799	123,094	162,997	163,608
—	2	48	144	11,463
41,899	41,500	42,137	43,104	44,694
44,565	44,432	43,874	42,595	27,202
—	—	—	—	1,215
19,328	13,392	20,254	25,084	19,243
—	—	—	—	—
12,508	17,479	11,152	10,292	10,973
<u>13,556,140</u>	<u>12,954,218</u>	<u>13,303,776</u>	<u>12,808,158</u>	<u>12,168,991</u>
<u>7,564,627</u>	<u>7,266,016</u>	<u>6,777,503</u>	<u>6,156,189</u>	<u>5,361,839</u>
<u>136,859</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>562,498</u>	<u>682,310</u>	<u>737,063</u>	<u>482,387</u>	<u>436,609</u>
103,786	129,924	163,479	204,083	248,657
30,604	44,659	111,490	112,011	112,531
4,745	4,217	10,022	7,300	4,416
5	9,531	320	251	81
<u>139,140</u>	<u>188,331</u>	<u>285,311</u>	<u>323,645</u>	<u>365,685</u>
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
61,316	61,031	68,736	69,793	70,036
198	228	405	276	350
<u>61,514</u>	<u>61,259</u>	<u>69,141</u>	<u>70,069</u>	<u>70,386</u>
92	546	573	1,035	786
6,140	6,556	16,989	7,218	5,773
<u>6,232</u>	<u>7,102</u>	<u>17,562</u>	<u>8,253</u>	<u>6,559</u>
126,381	109,575	111,012	97,808	99,986
36,807	31,357	29,584	24,255	20,099
4,485	4,336	10,914	4,029	4,332
13,512	6,795	7,098	6,360	4,128
14,339	10,833	10,453	10,605	11,166
21,198	22,854	20,210	18,433	18,205
7,332	5,822	5,706	5,703	5,936
41,747	41,540	40,422	38,300	110,664
—	—	—	—	—
4,161	4,124	4,065	4,181	2,652
<u>269,962</u>	<u>237,236</u>	<u>239,464</u>	<u>209,674</u>	<u>277,168</u>
<u>173,256</u>	<u>175,836</u>	<u>140,272</u>	<u>—</u>	<u>—</u>
29,702	33,658	53,425	15,452	17,511
1	30	—	2	101
<u>29,703</u>	<u>33,688</u>	<u>53,425</u>	<u>15,454</u>	<u>17,612</u>
12,495	11,774	11,568	10,973	10,293
7,908	11,120	11,494	15,514	10,406
95,753	89,489	123,230	108,555	130,518
315	6,307	914	866	844
<u>116,471</u>	<u>118,690</u>	<u>147,206</u>	<u>135,908</u>	<u>152,061</u>
<u>9,060,262</u>	<u>8,770,468</u>	<u>8,466,947</u>	<u>7,401,579</u>	<u>6,687,919</u>
<u>\$ 22,616,402</u>	<u>\$ 21,724,686</u>	<u>\$ 21,770,723</u>	<u>\$ 20,209,737</u>	<u>\$ 18,856,910</u>

[1] Fiscal years prior to 2001 do not reflect the implementation of GASB Statement No. 33, Accounting for Nonexchange Transactions. This statement provided new rules on the timing of recognition of nonexchange transactions involving financial or capital resources.

[2] 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).

PERSONAL INCOME BY INDUSTRY

For the Fiscal Years 1998-2006

(Dollars in thousands)

	2006	2005	2004	2003	2002
Manufacturing.....	\$ 34,584,478	\$ 34,269,266	\$ 33,548,821	\$ 32,744,219	\$ 32,957,483
Retail trade.....	14,693,918	14,177,755	13,429,246	12,967,684	12,770,117
Services.....	65,331,198	60,382,349	56,406,055	52,284,237	50,615,389
Agricultural, forestry, fishing, etc.....	648,337	623,849	601,058	610,273	600,946
Government.....	42,848,561	40,012,420	37,172,280	34,622,175	32,293,906
Construction.....	14,590,274	13,430,344	12,150,555	11,065,474	11,039,949
Wholesale trade.....	11,967,751	11,125,943	10,454,386	9,561,303	9,033,833
Transportation and warehousing.....	6,424,641	5,917,422	5,766,079	5,450,793	5,428,763
Finance and insurance.....	14,101,271	12,400,299	11,317,399	10,768,135	10,132,069
Mining.....	400,783	334,404	282,015	247,892	240,364
Utilities..... [1]	1,462,299	1,347,225	1,353,932	1,316,184	1,275,067
Information..... [1]	5,645,123	5,735,716	5,435,116	5,168,423	5,138,686
Real estate and rental and leasing.....	4,226,666	4,400,850	3,924,984	3,625,524	3,304,984
Total.....	<u>\$ 216,925,300</u>	<u>\$ 204,157,842</u>	<u>\$ 191,841,926</u>	<u>\$ 180,432,316</u>	<u>\$ 174,831,556</u>
Average effective rate [2]:					
Individual income tax.....	4.4%	4.0%	3.9%	3.9%	4.1%

[1] 2002 is the first fiscal year data was collected for this industry.

[2] Average effective rate equals individual income tax revenues divided by personal income.

Source: Bureau of Economic Analysis(Data for 2007 & 2008 is not available.)

Information prior to 1998 was not available.

Table 6

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$	33,339,686	\$ 35,305,549	\$ 33,669,223	\$ 32,650,010
	12,587,584	14,265,654	13,517,581	12,414,512
	48,236,817	34,278,925	31,337,093	28,119,353
	618,682	907,049	827,266	738,696
	30,616,692	29,435,566	27,538,020	26,140,579
	11,565,880	8,799,938	8,300,149	7,592,861
	8,588,296	9,641,533	9,108,928	8,511,319
	5,324,201	5,073,577	4,808,932	4,542,317
	9,440,396	9,343,795	8,469,976	7,742,498
	278,288	212,489	206,714	201,577
	-	-	-	-
	-	-	-	-
	3,268,078	1,264,710	1,180,757	1,083,707
\$	<u>163,864,600</u>	<u>\$ 148,528,785</u>	<u>\$ 138,964,639</u>	<u>\$ 129,737,429</u>
	4.6%	4.8%	4.7%	4.7%

Individual Income Tax Filers and Liability - Calendar Years 1997 and 2006
Individual Income Tax Rates - Calendar Years 1997-2008

Table 7

North Carolina Taxable Income	Calendar Year 2006				Calendar Year 1997			
	Number of Returns	% of Total	Tax Liability	% of Total	Number of Returns	% of Total	Tax Liability	% of Total
0 to \$15,000.....	1,982,461	50.2%	447,671,215	4.8%	1,905,113	55.1%	\$ 488,197,412	8.6%
\$15,001 to \$25,000.....	537,076	13.6%	609,210,957	6.5%	511,583	14.8%	594,444,487	10.5%
\$25,001 to \$50,000.....	724,405	18.3%	1,610,541,801	17.2%	651,213	18.8%	1,439,015,941	25.5%
\$50,001 to \$75,000.....	329,959	8.3%	1,295,682,705	13.8%	216,854	6.3%	841,378,659	14.9%
\$75,001 to \$100,000.....	151,647	3.8%	865,826,688	9.2%	73,427	2.1%	418,097,539	7.4%
\$100,001 to \$200,000.....	159,707	4.0%	1,475,544,276	15.8%	70,304	2.0%	649,278,481	11.5%
\$200,001 and up.....	71,765	1.8%	3,061,247,949	32.7%	32,224	0.9%	1,220,905,346	21.6%
	<u>3,957,020</u>	100.0%	<u>\$ 9,365,725,591</u>	100.0%	<u>3,460,718</u>	100.0%	<u>\$ 5,651,317,865</u>	100.0%

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. Calendar year 2006 is the most recent year for which data are available.

Individual Income Tax Rates - Last 10 Years

1997-2000				
Tax Year	Bracket 1	Bracket 2	Bracket 3	Bracket 4
Married - Joint:				
Taxable income	\$1-\$21,250	\$21,251-\$100,000	> \$100,000	
Tax rate	6%	7%	7.75%	
Married - Separate:				
Taxable income	\$1-\$10,625	\$10,626-\$50,000	> \$50,000	
Tax rate	6%	7%	7.75%	
Head of Household:				
Taxable income	\$1-\$17,000	\$17,001-\$80,000	> \$80,000	
Tax rate	6%	7%	7.75%	
Single:				
Taxable income	\$1-\$12,750	\$12,751-\$60,000	> \$60,000	
Tax rate	6%	7%	7.75%	
2001-2006				
Tax Year	Bracket 1	Bracket 2	Bracket 3	Bracket 4
Married - Joint:				
Taxable income	\$1-\$21,250	\$21,251-\$100,000	\$100,001-\$200,000	> \$200,000
Tax rate	6%	7%	7.75%	8.25%
Married - Separate:				
Taxable income	\$1-\$10,625	\$10,626-\$50,000	\$50,001-\$100,000	> \$100,000
Tax rate	6%	7%	7.75%	8.25%
Head of Household:				
Taxable income	\$1-\$17,000	\$17,001-\$80,000	\$80,001-\$160,000	> \$160,000
Tax rate	6%	7%	7.75%	8.25%
Single:				
Taxable income	\$1-\$12,750	\$12,751-\$60,000	\$60,001-\$120,000	> \$120,000
Tax rate	6%	7%	7.75%	8.25%
2007-2008				
Tax Year	Bracket 1	Bracket 2	Bracket 3	Bracket 4
Married - Joint:				
Taxable income	\$1-\$21,250	\$21,251-\$100,000	\$100,001-\$200,000	> \$200,000
Tax rate	6%	7%	7.75%	8%
Married - Separate:				
Taxable income	\$1-\$10,625	\$10,626-\$50,000	\$50,001-\$100,000	> \$100,000
Tax rate	6%	7%	7.75%	8%
Head of Household:				
Taxable income	\$1-\$17,000	\$17,001-\$80,000	\$80,001-\$160,000	> \$160,000
Tax rate	6%	7%	7.75%	8%
Single:				
Taxable income	\$1-\$12,750	\$12,751-\$60,000	\$60,001-\$120,000	> \$120,000
Tax rate	6%	7%	7.75%	8%

Temporary Rate Increase -

Effective for the tax years January 1, 2001 through December 31, 2003, the General Assembly temporarily raised the highest individual income tax rate from 7.75% to 8.25%. This temporary increase was extended in subsequent budgets. In 2006-07, the General Assembly reduced the top rate from 8.25% to 8.0%, effective January 1, 2007.

Income tax rate restrictions -

The State Constitution (Article V, section 2(6)) places the following limitation on the income tax: "The rate of tax on incomes shall not in any case exceed ten percent, and there shall be allowed personal exemptions and deductions so that only net incomes are taxed."

Information prior to 1997 not available.

Source: North Carolina Department of Revenue

TAXABLE SALES BY BUSINESS GROUP

For the Fiscal Years 2006-2008

Table 8

(Dollars in Thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
General merchandise.....	\$ 27,545,474	\$ 27,814,179	\$ 24,141,458
Food.....	20,427,943	18,856,362	17,333,935
Lumber & building material.....	15,125,717	15,625,168	14,749,083
Automotive.....	5,782,027	6,138,450	5,416,622
1%, 2%, 2.5% and 3% tax group.....	878,522	1,350,932	4,551,097
Furniture.....	4,746,011	4,733,484	4,387,923
Apparel.....	3,901,540	3,753,902	3,481,573
Unclassified.....	29,529,959	28,314,743	27,490,165
Total.....	<u>\$ 107,937,193</u>	<u>\$ 106,587,220</u>	<u>\$ 101,551,856</u>
Direct sales tax rate	4.25%	4.25%	4.50%

1%, 2%, 2.5% and 3% tax group includes manufactured homes, airplanes, boats, modular homes, farm mill, laundry machinery, fuel to farmers, manufacturers and laundries.

Source: North Carolina Department of Revenue

SALES TAX REVENUE PAYERS BY BUSINESS GROUP

For the Fiscal Years 1998 & 2008

Table 9

	2008		1998	
	Tax Liability	Percentage of Total	Tax Liability	Percentage of Total
General merchandise.....	\$ 1,175,496,988	21.30%	\$ 625,352,352	19.33%
Food.....	876,098,237	15.87%	740,721,893	22.90%
Utilities.....	916,293,711	16.60%	351,593,637	10.87%
Lumber & building material.....	644,616,863	11.68%	342,385,447	10.59%
Automotive.....	268,653,868	4.87%	182,729,329	5.65%
Furniture.....	203,240,968	3.68%	142,354,550	4.40%
Apparel.....	166,503,664	3.02%	100,886,318	3.12%
Farming.....	755,963	0.01%	54,697,552	1.69%
Unclassified.....	1,267,588,011	22.97%	693,807,982	21.45%
Total.....	<u>\$ 5,519,248,273</u>	100.00%	<u>\$ 3,234,529,060</u>	100.00%
General state sales tax rate.....	4.25%		4.00%	

Information prior to 1998 is not available.

Recent Significant Sales Tax Rate and Base Changes

1998-99	Effective July 1, 1998, the State rate application to food purchased for home consumption was reduced from 3% to 2%. Effective May 1, 1999, food purchased for home consumption was exempted from the State sales tax.
1999-00	Effective July 1, 1999, sales of piped natural gas became exempt from sales tax and, instead, became subject to the piped natural gas excise tax.
2001-02	Effective October 1, 2001, the \$1,500 tax limit applicable to short-term leases of noncommercial vehicles was repealed. Effective October 16, 2001, the general sales rate increased from 4% to 4.5%. Effective December 1, 2001, sales of spirituous liquor, other than mixed beverages, became subject to a 6% State sales and use tax. Effective January 1, 2002, gross receipts of direct-to-home satellite service to subscribers in this State became subject to a 5% State sales tax. Effective January 1, 2002, gross receipts derived from providing telecommunications services became subject to a 6% State sales and use tax. [Prior to the law change, local telecommunications services were subject to a 3% State sales tax rate and a 3.22% utility franchise tax rate; interstate long distance calls were taxed at 6.5% and interstate long distance calls were exempt.]
2003-04	Effective July 1, 2003, all sales of soft drinks became subject to both the State and local rates. Effective January 1, 2004, sales of closed container soft drinks sold through vending machines were taxed on only 50% of the sale price. Effective January 1, 2004, candy was exempted from the State tax and subject to only the 2% local tax. Effective for sales made on or after January 1, 2004, modular homes became subject to a 2.5% State sales and use tax rate.
2005-06	Effective October 1, 2005, all sales of candy became subject to the combined general State and county tax rate. Effective October 1, 2005, the sales and use tax imposed on telecommunications, direct-to-home satellite services, and spirituous liquor increased to 7%. Effective January 1, 2006, a 7% State sales and use tax was imposed on cable services, and satellite digital audio radio became subject to both the State general rate of tax and local rates.
2006-07	Effective June 29, 2007, the combined general rate is the State's general rate (4.25%) plus the sum of the rates of local tax authorized for every county in the State (2.5%). Effective January 1, 2007, sales of intermodal cranes, intermodal hostler trucks and railroad locomotives to the owner or lessee of an eligible railroad intermodal facility was exempted. Sales to the owner or lessee of an eligible railroad intermodal facility of sales taxes on building supplies, fixtures, and equipment that become a part of the real property of the facility was exempted. Effective June 29, 2007, additional 0.25% Sales general and use tax rate, scheduled to be repealed for sales made on or after July 1, 2007, was extended for one month.
2007-08	Effective July 1, 2007, tax on electricity (2.83%) sold to manufacturers was repealed and the new rate is 2.6%. Effective July 1, 2007, manufacturers and assemblers of aircraft parts, professional motorsports racing teams of 50% of tax on property that comprises any part of a professional motor racing vehicle and taxpayers engaged in analytical services of 50% of tax paid on property consumed or transformed in analytical services would receive refunds. Effective July 31, 2007, additional 0.25% State general sales and use tax rate was made permanent. As a result the combined general rate remains at 6.75%. Effective October 1, 2007, Tax on electricity sold to farmers (2.83%) was repealed and the new rate is 1.8%. Effective October 1, 2007, Tax on electricity sold to manufacturers (2.6%) was repealed and the new rate is 1.8%. Effective October 1, 2007, baler twine sold to farmers and bread sold at a bakery thrift store was exempted.

Source: North Carolina Department of Revenue

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RATIOS OF OUTSTANDING DEBT BY TYPE

For the Fiscal Years 1999-2008

(Dollars in Thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities:					
General obligation bonds.....	\$ 5,533,760	\$ 5,902,330	\$ 5,738,815	\$ 5,698,535	\$ 4,982,860
Lease-purchase revenue bonds.....	235,045	245,045	255,045	265,045	218,405
Revenue bonds.....	—	—	8,800	—	—
Certificates of participation.....	965,880	727,640	454,060	475,170	301,165
GARVEE bonds.....	287,565	—	—	—	—
Tax judgements payable.....	—	—	—	—	—
Notes payable.....	33,187	37,276	62,298	34,007	25,008
Capital leases payable.....	24,659	25,740	26,879	330	304
Total Governmental Activities.....	<u>7,080,096</u>	<u>6,938,031</u>	<u>6,545,897</u>	<u>6,473,087</u>	<u>5,527,742</u>
Business-type activities:					
Revenue bonds..... (a)	—	—	—	9,070	9,325
Notes payable..... (a)	—	—	—	1,569	—
Total Business-type Activities.....	<u>—</u>	<u>—</u>	<u>—</u>	<u>10,639</u>	<u>9,325</u>
Total Primary Government.....	<u>\$ 7,080,096</u>	<u>\$ 6,938,031</u>	<u>\$ 6,545,897</u>	<u>\$ 6,483,726</u>	<u>\$ 5,537,067</u>
Debt as a Percentage of Personal Income.....	2.15%	2.27%	2.29%	2.44%	2.22%
Amount of Debt per Capita.....	\$ 764	\$ 766	\$ 739	\$ 747	\$ 648

Note:

(a) The Town of Butner's Enterprise Funds related to water and sewer was sold.

Table 10

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$ 4,066,990	\$ 3,467,325	\$ 3,038,693	\$ 2,509,986	\$ 2,451,973
—	—	—	—	—
—	—	—	—	—
17,500	—	—	—	—
—	—	—	—	—
—	—	—	58,744	440,000
9,629	11,753	7,870	8,797	3,270
322	216	—	853	904
<u>4,094,441</u>	<u>3,479,294</u>	<u>3,046,563</u>	<u>2,578,380</u>	<u>2,896,147</u>
9,570	9,905	9,905	—	—
—	—	—	—	—
<u>9,570</u>	<u>9,905</u>	<u>9,905</u>	<u>—</u>	<u>—</u>
<u>\$ 4,104,011</u>	<u>\$ 3,489,199</u>	<u>\$ 3,056,468</u>	<u>\$ 2,578,380</u>	<u>\$ 2,896,147</u>
1.73%	1.52%	1.36%	1.18%	1.48%
\$ 488	\$ 419	\$ 373	\$ 320	\$ 379

RATIOS OF GENERAL BONDED AND SIMILAR DEBT OUTSTANDING

For the Fiscal Years 1999-2008

Table 11

(Dollars in Thousands except Per Capita)

Fiscal Year Ended June 30	General Obligation Bonds	Lease Purchase Revenue Bonds	Certificates of Participation	Total	Per Capita
2008	\$ 5,533,760	\$ 235,045	\$ 965,880	\$ 6,734,685	\$ 726.48
2007	5,902,330	245,045	727,640	6,875,015	758.75
2006	5,738,815	255,045	454,060	6,447,920	728.04
2005	5,698,535	265,045	475,170	6,438,750	741.51
2004	4,982,860	218,405	301,165	5,502,430	644.22
2003	4,066,990	—	1,750	4,068,740	483.96
2002	3,467,326	—	—	3,467,326	416.74
2001	3,042,570	—	—	3,042,570	371.67
2000	2,514,730	—	—	2,514,730	312.42
1999	2,457,650	—	—	2,457,650	321.35

Note: Population data can be found in table 15.

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SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE

June 30, 2008

(Dollars in Thousands)

Payable from General Fund Revenues

	Total General Obligation Bonds	Total General Fund	Capital Improve- ment Series 1989 5-1-89 6.5 - 6.9% [*]	Public School Building Series 1999 4-1-99 4.5-5.0%	Clean Water Refunding Series 1999 4-1-99 2.9-5.0%	Public Improvement Series 1999A 9-1-99 5.0-5.4%	Public Improvement Series 2000A 9-1-00 5.0-5.1%	Public Improvement Series 2001A 3-1-01 4.5-5.0%
Bonds Authorized and Issued:								
Ch. 1048, 1987 session law..	\$ 20,499	\$ 20,499	\$ 20,499	\$ —	\$ —	\$ —	\$ —	\$ —
Ch. 631, 1995 session law....	900,000	900,000	—	450,000	—	—	295,000	100,000
General Statute Ch. 142.....	908,965	908,965	—	—	25,905	—	—	—
Ch. 590, 1995 session law....	400,000	—	—	—	—	—	—	—
Ch. 132, 1998 session law....	595,210	595,210	—	—	—	177,400	5,000	30,000
Ch. 3, 2000 session law.....	2,122,800	2,122,800	—	—	—	—	—	250,000
2004 session law.....	2,568,295	2,169,925	—	—	—	—	—	—
Total bonds authorized and issued.....	7,515,769	6,717,399	20,499	450,000	25,905	177,400	300,000	380,000
Accretion.....	16,475	16,475	16,475	—	—	—	—	—
Bonds retired.....	1,362,210	1,211,865	35,185	166,500	9,925	51,500	84,000	112,000
Partial defeasances.....	636,400	636,400	—	228,000	—	116,400	180,000	112,000
Bonds outstanding— 6/30/2008.....	<u>\$ 5,533,634</u>	<u>\$ 4,885,609</u>	<u>\$ 1,789</u>	<u>\$ 55,500</u>	<u>\$ 15,980</u>	<u>\$ 9,500</u>	<u>\$ 36,000</u>	<u>\$ 156,000</u>
Bond Maturity As Follows:								
2008-09.....	364,369	310,279	1,789	18,500	2,080	9,500	12,000	16,000
2009-10.....	364,385	310,320	—	18,500	2,050	—	12,000	16,000
2010-11.....	364,550	310,520	—	18,500	2,025	—	12,000	16,000
2011-12.....	365,575	311,575	—	—	2,000	—	—	16,000
2012-13.....	367,510	313,670	—	—	1,980	—	—	16,000
2013-14.....	367,685	313,085	—	—	1,965	—	—	16,000
2014-15.....	366,940	312,340	—	—	1,950	—	—	16,000
2015-16.....	366,970	312,370	—	—	1,930	—	—	16,000
2016-17.....	364,635	310,035	—	—	—	—	—	28,000
2017-18.....	368,430	313,830	—	—	—	—	—	—
2018-19.....	369,525	314,925	—	—	—	—	—	—
2019-20.....	335,175	284,775	—	—	—	—	—	—
2020-21.....	254,785	254,785	—	—	—	—	—	—
2021-22.....	235,795	235,795	—	—	—	—	—	—
2022-23.....	228,760	228,760	—	—	—	—	—	—
2023-24.....	203,000	203,000	—	—	—	—	—	—
2024-25.....	123,400	123,400	—	—	—	—	—	—
2025-26.....	61,400	61,400	—	—	—	—	—	—
2026-27.....	44,245	44,245	—	—	—	—	—	—
2027-28.....	16,500	16,500	—	—	—	—	—	—
Total Bonds Outstanding.....	<u>\$ 5,533,634</u>	<u>\$ 4,885,609</u>	<u>\$ 1,789</u>	<u>\$ 55,500</u>	<u>\$ 15,980</u>	<u>\$ 9,500</u>	<u>\$ 36,000</u>	<u>\$ 156,000</u>

[*] Capital
Appreciation
Bonds

Table 12

Payable from General Fund Revenues

Public Improvement Series 2002A 3-1-02	Public Improvement Series 2002D 5-1-02	Public Improvement Series 2002E 5-1-02	Public Improvement Series 2002F 5-1-02	Public Improvement Series 2002G 5-1-02	Clean Water Series 2002A 12-1-02	Refunding Series 2002A 12-1-02	Refunding Series 2002B 12-12-02	Refunding Series 2002C 12-12-02	Refunding Series 2002D 12-12-02
4.0-5.5%	Variable to 18%	Variable to 18%	Variable to 18%	Variable to 18%	2.25 - 5.0%	2% - 5.25%	Variable to 20%	Variable to 20%	Variable to 20%
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	55,000	—	—	—	—	—	—	—	—
—	—	—	—	—	—	56,480	100,000	100,000	100,000
—	—	—	—	—	—	—	—	—	—
204,400	—	—	—	—	18,800	—	—	—	—
—	33,750	88,750	88,750	88,750	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
204,400	88,750	88,750	88,750	88,750	18,800	56,480	100,000	100,000	100,000
—	—	—	—	—	—	—	—	—	—
104,400	—	—	—	—	1,055	29,280	—	—	—
—	—	—	—	—	—	—	—	—	—
<u>\$ 100,000</u>	<u>\$ 88,750</u>	<u>\$ 88,750</u>	<u>\$ 88,750</u>	<u>\$ 88,750</u>	<u>\$ 17,745</u>	<u>\$ 27,200</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>
25,000	—	—	—	—	235	6,795	—	—	—
25,000	—	—	—	—	255	10,030	—	—	—
25,000	—	—	—	—	270	10,375	—	—	—
25,000	—	—	—	—	750	—	4,520	4,520	4,520
—	6,250	6,250	6,250	6,250	1,815	—	10,920	10,920	10,920
—	6,250	6,250	6,250	6,250	1,795	—	10,815	10,815	10,815
—	6,250	6,250	6,250	6,250	1,775	—	10,700	10,700	10,700
—	6,250	6,250	6,250	6,250	2,245	—	13,385	13,385	13,385
—	6,250	6,250	6,250	6,250	510	—	3,520	3,520	3,520
—	10,750	10,750	10,750	10,750	4,915	—	27,975	27,975	27,975
—	23,250	23,250	23,250	23,250	3,180	—	18,165	18,165	18,165
—	18,750	18,750	18,750	18,750	—	—	—	—	—
—	4,750	4,750	4,750	4,750	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
<u>\$ 100,000</u>	<u>\$ 88,750</u>	<u>\$ 88,750</u>	<u>\$ 88,750</u>	<u>\$ 88,750</u>	<u>\$ 17,745</u>	<u>\$ 27,200</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>

Continued

SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE

June 30, 2008

(Dollars in Thousands)
Payable from General Fund Revenues

	Refunding Series 2002E 12-12-02 Variable to 20%	Refunding Series 2002F 12-12-02 Variable to 20%	Public Improvement Series 2003A 3-1-03 2.0% - 5.25%	Public Improvement Series 2003B 4-1-03 2.0-5.0%	Refunding Series 2003D 8-1-03 2.0%-4.75%	Refunding Series 2003E 8-1-03 4%-5%	Public Improvement Series 2004A 3-1-04 2%-5.25%	Natural Gas Series 2004A 3-1-04 2%-3.25%
Bonds Authorized and Issued:								
Ch. 1048, 1987 session law..	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Ch. 631, 1995 session law....	—	—	—	—	—	—	—	—
General Statute Ch. 142.....	100,000	99,870	—	—	91,000	235,710	—	—
Ch. 590, 1995 session law....	—	—	—	—	—	—	—	—
Ch. 132, 1998 session law....	—	—	38,355	—	—	—	—	36,000
Ch. 3, 2000 session law.....	—	—	281,645	283,255	—	—	707,900	—
2004 session law.....	—	—	—	—	—	—	—	—
Total bonds authorized and issued.....	100,000	99,870	320,000	283,255	91,000	235,710	707,900	36,000
Accretion.....	—	—	—	—	—	—	—	—
Bonds retired.....	—	—	25,000	22,300	84,130	104,285	56,000	28,800
Partial defeasances.....	—	—	—	—	—	—	—	—
Bonds outstanding— 6/30/2008.....	\$ 100,000	\$ 99,870	\$ 295,000	\$ 260,955	\$ 6,870	\$ 131,425	\$ 651,900	\$ 7,200
Bond Maturity As Follows:								
2008-09.....	—	—	13,000	13,000	6,870	27,650	14,000	7,200
2009-10.....	—	—	13,000	13,000	—	27,715	25,000	—
2010-11.....	—	—	13,000	13,000	—	27,785	25,000	—
2011-12.....	4,520	4,500	13,000	13,000	—	27,855	25,000	—
2012-13.....	10,920	10,915	13,000	13,000	—	20,420	25,000	—
2013-14.....	10,815	10,795	13,000	13,000	—	—	25,000	—
2014-15.....	10,700	10,690	13,000	13,000	—	—	25,000	—
2015-16.....	13,385	13,370	13,000	13,000	—	—	25,000	—
2016-17.....	3,520	3,525	13,000	13,000	—	—	25,000	—
2017-18.....	27,975	27,950	13,000	13,000	—	—	25,000	—
2018-19.....	18,165	18,125	16,500	18,000	—	—	25,000	—
2019-20.....	—	—	16,500	30,000	—	—	65,000	—
2020-21.....	—	—	16,500	30,000	—	—	65,000	—
2021-22.....	—	—	16,500	30,000	—	—	65,000	—
2022-23.....	—	—	16,500	22,955	—	—	65,000	—
2023-24.....	—	—	16,500	—	—	—	65,000	—
2024-25.....	—	—	16,500	—	—	—	62,900	—
2025-26.....	—	—	16,500	—	—	—	—	—
2026-27.....	—	—	16,500	—	—	—	—	—
2027-28.....	—	—	16,500	—	—	—	—	—
Total Bonds Outstanding.....	\$ 100,000	\$ 99,870	\$ 295,000	\$ 260,955	\$ 6,870	\$ 131,425	\$ 651,900	\$ 7,200

Table 12

Payable from General Fund Revenues

Clean Water Series 2004A 3-29-04 2%-3.25%	Clean Water Refunding Series 2004 9-29-04 3%-5.5%	Capital Improvement Refunding Series 2004 9-29-04 4%-5.5%	Public School Refunding Series 2004 9-29-04 5%	Public Improvement Refunding Series 2004 9-29-04 3%-5.5%	Public Improvement Series 2005A 1-12-05 4%-5.5%	Natural Gas 2005 1-12-05 3%-4%	Refunding Series 2005A 1-12-05 3%-5%	Refunding Series 2005B 6-29-05 5%	Clean Water Series 2006A 3-15-06 3.875%-5.5%
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
15,255	—	—	—	—	—	—	—	—	70,000
—	—	—	—	—	—	—	—	—	—
—	11,900	59,275	155,245	57,470	705,500	16,000	106,895	470,510	—
15,255	11,900	59,275	155,245	57,470	705,500	16,000	106,895	470,510	70,000
—	—	—	—	—	—	—	—	—	—
12,400	9,045	24,740	30,825	365	145,400	9,600	140	3,235	5,900
—	—	—	—	—	—	—	—	—	—
<u>\$ 2,855</u>	<u>\$ 2,855</u>	<u>\$ 34,535</u>	<u>\$ 124,420</u>	<u>\$ 57,105</u>	<u>\$ 560,100</u>	<u>\$ 6,400</u>	<u>\$ 106,755</u>	<u>\$ 467,275</u>	<u>\$ 64,100</u>
2,855	2,855	11,545	31,260	70	21,800	3,200	50	19,650	3,200
—	—	11,515	31,160	9,575	21,800	3,200	50	27,085	3,200
—	—	11,475	31,055	9,555	25,000	—	50	27,040	3,200
—	—	—	30,945	9,535	25,000	—	12,025	45,490	3,200
—	—	—	—	9,510	25,000	—	11,935	53,010	3,200
—	—	—	—	9,490	25,000	—	11,810	73,555	3,200
—	—	—	—	9,370	25,000	—	11,680	73,650	3,200
—	—	—	—	—	25,000	—	11,600	69,255	3,200
—	—	—	—	—	25,000	—	47,555	71,925	3,200
—	—	—	—	—	25,000	—	—	6,615	3,200
—	—	—	—	—	25,000	—	—	—	3,200
—	—	—	—	—	54,000	—	—	—	4,000
—	—	—	—	—	80,000	—	—	—	4,000
—	—	—	—	—	80,000	—	—	—	4,000
—	—	—	—	—	—	—	—	—	4,000
—	—	—	—	—	77,500	—	—	—	4,000
—	—	—	—	—	—	—	—	—	4,000
—	—	—	—	—	—	—	—	—	4,900
—	—	—	—	—	—	—	—	—	—
<u>\$ 2,855</u>	<u>\$ 2,855</u>	<u>\$ 34,535</u>	<u>\$ 124,420</u>	<u>\$ 57,105</u>	<u>\$ 560,100</u>	<u>\$ 6,400</u>	<u>\$ 106,755</u>	<u>\$ 467,275</u>	<u>\$ 64,100</u>

Continued

SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE

June 30, 2008

Table 12

(Dollars in Thousands)

	Payable from General Fund Revenues			Payable from Highway Trust Fund			
	Higher Education Series 2006A 6-14-06 4.25%-5%	Public Improvement Series 2007A 3-1-07 4.125%-5%	Refunding Series 2007B 5-9-07 4%-4.5%	Total Highway Trust	Highway Series 2003 12-1-03 3%-5%	Highway Refunding Series 2004 9-29-04 5.0-5.5%	Highway Series 2004 9-29-04 3%-5%
Bonds Authorized and Issued:							
Ch. 1048, 1987 session law..	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Ch. 631, 1995 session law....	—	—	—	—	—	—	—
General Statute Ch. 142.....	—	—	—	—	—	—	—
Ch. 590, 1995 session law....	—	—	—	400,000	400,000	—	—
Ch. 132, 1998 session law....	—	—	—	—	—	—	—
Ch. 3, 2000 session law.....	300,000	—	—	—	—	—	—
2004 session law.....	—	502,745	84,385	398,370	—	98,370	300,000
Total bonds authorized and issued.....	300,000	502,745	84,385	798,370	400,000	98,370	300,000
Accretion.....	—	—	—	—	—	—	—
Bonds retired.....	30,000	25,000	855	150,345	72,000	18,345	60,000
Partial defeasances.....	—	—	—	—	—	—	—
Bonds outstanding— 6/30/2008.....	<u>\$ 270,000</u>	<u>\$ 477,745</u>	<u>\$ 83,530</u>	<u>\$ 648,025</u>	<u>\$ 328,000</u>	<u>\$ 80,025</u>	<u>\$ 240,000</u>
Bond Maturity As Follows:							
2008-09.....	15,000	25,000	175	54,090	18,000	16,090	20,000
2009-10.....	15,000	25,000	185	54,065	18,000	16,065	20,000
2010-11.....	15,000	25,000	190	54,030	18,000	16,030	20,000
2011-12.....	15,000	25,000	195	54,000	18,000	16,000	20,000
2012-13.....	15,000	25,000	205	53,840	18,000	15,840	20,000
2013-14.....	15,000	25,000	215	54,600	34,600	—	20,000
2014-15.....	15,000	25,000	225	54,600	34,600	—	20,000
2015-16.....	15,000	25,000	230	54,600	34,600	—	20,000
2016-17.....	15,000	25,000	240	54,600	34,600	—	20,000
2017-18.....	15,000	25,000	250	54,600	34,600	—	20,000
2018-19.....	15,000	25,000	260	54,600	34,600	—	20,000
2019-20.....	15,000	25,000	275	50,400	30,400	—	20,000
2020-21.....	15,000	25,000	285	—	—	—	—
2021-22.....	15,000	25,000	295	—	—	—	—
2022-23.....	15,000	25,000	80,305	—	—	—	—
2023-24.....	15,000	25,000	—	—	—	—	—
2024-25.....	15,000	25,000	—	—	—	—	—
2025-26.....	15,000	25,000	—	—	—	—	—
2026-27.....	—	27,745	—	—	—	—	—
2027-28.....	—	—	—	—	—	—	—
Total Bonds Outstanding.....	<u>\$ 270,000</u>	<u>\$ 477,745</u>	<u>\$ 83,530</u>	<u>\$ 648,025</u>	<u>\$ 328,000</u>	<u>\$ 80,025</u>	<u>\$ 240,000</u>

Source: Compiled by the Department of State Treasurer

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SCHEDULE OF SPECIAL INDEBTEDNESS DEBT

June 30, 2008

(Dollars in Thousands)

	<i>Lease Purchase Revenue Bonds</i>				<i>Certificates of Participation</i>				
	Total Special Indebtedness Debt	<i>Total Lease Purchase Revenue Bonds</i>	NC	NC	<i>Total Certificates of Participation</i>	Wildlife	Correctional	Repair and	Capital
			Correctional	Facilities		Improvements	Facilities	Renovation	Improvements
			Facilities	Projects		Series 2003A	Project	Project	Series 2005A
		Series 2003	Series 2004		Series 2003A	Series 2004A	Series 2004A	Series 2005A	
		7-15-03	11-1-04		4-1-03	2-1-04	5-6-04	6-9-05	
		2.0% - 5.25%	2.0% - 5.25%		2.0% - 5.25%	2.0% - 5.0%	2.0% - 5.0%	3.5% - 5.0%	
Bonds Authorized and Issued:									
Ch. 284, 2003 session law.....	\$ 1,077,360	\$ 218,405	\$ 218,405	\$ —	\$ 858,955	\$ —	\$ 158,955	\$ 125,000	\$ —
Ch. 143, 2000 session law.....	17,500	—	—	—	17,500	17,500	—	—	—
General Statute Ch. 148-37.2....	53,640	53,640	—	53,640	0	—	—	—	—
Ch. 179, 2004 session law.....	188,385	—	—	—	188,385	—	—	—	188,385
Total bonds authorized and issued.....	1,336,885	272,045	218,405	53,640	1,064,840	17,500	158,955	125,000	188,385
Bonds retired.....	135,960	37,000	31,000	6,000	98,960	2,730	31,795	24,000	20,435
Bonds outstanding—									
June 30, 2008.....	<u>\$ 1,200,925</u>	<u>\$ 235,045</u>	<u>\$ 187,405</u>	<u>\$ 47,640</u>	<u>\$ 965,880</u>	<u>\$ 14,770</u>	<u>\$ 127,160</u>	<u>\$ 101,000</u>	<u>\$ 167,950</u>
Bond Maturity As Follows:									
2008-09.....	56,295	10,000	8,000	2,000	46,295	720	7,950	6,000	7,440
2009-10.....	56,985	10,000	8,000	2,000	46,985	740	7,950	6,000	7,780
2010-11.....	57,740	10,000	8,000	2,000	47,740	765	7,950	6,000	8,165
2011-12.....	58,550	10,000	8,000	2,000	48,550	795	7,950	6,000	8,580
2012-13.....	59,395	10,000	8,000	2,000	49,395	825	7,950	6,000	9,005
2013-14.....	60,290	10,000	8,000	2,000	50,290	860	7,950	6,000	9,455
2014-15.....	61,245	10,000	8,000	2,000	51,245	905	7,950	6,000	9,925
2015-16.....	62,250	10,000	8,000	2,000	52,250	950	7,950	6,000	10,425
2016-17.....	61,955	8,650	8,000	650	53,305	1,000	7,945	6,000	10,945
2017-18.....	62,930	8,500	8,000	500	54,430	1,055	7,945	6,000	11,495
2018-19.....	63,605	8,000	8,000	—	55,605	1,110	7,945	6,000	12,065
2019-20.....	86,700	28,850	19,000	9,850	57,850	1,165	7,945	7,000	12,670
2020-21.....	79,865	24,000	19,000	5,000	55,865	1,230	7,945	7,000	10,000
2021-22.....	80,580	24,000	19,000	5,000	56,580	1,290	7,945	7,000	10,000
2022-23.....	81,350	24,000	19,000	5,000	57,350	1,360	7,945	7,000	10,000
2023-24.....	82,950	26,225	23,405	2,820	56,725	—	7,945	7,000	10,000
2024-25.....	45,380	2,820	—	2,820	42,560	—	—	—	10,000
2025-26.....	33,390	—	—	—	33,390	—	—	—	—
2026-27.....	29,270	—	—	—	29,270	—	—	—	—
2027-28.....	20,200	—	—	—	20,200	—	—	—	—
Total Bonds Outstanding.....	<u>\$ 1,200,925</u>	<u>\$ 235,045</u>	<u>\$ 187,405</u>	<u>\$ 47,640</u>	<u>\$ 965,880</u>	<u>\$ 14,770</u>	<u>\$ 127,160</u>	<u>\$ 101,000</u>	<u>\$ 167,950</u>

Source: Compiled by the Department of State Treasurer.

Table 13

Certificates of Participation

Repair and Renovation Projects Series 2006A 8-16-06 4.0% - 5.0%	Capital Improvements Series 2006A 10-18-06 4.0% - 5.0%	Capital Improvements Series 2007A 10-3-07 4.0% - 5.0%	Repair and Renovation Projects Series 2007B 10-24-07 4.0% - 5.0%
\$ 100,000	\$ 200,000	\$ 200,000	\$ 75,000
—	—	—	—
—	—	—	—
—	—	—	—
100,000	200,000	200,000	75,000
10,000	10,000	—	—
<u>\$ 90,000</u>	<u>\$ 190,000</u>	<u>\$ 200,000</u>	<u>\$ 75,000</u>
5,000	10,000	5,435	3,750
5,000	10,000	5,765	3,750
5,000	10,000	6,110	3,750
5,000	10,000	6,475	3,750
5,000	10,000	6,865	3,750
5,000	10,000	7,275	3,750
5,000	10,000	7,715	3,750
5,000	10,000	8,175	3,750
5,000	10,000	8,665	3,750
5,000	10,000	9,185	3,750
5,000	10,000	9,735	3,750
5,000	10,000	10,320	3,750
5,000	10,000	10,940	3,750
5,000	10,000	11,595	3,750
5,000	10,000	12,295	3,750
5,000	10,000	13,030	3,750
5,000	10,000	13,810	3,750
5,000	10,000	14,640	3,750
—	10,000	15,520	3,750
—	—	16,450	3,750
<u>\$ 90,000</u>	<u>\$ 190,000</u>	<u>\$ 200,000</u>	<u>\$ 75,000</u>

PLEDGED REVENUE COVERAGE

For the Fiscal Years 2002-2008

(Dollars in Thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Town of Butner					
Revenue Bonds					
Pledged Revenue-					
Sales and services.....	(a)	(a)	\$ 2,377	\$ 3,531	\$ 3,673
Rental lease earnings.....	(a)	(a)	5	3	8
Fees, licenses and fines.....	(a)	(a)	8	14	14
Miscellaneous revenue.....	(a)	(a)	147	156	106
Less: Operating expenses.....	(a)	(a)	(2,261)	(2,470)	(2,372)
Net available revenue.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276</u>	<u>\$ 1,234</u>	<u>\$ 1,429</u>
Debt service					
Principal.....	(a)	(a)	\$ 270	\$ 255	\$ 245
Interest.....	(a)	(a)	394	414	419
Coverage.....	(a)	(a)	.42	1.85	2.16
Department of Transportation					
Grant Anticipation Revenue Vehicle Bonds (GARVEE)					
Pledged Revenue-					
Federal transportation revenues.....	\$ 904,400	\$ -	\$ -	\$ -	\$ -
Less: Operating expenses.....	-	-	-	-	-
Net available revenue.....	<u>\$ 904,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt service					
Principal.....	\$ -	\$ -	\$ -	\$ -	\$ -
Interest.....	5,056	-	-	-	-
Coverage.....	178.87	-	-	-	-
N.C. Housing Finance Agency					
Revenue Bonds					
Pledged Revenue-					
Interest on investments.....	\$ 21,281	\$ 26,088	\$ 23,718	\$ 17,659	\$ 17,357
Interest on mortgage loans.....	82,913	71,892	66,515	69,816	74,650
Net increase/decrease in fair value of investments.....	1,064	1,544	(2,372)	544	-
Other revenue.....	951	65	444	198	147
Less: Operating expenses.....	(5,542)	(4,868)	(4,640)	(4,996)	(4,678)
Net available revenue.....	<u>\$ 100,667</u>	<u>\$ 94,721</u>	<u>\$ 83,665</u>	<u>\$ 83,221</u>	<u>\$ 87,476</u>
Debt service					
Principal.....	\$ 31,050	\$ 178,050	\$ 175,670	\$ 27,967	\$ 24,245
Interest.....	77,665	73,845	70,059	63,242	69,622
Coverage.....	.93	.38	.34	.91	.93
State Education Assistance Authority					
Revenue Bonds					
Pledged Revenue-					
Student loan principal collections.....	\$ 364,274	\$ 618,723	\$ 660,332	\$ 300,827	\$ 277,552
Interest earnings on loans.....	137,512	151,237	115,306	80,912	50,037
Investment earnings.....	18,999	24,551	15,174	4,157	2,686
Less: Operating expenses.....	(31,381)	(30,290)	(24,627)	(19,395)	(17,603)
Net available revenue.....	<u>\$ 489,404</u>	<u>\$ 764,221</u>	<u>\$ 766,185</u>	<u>\$ 366,501</u>	<u>\$ 312,672</u>
Debt service					
Principal.....	\$ 153,589	\$ -	\$ 1,000	\$ 1,000	\$ 1,000
Interest.....	165,517	117,324	60,912	25,212	17,736
Coverage.....	1.53	6.51	12.38	13.98	16.69

Table 14

<u>2003</u>	<u>2002</u>
\$ 3,936	\$ 3,581
-	-
13	17
243	407
(2,341)	(2,276)
<u>\$ 1,851</u>	<u>\$ 1,729</u>
\$ 235	\$ 100
434	431
2.77	3.26
\$ -	\$ -
-	-
<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -
-	-
-	-
\$ 14,687	\$ 13,315
83,045	82,789
-	3,926
92	710
(4,739)	(5,165)
<u>\$ 93,085</u>	<u>\$ 95,575</u>
\$ 21,465	\$ 15,762
74,408	77,487
.97	1.03
\$ 214,782	\$ 133,041
46,587	55,281
2,450	3,121
(14,781)	(10,692)
<u>\$ 249,038</u>	<u>\$ 180,751</u>
\$ 1,000	\$ 1,000
23,351	36,385
10.23	4.84

PLEDGED REVENUE COVERAGE

For the Fiscal Years 2002-2008

(Dollars in Thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
University of North Carolina System					
Revenue Bonds (b)					
Pledged Revenue-					
Sales and services.....	\$ 674,639	\$ 628,040	\$ 568,560	\$ 531,673	\$ 513,867
Student tuition and fees.....	41,016	47,347	47,924	51,657	54,525
Patient services.....	1,447,635	1,367,363	1,210,356	1,131,038	1,057,614
Contracts and grants.....	123,470	120,662	120,513	113,049	104,373
State appropriations.....	53,010	45,674	44,510	39,334	37,788
Fees, licenses and fines.....	4,938	15,517	14,863	13,056	12,413
Rental lease earnings.....	7,690	29,587	21,182	18,802	17,781
Investment income.....	(31,008)	99,974	31,880	19,121	20,580
Other operating revenues.....	13,407	20,318	30,385	30,133	32,284
Non-operating revenues.....	53,231	50,929	37,274	39,558	35,688
Less: Operating expenses.....	(2,049,786)	(1,924,220)	(1,769,406)	(1,653,952)	(1,604,207)
Net available revenue.....	<u>\$ 338,242</u>	<u>\$ 501,191</u>	<u>\$ 358,041</u>	<u>\$ 333,469</u>	<u>\$ 282,706</u>
Debt service					
Principal.....	\$ 56,632	\$ 56,570	\$ 56,411	\$ 54,917	\$ 54,467
Interest.....	76,288	71,391	71,044	58,146	53,067
Coverage.....	2.54	3.92	2.81	2.95	2.63
Certificates of Participation (COPS)					
Pledged Revenue-					
Sales and services.....	\$ 2,446	\$ -	\$ -	\$ -	\$ -
Student tuition and fees.....	1,147	1,114	1,090	-	-
Rental lease earnings.....	118	-	-	-	-
Investment income.....	45	44	19	-	-
Other operating revenues.....	-	-	-	-	-
Non-operating revenues.....	-	-	-	-	-
Less: Operating expenses.....	(895)	(60)	-	-	-
Net available revenue.....	<u>\$ 2,861</u>	<u>\$ 1,098</u>	<u>\$ 1,109</u>	<u>\$ -</u>	<u>\$ -</u>
Debt service					
Principal.....	\$ 1,075	\$ 905	\$ 575	\$ -	\$ -
Interest.....	1,209	573	222	-	-
Coverage.....	1.25	0.74	1.39	-	-

Notes:

(a) The Town of Butner's Enterprise Funds related to water and sewer was sold

(b) Includes revenue bonds that are secured by specific revenue streams and general revenue bonds that are secured by the overall revenues of an institution.

Information prior to 2002 not available.

Table 14

<u>2003</u>	<u>2002</u>
\$ 479,714	\$ 466,789
54,025	48,773
928,153	949,442
98,371	85,045
37,771	39,092
11,834	9,416
17,470	16,150
53,432	43,196
38,509	41,003
46,521	39,569
(1,487,632)	(1,460,074)
<u>\$ 278,168</u>	<u>\$ 278,401</u>
\$ 48,520	\$ 48,515
53,351	55,104
2.73	2.69
\$ -	\$ -
-	-
-	-
-	-
-	-
-	-
<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -
-	-
-	-

SCHEDULE OF DEMOGRAPHIC DATA

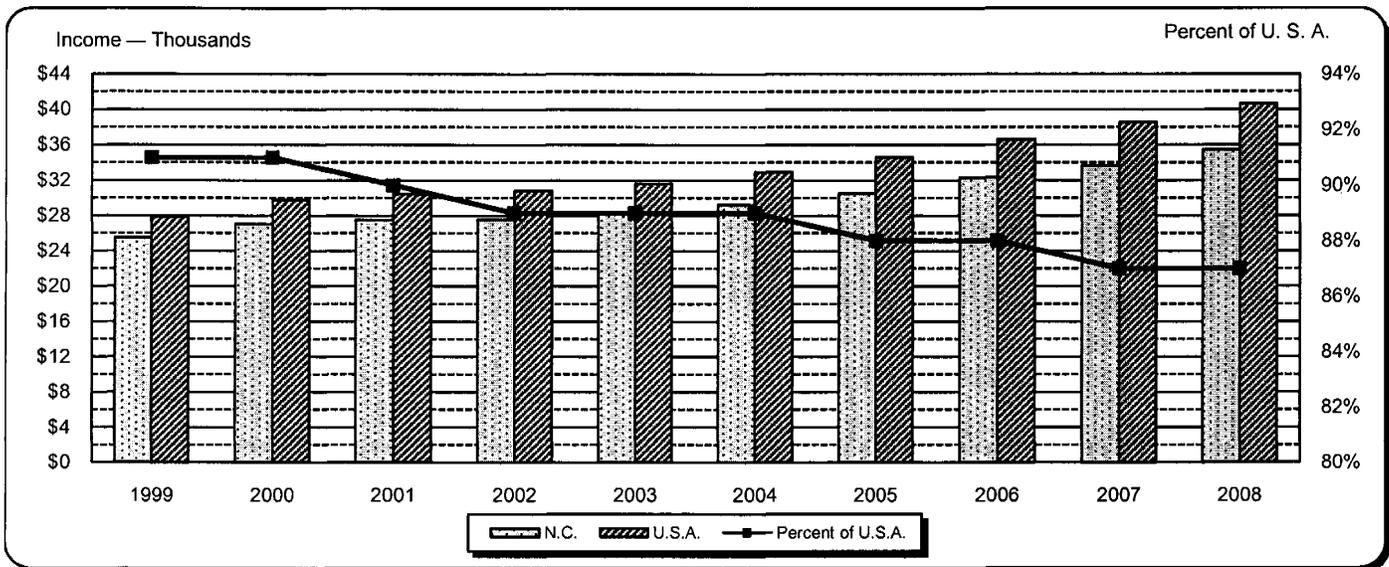
For the Years 1950, 1960, 1970, 1980, 1990, 1999-2008

Year	Population [1]				Per Capita Income [2]			Personal Income (millions) [3]	
	United States Population	U.S. Increase from Prior Period	North Carolina Population	N.C. Increase from Prior Period	United States	North Carolina	N.C. as a Percentage of U.S.	United States	North Carolina
2008	303,853,154 [F]	0.74%	9,270,342 [F]	2.31%	\$ 40,605 [G]	\$ 35,444 [G]	87.29%	\$12,337,957	\$ 328,578
2007	301,621,157 [D]	0.74%	9,061,032 [D]	2.31%	38,564 [E]	33,663 [E]	87.29%	11,631,718	305,022
2006	299,398,484 [D]	1.01%	8,856,505 [D]	2.00%	36,629 [E]	32,338 [E]	88.29%	10,966,667	286,402
2005	296,410,404 [D]	0.94%	8,683,242 [D]	1.66%	34,586 [E]	30,553 [E]	88.34%	10,251,650	265,299
2004	293,655,404 [D]	0.98%	8,541,221 [D]	1.59%	32,937 [E]	29,246 [E]	88.79%	9,672,128	249,797
2003	290,809,777 [D]	0.85%	8,407,248 [D]	1.05%	31,632 [E]	28,235 [E]	89.26%	9,198,895	237,379
2002	288,368,698 [D]	1.25%	8,320,146 [D]	1.64%	30,832 [E]	27,566 [E]	89.41%	8,890,984	229,353
2001	284,797,000 [D]	0.95%	8,186,268 [D]	1.70%	30,472 [E]	27,514 [E]	90.29%	8,678,334	225,237
2000	282,125,000 [D]	3.46%	8,049,313 [D]	5.25%	29,770 [E]	27,055 [E]	90.88%	8,398,861	217,774
1999	272,691,000 [B]	0.90%	7,647,934 [C]	1.35%	27,880 [E]	25,504 [E]	91.48%	7,602,625	195,053
1990	248,791,000 [A]	9.82%	6,632,448 [A]	12.79%	19,588	17,295	88.29%	4,873,318	114,708
1980	226,546,000 [A]	11.13%	5,880,095 [A]	15.65%	10,062	8,090	80.40%	2,279,506	47,570
1970	203,849,000 [A]	13.26%	5,084,411 [A]	11.59%	4,072	3,255	79.94%	830,073	16,550
1960	179,979,000 [A]	18.51%	4,556,155 [A]	12.17%	2,254	1,615	71.65%	405,673	7,358
1950	151,868,000 [A]		4,061,929 [A]		1,496	1,037	69.32%	227,195	4,212

[A] - U.S. Census count - April 1 (1950 - 1990)
 [B] - U.S. Census estimates - July 1 (1991 - 2000)
 [C] - N.C. Office of State Planning estimate - July 1, 1991 - 1999, based on April, 1990 census population of 6,628,637 and April, 2000 census population of 8,049,313
 [D] - U.S. Census estimates based on 2000 census
 [E] - Bureau of Economic Analysis estimate

[F] - Since the 2008 population estimates are not available, the Office of State Controller used the growth rate of the previous year to project the 2008 amounts.
 [G] - Since the 2008 per capita income estimates are not available, the Office of State Controller used the U.S. Per Capita Income growth rate of the previous year to project the 2008 U.S. Per Capita Income and the previous year "N.C. as a Percentage of U.S." was used to project the "2008 Per Capita Income for North Carolina".

**Per Capita Income
 North Carolina Compared to United States
 1999 to 2008**



Sources: [1] Population
 [2] Per Capita Income
 [3] Personal Income

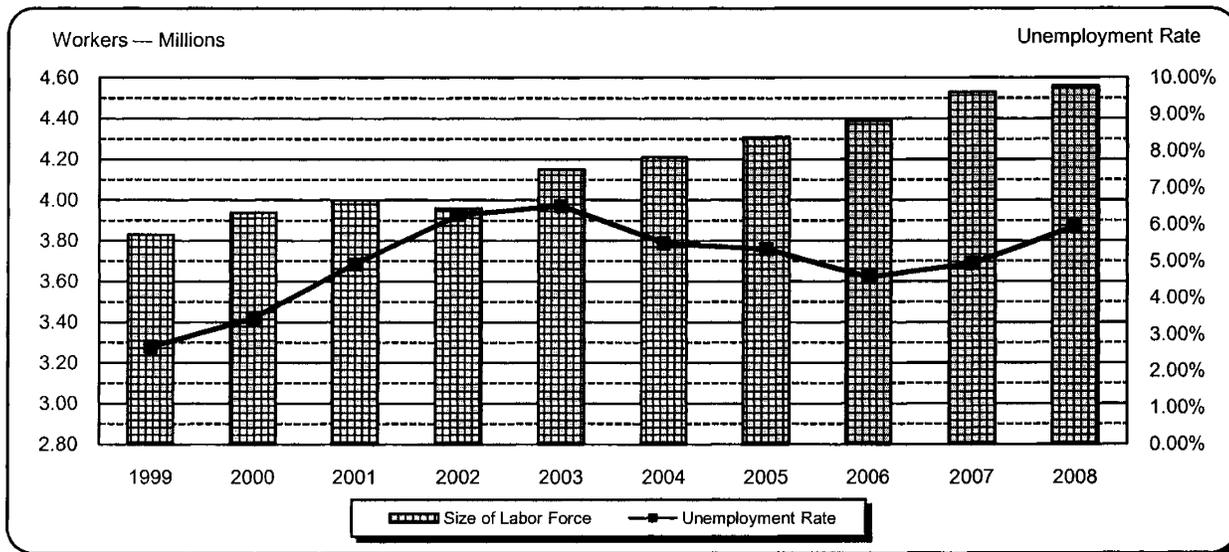
U.S. Department of Commerce, Bureau of the Census
 U.S. Department of Commerce, Bureau of Economic Analysis
 Calculated from sources 1 and 2

Table 15

North Carolina Civilian Labor Force Data [4]					North Carolina - Other Data	
Year	Total	Employed	Unemployed	Unemployed Percentage Rate	[5] Motor Vehicles Registered	[6] Residential Construction Authorized
2008	4,559,713	4,288,621	271,092	5.95%	8,570,893	31,316
2007	4,533,682	4,309,833	223,849	4.94%	8,523,302	46,140
2006	4,394,216	4,193,971	200,245	4.56%	8,407,473	54,626
2005	4,308,482	4,078,645	229,837	5.33%	7,925,587	50,488
2004	4,208,568	3,977,421	231,147	5.49%	7,701,410	46,735
2003	4,152,243	3,882,026	270,217	6.51%	7,624,272	38,137
2002	3,964,000	3,715,400	248,600	6.27%	7,498,181	40,763
2001	3,999,300	3,802,500	196,800	4.92%	7,344,437	23,555
2000	3,941,000	3,805,300	135,700	3.44%	7,112,610	77,351
1999	3,826,000	3,724,100	101,900	2.66%	6,911,814	105,117
1990	3,471,000	3,339,000	132,000	3.80%	5,600,050	30,471
1980	2,759,197	2,607,925	151,272	5.48%	5,094,814	6,730
1970	2,054,838	1,984,402	70,436	3.43%	3,218,292	N/A
1960	1,680,442	1,605,478	74,964	4.46%	1,907,988	N/A
1950	1,512,924	1,463,352	49,572	3.28%	1,171,228	N/A

N/A = Data not available.

**Civilian Labor Force Trends
With Unemployment Percentages
1999 to 2008**



Sources: [4] Seasonally Adjusted Labor Force Data - As of June 30

[5] Motor Vehicle Registrations - For the Fiscal Year Ended June 30

[6] Residential Housing Permits

N.C. Employment Security Commission

N.C. Division of Motor Vehicles

U.S. Department of Commerce, Bureau of the Census

PRINCIPAL EMPLOYERS

For the Fiscal Years 2001 & 2008

Table 16

<u>Employer</u>	<u>2008</u>			<u>2001</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total State Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total State Employment</u>
State of North Carolina	180,000-184,999	1	4.26%	160,000-164,999	1	4.27%
Federal Government	60,000-64,999	2	1.46%	60,000-64,999	2	1.64%
Wal-Mart Stores, Inc.	50,000-54,999	3	1.22%	30,000-34,999	3	0.86%
Duke University	25,000-29,999	4	0.64%	20,000-24,999	5	0.59%
Food Lion LLC	25,000-29,999	5	0.64%	25,000-29,999	4	0.72%
Charlotte Board of Ed.	20,000-24,999	6	0.52%	15,000-19,999	7	0.46%
Wachovia Bank, NA	20,000-24,999	7	0.52%	10,000-14,999	9	0.33%
Wake Public Schools	15,000-19,999	8	0.41%	10,000-14,999	8	0.33%
Charlotte Hospital Authority	15,000-19,999	9	0.41%	10,000-14,999	10	0.33%
Lowe's Home Centers, Inc	15,000-19,999	10	0.41%	-	-	-
IBM Corporation	-	-	-	15,000-19,999	6	0.46%
Total	<u>425,000-474,990</u>		<u>10.49%</u>	<u>355,000-404,990</u>		<u>9.99%</u>

Notes: All figures are based on 1st quarter average. Percentage of total state employment is based on the average of the ranges given. Information prior to 2001 is not available.

Source: North Carolina Employment Security Commission

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TEACHERS AND STATE EMPLOYEES BY FUNCTION

For the Fiscal Years 2002-2008

Functions	2008	2007	2006	2005	2004
General government.....	6,188	6,045	5,680	5,435	5,301
Primary and secondary education.....	163,113	160,086	156,463	152,746	147,798
Higher education:					
Universities.....	59,084	56,964	55,800	53,560	51,902
Community colleges.....	16,480	15,935	15,610	15,764	15,277
Health and human services.....	21,276	21,128	20,766	20,665	20,366
Economic development.....	2,558	2,623	2,567	2,366	2,469
Environment and natural resources.....	4,709	4,653	4,616	4,493	4,341
Public safety, corrections and regulations.....	32,600	31,971	31,448	30,429	30,125
Transportation.....	14,752	14,664	14,007	14,379	14,218
Agriculture.....	1,385	1,405	1,377	1,339	1,343
Totals.....	322,145	315,474	308,334	301,176	293,140

Source: North Carolina Office of State Budget and Management
Counts for fiscal year end 2008 are projected from prior year data.
Information prior to 2002 not available.

Table 17

<u>2003</u>	<u>2002</u>
5,635	5,635
143,428	140,103
50,787	49,625
14,582	13,959
18,545	18,816
2,466	2,591
4,337	4,750
30,810	30,982
14,438	14,378
1,275	1,295
<u>286,303</u>	<u>282,134</u>

OPERATING INDICATORS BY FUNCTION

For the Fiscal Years 2002-2008

	2008	2007	2006	2005	2004
General Government					
Department of Revenue					
Number of tax returns filed electronically.....	3,246,333	2,799,979	2,487,716	1,922,459	1,666,765
Number of tax returns processed.....	11,258,489	10,386,112	10,437,669	9,947,817	9,725,620
Number of individual refunds direct deposited.....	1,119,403	925,321	809,473	673,976	564,200
Number of individual refunds processed.....	3,005,539	2,832,152	2,834,960	2,732,523	2,658,709
Number of pieces of incoming mail.....	8,636,219	8,092,899	7,986,688	8,334,624	8,122,589
Number of pieces of outgoing mail.....	9,194,775	7,844,614	9,206,342	8,687,346	8,922,981
Department of Administration					
Construction projects administered.....	117	61	71	226	181
Construction value excluding design fee (thousands).....	\$ 52,660	\$ 60,028	\$ 73,006	\$ 873,713	\$ 486,287
Cultural Resources					
Visitation to historical sites and museums.....	2,627,987	2,748,455	2,068,910	2,356,046	2,465,484
Primary and Secondary Education					
Public School(K-12)					
Public school enrollment.....	1,462,374	1,435,275	1,368,607	1,346,681	1,325,344
Total high school graduates.....	80,606	88,691	72,580	74,691	71,853
Graduate intention to pursue further education.....	84.86%	84.63%	87.09%	84.64%	83.26%
Higher Education					
Community Colleges					
Number of students (annualized FTE).....	200,000	193,410	190,644	194,235	192,693
Number of certificates and degrees awarded.....	28,173	27,117	28,983	29,600	27,050
Universities					
Number of regular term students (FTE).....	187,791	181,886	176,619	158,398	152,224
Number of certificates and degrees awarded.....	39,592	38,260	37,348	37,569	36,689
Health and Human Services					
Department of Health and Human Services					
Medicaid recipients (a).....	1,721,488	1,667,354	1,673,510	1,545,366	1,541,450
Food stamp recipients.....	924,265	874,426	838,064	818,141	791,241
Clients served by mental health facilities.....	14,706	18,501	18,678	18,894	16,353
Clients served by developmental disabilities facilities.....	1,344	1,312	2,114	2,172	2,189
Clients served by substance abuse facilities.....	4,307	144	3,854	3,633	3,572
Children served through subsidized child care.....	159,457	167,568	149,946	155,339	156,534
Participation in Special Supplemental Nutrition Program.....	254,120	239,441	230,140	224,670	218,345
Clients served through Work First.....	53,082	59,340	69,885	39,426	42,177
NC Health Choice annual enrollment.....	181,685	171,580	199,160	169,491	N/A
Economic Development					
Department of Commerce					
Jobs generated company recruitment/expansion.....	11,636	19,259	20,293	18,246	15,393
Capital investment (thousands).....	\$ 3,600,000	\$ 3,336,864	\$ 3,024,914	\$ 2,982,292	\$ 1,863,213
Employment Security Commission					
Total employed.....	4,288,946	4,309,833	4,193,971	4,087,359	3,977,421
Percentage of unemployment.....	6.00%	4.90%	4.56%	5.38%	5.49%

Table 18

2003	2002
1,436,218	1,239,844
9,778,591	9,658,531
446,217	N/A
2,654,339	2,595,070
8,222,560	9,061,094
10,098,087	9,332,605
213	205
\$ 522,060	\$ 359,381
2,234,241	1,326,603
1,303,777	1,285,729
69,568	65,681
83.63%	83.13%
185,490	176,743
23,645	22,853
171,409	141,272
34,580	32,644
N/A	N/A
9,531	13,459
\$ 1,127,466	\$ 2,690,123
3,882,026	3,715,400
6.51%	6.27%

Continued

OPERATING INDICATORS BY FUNCTION

For the Fiscal Years 2002-2008

	2008	2007	2006	2005	2004
Environment and Natural Resources					
Department of Environment and Natural Resources					
Public drinking water systems in compliance.....	95%	95%	94%	93%	94%
Visitation to Museum of Natural Sciences.....	727,000	667,014	622,915	556,422	913,751
Visitation to NC Zoo.....	729,500	746,650	682,977	705,030	676,956
Wildlife Resources Commission					
Hunting licenses sold.....	211,780	204,425	204,451	107,242	107,572
Fishing licenses sold.....	538,800	511,974	451,412	331,688	329,314
Vessels registered.....	140,573	142,808	363,641	354,096	361,134
Public Safety and Correction					
Department of Correction					
Incarcerated offenders.....	39,112	38,218	37,121	36,481	34,990
Supervised offenders.....	116,927	117,164	116,513	117,611	117,196
Administrative Office of the Courts					
Cases disposed as a % of cases filed-Superior Court.....	98.50%	98.50%	93.80%	95.52%	96.27%
Cases disposed as a % of cases filed-District Court.....	98.28%	98.70%	98.10%	97.56%	95.92%
Agriculture					
Department of Agriculture and Consumer Services					
Motor fuel dispensers tested (b).....	98,736	100,928	109,699	95,735	103,026
Rejection rate.....	12.73%	13.80%	10.77%	8.87%	7.22%
Retail scales tested (c).....	24,640	20,051	24,896	27,678	23,335
Rejection rate.....	10.51%	10.70%	8.28%	9.09%	8.70%

Notes:

(a) A significant portion of the increase in Medicaid recipients from 2005 to 2006 is the result of legislation moving children formerly covered under State Child Health Insurance Program to Medicaid for 2006. This change resulted in minimal additional cost to the Medicaid program.

(b) Governed by Gasoline and Oil Inspection Law (G.S. 119)

(c) Governed by North Carolina Weights and Measures Act (G.S. 81A)

Information prior to 2002 not available.

Table 18

<u>2003</u>	<u>2002</u>
93%	95%
518,132	517,058
576,093	671,619
109,511	114,304
302,581	343,045
354,863	358,007
33,378	32,856
118,285	117,374
93.40%	94.28%
97.46%	96.76%
80,390	85,353
9.25%	9.99%
29,021	24,021
7.54%	7.07%

CAPITAL ASSET STATISTICS BY FUNCTION

For the Fiscal Years 2002-2008

	2008	2007	2006	2005	2004	2003	2002
Primary Government							
General Government							
Department of Administration							
Buildings.....	129	135	136	134	132	132	132
Parking lots.....	49	49	49	17	18	20	N/A
Parking spaces.....	8,477	8,215	8,156	7,879	7,961	8,249	N/A
Motor Fleet vehicles	9,090	9,506	10,785	16,145	14,592	13,190	13,098
Health and Human Services							
Mental Health Institutions.....	12	12	12	12	12	12	12
Number of certified beds.....	4,932	4,961	5,009	4,885	5,083	5,220	5,390
Environment and Natural Resources							
Department of Environment and Natural Resources							
Number of state park lands.....	34	33	32	32	30	30	30
Acres of state park lands.....	140,254	119,664	222,251	182,251	176,146	173,833	172,763
Number of state recreation areas.....	4	4	4	4	4	4	4
Acres of state recreation areas.....	12,240	12,240	12,240	12,240	12,240	12,240	12,238
Number of state natural areas.....	17	18	14	17	17	16	14
Acres of state natural areas.....	20,281	34,288	32,930	30,513	30,323	28,999	27,643
Number of state lakes.....	7	7	7	7	7	7	7
Acres of state lakes.....	29,135	29,135	29,135	29,135	29,135	29,135	29,135
Zoo animals (a).....	1,723	1,786	1,942	2,024	2,643	2,411	2,059
Vehicles	1,862	1,789	1,723	1,618	1,574	1,471	1,403
Boats/Trailers.....	1,325	1,295	366	327	308	278	254
Aircraft.....	48	45	30	40	40	39	39
Scientific equipment.....	4,702	4,666	4,454	3,979	3,572	3,366	3,155
Wildlife Resources Commission							
Number of Game Lands.....	58	54	38	37	35	34	33
Acres of Game Lands.....	471,248	431,449	341,351	317,467	325,794	288,238	294,471
Public Safety and Correction							
Department of Correction							
Close security prisons.....	13	13	13	13	16	13	13
Medium security prisons.....	26	26	26	26	24	24	24
Minimum security prisons.....	39	39	39	37	36	36	39
Vehicles:							
Passenger/Cargo vans.....	129	170	99	85	69	67	61
Inmate transfer vans/buses.....	497	448	481	418	398	391	386
Inmate workcrew vans/buses.....	306	274	301	380	394	349	351
Pickup trucks.....	309	305	287	275	325	248	277
Roving patrol pickups.....	100	80	84	78	77	64	55
One ton maintenance trucks.....	103	105	105	92	98	99	112
Specialty/Other trucks (b).....	125	109	103	113	108	103	94
Enterprise Vehicles:							
Passenger/Cargo vans.....	23	22	23	24	31	29	30
Inmate workcrew buses.....	28	24	21	22	21	25	28
Pickup trucks.....	52	51	47	51	41	45	41
One ton maintenance trucks.....	20	18	18	16	21	18	21
Other/Specialty trucks.....	104	98	93	95	86	91	88

Table 19

	2008	2007	2006	2005	2004	2003	2002
Department of Crime Control and Public Safety							
Vehicles:							
<i>Alcohol Law Enforcement</i>							
Cars/SUV's.....	150	151	156	134	154	124	127
<i>State Highway Patrol</i>							
Cars.....	2,722	2,530	2,417	2,283	2,312	1,799	1,846
Trucks/Vans.....	111	115	114	59	63	65	99
Motorcycles.....	16	16	9	(c)	(c)	(c)	(c)
Air craft:							
<i>State Highway Patrol</i>							
Helicopters.....	8	8	13	14	11	11	11
Transportation							
Department of Transportation							
Pavement in lane-miles:							
Primary subsystem.....	(d)	14,871	14,833	14,805	14,760	14,705	14,670
Secondary subsystem.....	(d)	64,390	64,209	64,204	64,085	63,910	63,820
Bridges:							
Number of bridges.....	13,152	13,053	13,007	12,961	12,916	12,839	12,806
Number of culverts.....	5,004	4,979	4,912	4,879	4,761	4,683	4,620
Vehicles.....	8,850	8,850	5,823	6,347	7,466	7,015	6,182
Heavy Equipment.....	12,116	8,920	3,119	3,359	3,788	3,741	3,448
Component Units							
Higher Education							
Community Colleges							
Buildings.....	1,046	1,024	1,014	1,025	1,064	1,054	1,043
Universities							
Academic/Administrative buildings.....	911	971	930	918	893	873	866
Dormitories/Auxiliary buildings.....	523	613	583	565	537	524	510
Medical (e).....	58	58	51	51	51	51	51
University System Hospitals							
Administration.....	4	4	4	4	4	4	3
Clinical.....	11	11	10	10	10	10	10
Facility services.....	6	6	6	6	6	6	6
Hospital.....	4	4	4	4	4	4	4

Notes:

- (a) 500-600 fish were lost due to aquarium malfunction in 2005.
(b) Includes boom trucks, cranes, flat beds, rollbacks, yard trucks, dump trucks, semi-trucks, etc.
(c) Prior year data from the source was not available.
(d) Recent data from the source was not available, as of the date of publication.
(e) East Carolina Teaching Hospital

Information prior to 2002 is not available.

REQUIRED SUPPLEMENTARY INFORMATION
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION
PUBLIC SCHOOL INSURANCE FUND
For the Fiscal Years Ended June 30, 1999-2008

The following table illustrates how earned revenues (net of reinsurance) and investment income of the Public School Insurance Fund (the Fund) compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund for the last ten fiscal years ended June 30. The rows of the table are defined as follows:

- (1) Total of each fiscal year's earned contribution revenues, investment revenues, contribution revenues ceded to excess insurers or reinsurers, and amount of reported revenues net of excess insurance or reinsurance.
- (2) Each fiscal year's other operating costs of the Fund, including overhead and claims expense not allocable to individual claims.
- (3) The Fund's incurred claims (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (before the effect of loss assumed by excess insurers or reinsurers), the loss assumed by excess insurers or reinsurers, and total net amount of incurred claims and allocated claim adjustment expenses.
- (4) Cumulative amounts paid as of the end of successive years for each policy year.
- (5) The most current reestimated amount of losses assumed by reinsurers for each accident year. The amount can and will be changed as claims and expenses are reevaluated.
- (6) The reestimated net incurred claims and expenses based on the information available as of the end of the year. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
- (7) Comparison of the latest reestimated net incurred claims amount to the amount originally established (line 3) and indication of whether this latest estimate of claims cost is greater or less than originally thought.

REQUIRED SUPPLEMENTARY INFORMATION
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION
PUBLIC SCHOOL INSURANCE FUND
For the Fiscal Years Ended June 30, 1999-2008

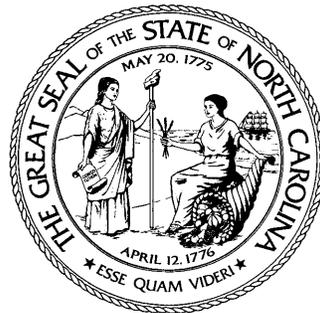
Table 20

As data for individual policy years mature, the correlation between original estimated and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns in the table present data for successive policy years. Amounts are expressed in thousands.

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1) Required contribution and investment revenue:										
Earned.....	\$ 6,343	\$ 6,687	\$ 8,136	\$ 9,599	\$ 12,255	\$ 10,826	\$ 16,219	\$ 12,538	\$ 14,509	\$ 18,430
Ceded.....	1,683	1,727	2,453	2,839	3,396	3,121	2,380	2,489	3,077	2,371
Net earned.....	4,660	4,960	5,683	6,760	8,859	7,705	13,839	10,049	11,432	16,059
2) Unallocated expenses	2,398	2,541	3,214	3,597	3,953	3,689	2,951	3,092	3,672	664
3) Estimated claims and expenses, end of policy year:										
Incurred.....	8,615	21,141	6,449	4,846	2,690	12,586	2,093	3,096	14,915	1,718
Ceded.....	357	—	—	—	—	—	—	—	—	—
Net incurred.....	8,258	21,141	6,449	4,846	2,690	12,586	2,093	3,096	14,915	1,718
4) Paid (cumulative) as of:										
End of policy year.....	4,077	13,158	422	392	1,921	10,381	3,129	3,130	15,174	1,426
One year later.....	5,931	15,818	2,475	640	2,765	12,788	3,536	4,005	19,270	
Two years later.....	6,108	17,368	2,475	640	3,219	13,120	3,536	4,005		
Three years later.....	6,388	17,368	2,475	640	3,681	13,120	3,536			
Four years later.....	6,388	17,368	2,475	640	3,681	13,120				
Five years later.....	6,388	17,368	2,475	640	3,681					
Six years later.....	6,388	17,638	2,475	640						
Seven years later.....	6,388	17,638	2,475							
Eight years later.....	6,388	17,638								
Nine years later.....	6,388									
5) Reestimated ceded claims and expenses.....	—	—	—	—	—	—	—	—	3,746	—
6) Reestimated net incurred claims and expenses:										
End of policy year.....	8,258	21,141	6,449	4,846	2,690	12,586	2,093	3,096	14,915	1,718
One year later.....	6,740	17,240	2,475	4,846	3,543	12,911	2,093	3,096	11,348	
Two years later.....	6,161	17,368	2,475	4,846	3,947	12,911	2,093	3,096		
Three years later.....	6,031	17,368	2,475	4,846	3,947	12,911	2,093			
Four years later.....	6,031	17,368	2,475	4,846	3,947	12,911				
Five years later.....	6,031	17,368	2,475	4,846	3,947					
Six years later.....	6,031	17,368	2,475	4,846						
Seven years later.....	6,031	17,368	2,475							
Eight years later.....	6,031	17,368								
Nine years later.....	6,031									
7) Increase (decrease) in estimated net incurred claims and expenses from end of policy year.....	(2,227)	(3,773)	(3,974)	—	1,257	325	—	—	(3,567)	—

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STATE OF NORTH CAROLINA



SINGLE AUDIT REPORT

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OFFICE OF THE STATE AUDITOR
BETH A. WOOD, CPA
STATE AUDITOR

TABLE OF CONTENTS

TRANSMITTAL 1

AUDITOR’S SECTION

 Report on Internal Control Over Financial Reporting and on Compliance and Other
 Matters Based on an Audit of Financial Statements Performed in Accordance With
 Government Auditing Standards 5

 Report on Compliance With Requirements Applicable to Each Major Program and on
 Internal Control Over Compliance in Accordance With OMB Circular A-133..... 9

 Schedule of Findings and Questioned Costs..... 15

AUDITEE’S SECTION

 Schedule of Expenditures of Federal Awards..... 187

 Summary 188

 Detail..... 199

 By State Agency 279

 Notes to the Schedule of Expenditures of Federal Awards..... 380

 Summary Schedule of Prior Audit Findings 383

 Corrective Action Plan..... 437

**North Carolina
Office of the State Auditor**

Our Mission and Our Commitment

The critical mission of the Office of the State Auditor is to provide North Carolina citizens and state leadership with independent, unbiased and professional assessments of the State's fiscal accountability and public program performance. In difficult economic times, that critical mission can provide insight into ways to operate government more efficiently.

The Office of the State Auditor's mission is accomplished by conducting thorough audits and investigations by a highly competent and professional staff that result in useful and practical recommendations to improve services provided by North Carolina state government.

This office will always strive for the highest standards in professional conduct, independence and integrity as we pursue our mission. If we find inefficiency, waste or abuse, we will report on it without apology because our ultimate responsibility is to the citizens and taxpayers of North Carolina.



Beth A. Wood, CPA
State Auditor



Beth A. Wood, CPA
State Auditor

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March 26, 2009

The Honorable Beverly E. Perdue, Governor
The General Assembly of North Carolina

We are pleased to submit the *Single Audit Report* for the State of North Carolina for the fiscal year ended June 30, 2008. The audit was conducted in accordance with standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the requirements of the Single Audit Act Amendments of 1996, and the provisions of the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

This *Single Audit Report* reflects federal awards of \$15 billion. This report includes significant deficiencies and material weaknesses in internal control relating to major federal programs and instances of noncompliance, including several that we believe constitute material noncompliance, that meet the criteria of OMB Circular A-133.

The North Carolina *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2008 has been issued in a separate report by the Office of the State Controller. In accordance with *Government Auditing Standards*, we are issuing our report on our consideration of the State of North Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements that have an effect on the financial statements.

The significant deficiencies in internal control and instances of noncompliance arising from our audit are described in the Schedule of Findings and Questioned Costs.

We wish to acknowledge the assistance of the North Carolina Office of the State Controller and the cooperation of other state agencies, community colleges, and universities in the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink that reads "Beth A. Wood".

Beth A. Wood, CPA
State Auditor

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AUDITOR’S SECTION

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Beverly E. Perdue, Governor
The General Assembly of North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Carolina as of and for the year ended June 30, 2008 (not presented herein), which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 8, 2008. Our report was modified to include a reference to other auditors.

As discussed in Note 22 to the financial statements, the State of North Carolina implemented Governmental Accounting Standards Board Statement No. 45 - *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, Statement No. 48 - *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, and Statement No. 50 - *Pension Disclosures (an amendment of Statements No. 25 and 27)*, during the year ended June 30, 2008.

We conducted our audit 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. Other auditors audited the financial statements of the North Carolina State Lottery Fund, the North Carolina Housing Finance Agency, the State Education Assistance Authority, the University of North Carolina System – University of North Carolina Health Care System – Rex Healthcare, and the cash basis claims and benefits of the State Health Plan, as described in our report on the State of North Carolina's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the University of North Carolina System – University of North Carolina Health Care System – Rex Healthcare were not audited in accordance with *Government Auditing Standards*. As of the date of our report on the financial statements of the State of North Carolina, the financial statements of the State Education Assistance Authority were not audited in accordance with *Government Auditing Standards*; however, subsequent to that date, an audit in accordance with *Government Auditing Standards* was completed.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State of North Carolina's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the

effectiveness of the State's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the State's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the State's financial statements that is more than inconsequential will not be prevented or detected by the State's internal control. Significant deficiencies are described in Section II, Financial Statement Findings, of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the State's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies identified in Section II, Financial Statement Findings, of the accompanying Schedule of Findings and Questioned Costs, to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of North Carolina's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in Section II, Financial Statement Findings, of the accompanying Schedule of Findings and Questioned Costs.

We noted certain matters that we reported to management of organizations within the State of North Carolina in separate letters.

The State of North Carolina's responses to the findings identified in our audit are described in Section II, Financial Statement Findings, of the accompanying Schedule of Findings and Questioned Costs. We did not audit the State's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Governor, the General Assembly, the State Controller, management and staff of organizations within the State of North Carolina reporting entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Beth A. Wood, CPA
State Auditor

December 8, 2008

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Beth A. Wood, CPA
State Auditor

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Beverly E. Perdue, Governor
The General Assembly of North Carolina

Compliance

We have audited the compliance of the State of North Carolina with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The State of North Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State of North Carolina's management. Our responsibility is to express an opinion on the State of North Carolina's compliance based on our audit.

The State of North Carolina arranges with local government social services agencies to perform the "intake function" to determine eligibility for the following major programs: Medicaid Cluster, Temporary Assistance for Needy Families, Foster Care-Title IV-E, Special Supplemental Nutrition Program for Women, Infants and Children, Low-Income Home Energy Assistance, Adoption Assistance, and the State's Children's Insurance Program. We designated these programs to be audited as major programs at certain local governments by their local government auditors. The results of these audits were furnished to us, and our opinion, insofar as it relates to the intake function for these programs, is based on the other auditors' results. We did not audit the claims paid by the State's Children Insurance Program. Other auditors tested these claims. The results of these audits were furnished to us, and our opinion, insofar as it relates to the claims paid, is based on the other auditor's results.

The State of North Carolina's financial reporting entity includes the operations of the State Education Assistance Authority and the North Carolina Housing Finance Agency. These agencies reported \$3.16 billion and \$169 million, respectively, in federal awards that are not included in the Schedule of Expenditures of Federal Awards during the year ended June 30, 2008. Our audit, described below, did not include the operations of the State Education Assistance Authority and the North Carolina Housing Finance Agency because these agencies engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test

basis, evidence about the State of North Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of North Carolina's compliance with those requirements.

As described in the accompanying schedule of findings and questioned costs, the State of North Carolina did not comply with several compliance requirements that are applicable to several of its major federal programs, as follows:

Finding Number	Type of Compliance Requirement	CFDA	Major Federal Program
08-SA-6	Subrecipient Monitoring	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
08-SA-20	Reporting	17.207	Employment Service/ Wagner-Peyser Funded Activities
08-SA-21	Reporting	17.225	Unemployment Insurance
08-SA-24	Reporting	17.801	Disabled Veterans' Outreach Program (DVOP)
08-SA-26	Reporting	17.804	Local Veterans' Employment Representative Program
08-SA-76	Reporting	84.268	Federal Direct Student Loans
08-SA-77	Procurement and Suspension and Debarment	84.365	English Language Acquisition Grants
08-SA-79	Procurement and Suspension and Debarment	84.366	Mathematics and Science Partnerships
08-SA-82	Reporting	84.375	Academic Competitiveness Grants
08-SA-86	Reporting	84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants
08-SA-96	Special Tests and Provisions	93.563	Child Support Enforcement
08-SA-121	Special Tests and Provisions	93.778	Medical Assistance Program
08-SA-124	Matching, Level of Effort, Earmarking	93.917	HIV Care Formula Grants
08-SA-126	Period of Availability of Federal Funds	93.917	HIV Care Formula Grants
08-SA-135	Special Tests and Provisions	97.067	Homeland Security Grant Program

Compliance with such requirements is necessary, in our opinion, for the State of North Carolina to comply with the requirements applicable to those programs.

In our opinion, based on our audit and the work of other auditors described above, except for the noncompliance described in the preceding paragraphs, the State of North Carolina complied, in all material respects, with the requirements referred to above that are applicable to each of its major

federal programs for the year ended June 30, 2008. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs in audit findings 08-SA-4, 08-SA-34, 08-SA-35, 08-SA-45, 08-SA-47, 08-SA-48, 08-SA-49, 08-SA-50, 08-SA-54, 08-SA-58, 08-SA-60, 08-SA-65, 08-SA-66, 08-SA-67, 08-SA-68, 08-SA-69, 08-SA-74, 07-SA-75, 08-SA-91, 08-SA-92, 08-SA-107, 08-SA-111, 08-SA-113, 08-SA-115, 08-SA-117, 08-SA-118, and 08-SA-123.

Internal Control Over Compliance

The management of the State of North Carolina is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State of North Carolina's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of North Carolina's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-SA-1, 08-SA-2, 08-SA-3, 08-SA-5, 08-SA-7, 08-SA-8, 08-SA-9, 08-SA-10, 08-SA-11, 08-SA-12, 08-SA-13, 08-SA-14, 08-SA-15, 08-SA-16, 08-SA-17, 08-SA-18, 08-SA-19, 08-SA-22, 08-SA-23, 08-SA-25, 08-SA-27, 08-SA-28, 08-SA-29, 08-SA-30, 08-SA-31, 08-SA-32, 08-SA-33, 08-SA-34, 08-SA-35, 08-SA-36, 08-SA-37, 08-SA-38, 08-SA-39, 08-SA-40, 08-SA-41, 08-SA-42, 08-SA-43, 08-SA-44, 08-SA-45, 08-SA-46, 08-SA-47, 08-SA-48, 08-SA-49, 08-SA-50, 08-SA-51, 08-SA-52, 08-SA-53, 08-SA-54, 08-SA-55, 08-SA-56, 08-SA-57, 08-SA-58, 08-SA-59, 08-SA-61, 08-SA-62, 08-SA-63, 08-SA-64, 08-SA-65, 08-SA-66, 08-SA-67, 08-SA-68, 08-SA-69, 08-SA-70, 08-SA-71, 08-SA-72, 08-SA-73, 08-SA-78, 08-SA-80, 08-SA-81, 08-SA-83, 08-SA-84, 08-SA-85, 08-SA-87, 08-SA-88, 08-SA-89, 08-SA-90, 08-SA-91, 08-SA-93, 08-SA-94, 08-SA-95, 08-SA-97, 08-SA-98, 08-SA-99, 08-SA-100, 08-SA-101, 08-SA-102, 08-SA-103, 08-SA-104, 08-SA-105, 08-SA-106, 08-SA-107, 08-SA-108, 08-SA-109, 08-SA-110, 08-SA-111, 08-SA-112, 08-SA-113, 07-SA-114, 08-SA-115, 08-SA-116, 08-SA-117, 08-SA-119, 08-SA-120, 08-SA-122, 08-SA-123, 08-SA-125, 08-SA-127, 08-SA-128, 08-SA-129, 08-SA-130, 08-SA-131, 08-SA-132, 08-SA-133, and 08-SA-134 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of

findings and questioned costs, we consider items 08-SA-6, 08-SA-20, 08-SA-21, 08-SA-24, 08-SA-26, 08-SA-76, 08-SA-77, 08-SA-79, 08-SA-82, 08-SA-86, 08-SA-96, 08-SA-121, 08-SA-124, 08-SA-126, and 08-SA-135 to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Carolina, as of and for the year ended June 30, 2008, which collectively comprise the State's basic financial statements (not presented herein) and have issued our report thereon dated December 8, 2008. Our report was modified to include a reference to other auditors.

As discussed in Note 22 to the financial statements, the State of North Carolina implemented Governmental Accounting Standards Board Statement No. 45 - *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, Statement No. 48 - *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, and Statement No. 50 - *Pension Disclosures (an amendment of Statements No. 25 and 27)*, during the year ended June 30, 2008.

We conducted our audit 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. Other auditors audited the financial statements of the North Carolina State Lottery Fund, the North Carolina Housing Finance Agency, the State Education Assistance Authority, the University of North Carolina System – University of North Carolina Health Care System – Rex Healthcare, and the cash basis claims and benefits of the State Health Plan, as described in our report on the State of North Carolina's financial statements. The financial statements of the University of North Carolina System – University of North Carolina Health Care System – Rex Healthcare were not audited in accordance with *Government Auditing Standards*. As of the date of our report on the financial statements of the State of North Carolina, the financial statements of the State Education Assistance Authority were not audited in accordance with *Government Auditing Standards*; however, subsequent to that date, an audit in accordance with *Government Auditing Standards* was completed.

Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the State of North Carolina's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The State of North Carolina's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the State of North Carolina's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Governor, the General Assembly, the State Controller, management and staff of organizations within the State of North Carolina reporting entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Beth A. Wood, CPA
State Auditor

March 10, 2009 (except as related to the
Report on the Schedule of Expenditures of Federal Awards,
as to which the date is December 8, 2008)

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended June 30, 2008

I. Summary of Auditor's Results	17
II. Financial Statement Findings	21
• Department of Health and Human Services	22
• Department of Transportation.....	24
• Office of the State Controller.....	25
• Teachers' and State Employees' Comprehensive Major Medical Plan	26
III. Federal Award Findings and Questioned Costs	29
• 10.551 Food Stamps.....	30
• 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children.....	32
• 10.558 Child and Adult Care Food Program.....	40
• 10.561 State Administrative Matching Grants for Food Stamp Program	41
• 10.664 Cooperative Forestry Assistance	45
• 14.871 Section 8 Housing Choice Vouchers	47
• 17.207 Employment Service / Wagner-Peyser Funded Activities	52
• 17.225 Unemployment Insurance	56
• 17.245 Trade Adjustment Assistance	59
• 17.801 Disabled Veterans' Outreach Program (DVOP)	61
• 17.804 Local Veterans' Employment Representative Program.....	62
• 20.106 Airport Improvement Program	63
• 20.205 Highway Planning and Construction.....	64
• 83.544 Public Assistance Grants	65
• 84.007 Federal Supplemental Educational Opportunity Grants	66
• 84.011 Migrant Education – State Grant Program.....	74
• 84.027 Special Education – Grants to States	75
• 84.032 Federal Family Education Loans	76
• 84.033 Federal Work-Study Program	86
• 84.038 Federal Perkins Loan Program – Federal Capital Contributions.....	89
• 84.063 Federal Pell Grant Program.....	92
• 84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States	98
• 84.173 Special Education – Preschool Grants	102
• 84.268 Federal Direct Student Loans	103

- 84.365 English Language Acquisition Grants..... 106
- 84.366 Mathematics and Science Partnerships 108
- 84.375 Academic Competitiveness Grants..... 109
- 84.376 National Science and Mathematics Access to Retain Talent (SMART) Grants 112
- 93.558 Temporary Assistance for Needy Families 115
- 93.563 Child Support Enforcement..... 121
- 93.568 Low-Income Home Energy Assistance..... 128
- 93.658 Foster Care – Title IV-E 131
- 93.659 Adoption Assistance 136
- 93.667 Social Services Block Grant 141
- 93.767 State Children’s Insurance Program..... 144
- 93.778 Medical Assistance Program 148
- 93.917 HIV Care Formula Grants 158
- 93.959 Block Grants for Prevention and Treatment of Substance Abuse 164
- 97.004 State Domestic Preparedness Equipment Support Program 167
- 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters) 168
- 97.067 Homeland Security Grant Program..... 170
- Summary of Findings and Questioned Costs 171**
 - By Federal Agency..... 172
 - By State Agency..... 179

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
I. Summary of Auditor's Results

For the Fiscal Year Ended June 30, 2008

Financial Statements

- | | |
|--|-------------|
| – Type of auditor's report issued? | Unqualified |
| – Internal control over financial reporting: | |
| • Material weaknesses identified? | No |
| • Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| – Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|--|---|
| – Internal control over major programs: | |
| • Material weaknesses identified? | Yes |
| • Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| • Type of auditor's report issued on compliance for major programs? | Unqualified for all major programs except for Special Supplemental Nutrition Program for Women, Infants, and Children, Employment Service/ Wagner-Peyser Funded Activities, Unemployment Insurance, Disabled Veterans' Outreach Program (DVOP), Local Veterans' Employment Representative Program, Federal Direct Student Loans, English Language Acquisition Grants, Mathematics and Science Partnerships, Academic Competiveness Grants, National Science and Mathematics Access to Retain Talent (SMART) Grants, Child Support Enforcement, Medical Assistance Program, HIV Care Formula Grants, and Homeland Security Grant Program which is qualified. |
| – Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | Yes |

SCHEDULE OF FINDINGS AND QUESTIONED COSTS**I. Summary of Auditor's Results**

For the Fiscal Year Ended June 30, 2008

- Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
	Disability Insurance/SSI Cluster
	Employment Services Cluster
	Food Stamp Cluster
	Highway Planning and Construction Cluster
	Homeland Security Cluster
	Medicaid Cluster
	Special Education Cluster
	Student Financial Assistance Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
10.664	Cooperative Forestry Assistance
14.871	Section 8 Housing Choice Vouchers
16.738	Edward Byrne Memorial Justice Assistance Grant Program
17.225	Unemployment Insurance
17.245	Trade Adjustment Assistance
20.106	Airport Improvement Program
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
83.544	Public Assistance Grants
84.011	Migrant Education State Grant Program
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States
84.365	English Language Acquisition Grants
84.366	Mathematics and Science Partnerships
93.268	Immunization Grants
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.658	Foster Care – Title IV-E

SCHEDULE OF FINDINGS AND QUESTIONED COSTS**I. Summary of Auditor's Results**For the Fiscal Year Ended June 30, 2008

CFDA Number	Name of Federal Program or Cluster (continued)
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.767	State Children's Insurance Program
93.917	HIV Care Formula Grants
93.959	Block Grants for Prevention and Treatment of Substance Abuse
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

- Dollar threshold used to distinguish between type A and type B programs?	\$ 30,000,000
- Auditee qualified as low-risk auditee?	No

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

II. Financial Statement Findings

For the Fiscal Year Ended June 30, 2008

The following findings and recommendations resulted from our audit of the basic financial statements of the State of North Carolina. Each finding is referenced with a two-digit number representing the fiscal year, a "FS" to indicate that it is a financial statement finding, and a sequential number. Each finding is also categorized by type as described below:

Prior Year Finding

A finding presented in the prior year Single Audit Report that affected the current year audit of the basic financial statements.

Category of Internal Control Weakness

If the finding represents a current year weakness in internal control, one of the following designations will appear:

- **Significant Deficiency** – A deficiency in internal control that adversely affects the State's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the State's financial statements that is more than inconsequential will not be prevented or detected by the State's internal control.
- **Material Weakness** – A significant deficiency in internal control that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the State's internal control.

Category of Noncompliance

If the finding represents a current year instance of noncompliance, one of the following designations will appear:

- **Significant Noncompliance** – A finding related to fraud or illegal acts (violation of a law or regulation) that is more than inconsequential; or a finding related to significant violations of contract or grant award provisions.
- **Material Noncompliance** – Violation of contract provision or grant agreement or abuse (misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate) that has a material effect on the determination of a financial statement amount or other financial data that is significant to the audit.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

II. Financial Statement Findings

For the Fiscal Year Ended June 30, 2008

Type of Finding	Findings and Recommendations
08-FS-1 Prior Year Finding Significant Deficiency	<p data-bbox="532 428 1049 462"><u>Deficiencies in Financial Reporting Process</u></p> <p data-bbox="532 491 1474 611">During our audit of the North Carolina Department of Health and Human Services, we identified the following misstatements in the information reported to the Office of the State Controller for inclusion in the State's financial statements:</p> <ul data-bbox="574 646 1474 1108" style="list-style-type: none"> <li data-bbox="574 646 1474 831">• The Department applied the incorrect percentage rate in calculating the county share of the local governmental receivable applicable to the Medicaid claims payable. Legislation reduced the county share of the nonfederal costs from 15 percent to 7.5 percent effective July 1, 2008. By using the old rate, the Department overstated the receivable account by \$21 million. <li data-bbox="574 867 1474 1108">• The fund balance worksheet submitted to the Office of the State Controller contained errors. Errors included identifying \$1.2 million of restricted funds as unrestricted, \$76 million of internally designated funds as undesignated, and \$48.5 million of internally designated funds as reserved funds. In addition, the restricted fund balance was overstated by \$2.3 million because the valuation was based only on the pooled cash balance amounts rather than the actual fund balance amounts. <p data-bbox="532 1142 1474 1262">As the Department is responsible for the fair presentation of its financial statements, it is essential that effective internal control over financial reporting be established to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements.</p> <p data-bbox="532 1295 1474 1383"><i>Recommendation:</i> The Department should continue to enhance internal control procedures over the year-end reporting process to ensure that financial statements are free of material misstatements.</p> <p data-bbox="532 1417 1474 1629"><i>Agency Response:</i> The local government receivable has been consistently calculated during the CAFR process each year. However, unaware of the new rate for the county share effective July 1, 2008 set by the General Assembly, the Branch calculated the receivable at the old rate. We will increase controls by communicating more frequently with the Division of Medical Assistance to ensure the correct rates are used when accruing the Medical Claims Payable NCAS entries.</p> <p data-bbox="532 1663 1474 1875">Every effort is made to identify fund balance information prior to the CAFR submission date; however, due to the size and complexity of the Department, some information is not received by the August 31 submission date. The fund balance worksheet was corrected by the Department as additional fund information was received after the August 31 submission date and errors were noted by the auditors. The adjustments were made by the Office of the State Controller on December 4, 2008. We will continue to improve our procedures</p>

DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

II. Financial Statement Findings

For the Fiscal Year Ended June 30, 2008

Type of Finding	Findings and Recommendations
	to identify funds for proper financial statement classification in a timelier manner. Activities that will be considered for implementation include a fund authority worksheet that captures key information for each fund including restricted, unrestricted and internally designated/unrestricted status and a second party review of all fund balance classifications.

DEPARTMENT OF TRANSPORTATION

II. Financial Statement Findings

For the Fiscal Year Ended June 30, 2008

Type of Finding	Findings and Recommendations
08-FS-2 Prior Year Finding Significant Deficiency	<p data-bbox="532 428 1341 462"><u>Year- End Financial Reporting Process Did Not Identify All Liabilities</u></p> <p data-bbox="532 491 1469 674">The Department's method to identify liabilities at year-end did not discover all outstanding obligations. Therefore, liability and expenditure account balances submitted for inclusion in the State's <i>Comprehensive Annual Financial Report</i> were understated, a condition that has been reported in previous years. While the condition continues to exist, the Department continued to improve its process this year.</p> <p data-bbox="532 707 1469 861">The Department had recorded over \$240 million in accounts payable for the Highway Fund and over \$61 million for the Highway Trust Fund at year-end. Upon review of a sample of expenditures subsequent to year-end, we identified four payments totaling \$2.5 million for the Highway Fund, and \$1.8 million for the Highway Trust Fund, in unrecorded liabilities.</p> <p data-bbox="532 892 1469 1136">The Office of the State Controller's expenditure recognition policy states that expenditures should be recognized if the amount due is determined by July 31 and the services were received by June 30. The policy further states that judgment and materiality should be applied to items received after the July 31 cutoff. Although the payments for the unrecorded liabilities noted above were not made until after July 31, 2008, the invoices had been received by the Department prior to that date and thus could have been included in the reported amount.</p> <p data-bbox="532 1167 1469 1260"><i>Recommendation:</i> The Department should continue its efforts to capture all liabilities at year-end and effectively implement procedures to achieve accurate financial reporting.</p> <p data-bbox="532 1291 1469 1503"><i>Agency Response:</i> The Department did not include \$4.3 million in outstanding obligations for FY 2007-2008. These items were contract and grant payments that were paid after the year-end accrual process was completed. The total audit finding is 1.4 percent of the total outstanding accounts payable accruals (\$301 million) and less than 1 percent of total outstanding obligation accruals (\$486.7 million). Due to the lack of materiality, no audit adjustment to the final CAFR statements was required.</p> <p data-bbox="532 1535 1469 1625">The Department will continue to emphasize to its staff the importance of all bills being submitted to accounting on a timely basis for inclusion in the accrued liabilities.</p>

OFFICE OF THE STATE CONTROLLER

II. Financial Statement Findings

For the Fiscal Year Ended June 30, 2008

Type of Finding	Findings and Recommendations
08-FS-3 Significant Deficiency Significant Noncompliance	<p data-bbox="534 430 1143 464"><u>Payroll Disbursing Accounts Not Reconciled Timely</u></p> <p data-bbox="534 493 1474 615">The Office of the State Controller did not complete monthly reconciliations of their payroll disbursing accounts in a timely manner. This increases the risk that a misstatement in the State of North Carolina's financial statements could go undetected and uncorrected.</p> <p data-bbox="534 646 1474 890">During our audit, we noted the Office of the State Controller implemented a new payroll system, BEACON, in January 2008. Lack of adequate controls and review processes in the new system resulted in the reconciliations of the February – June 2008 BEACON payroll disbursing account statements not being finalized until September 2008. Accordingly, outstanding items were not identified, researched and corrected in a timely manner. In addition, the reconciliations of the January 2008 and June 2008 central payroll disbursing account statements were not performed within 15 days of the statement date.</p> <p data-bbox="534 921 1474 1102">North Carolina Administrative Code (Section 20 NCAC 01C.0402) requires all agencies to reconcile the monthly disbursing account statements within 15 days of the statement date. In addition, the Department of State Treasurer makes account statements available on the first day of each month for the previous month and requires agencies to verify that reconciliations have been performed.</p> <p data-bbox="534 1134 1474 1293"><i>Recommendation:</i> The Office of State Controller should establish procedures to ensure that payroll disbursing accounts are properly reconciled each month. Adequate reconciliation procedures include promptly investigating and resolving outstanding items as well as establishing the appropriate level of management review and approval.</p> <p data-bbox="534 1325 1474 1388"><i>Agency Response:</i> This Office agrees with this finding and is implementing procedures to ensure bank statements are reconciled more timely.</p>

TEACHERS' AND STATE EMPLOYEES' COMPREHENSIVE MAJOR MEDICAL PLAN
II. Financial Statement Findings

For the Fiscal Year Ended June 30, 2008

Type of Finding	Findings and Recommendations
08-FS-4 Prior Year Finding Significant Deficiency	<p data-bbox="537 430 946 464"><u>Deficiencies in Financial Reporting</u></p> <p data-bbox="537 493 1468 583">During our audit of the Plan, we identified errors in determining year-end journal entries that resulted in misstatements in the financial statements. Misstatements noted in our audit included:</p> <ul data-bbox="586 619 1468 903" style="list-style-type: none"> <li data-bbox="586 619 1468 745">• Claims and benefits expense was understated by \$37 million. The Plan did not verify the completeness of information provided by the claims processing contractor to the actuary for use in estimating the incurred but unpaid claims as of June 30, 2008. <li data-bbox="586 777 1468 903">• Administrative expenses were incorrectly recorded as claims and benefits expense, resulting in claims and benefits expense being overstated and administrative expense being understated by \$25 million. <p data-bbox="537 934 1468 1024"><i>Recommendation:</i> Plan management should enhance internal control over year-end journal entries to ensure that the financial statements are complete and accurate.</p> <p data-bbox="537 1056 1468 1146"><i>Agency Response:</i> The Plan agrees with the audit findings. Year end procedures will be improved to ensure accrual amounts are recorded correctly and account for any prior year adjustments.</p> <p data-bbox="537 1178 1468 1304">Regarding the first bullet point, the Plan will continue to work with the consulting actuary and the CPC to ensure the claims information provided to our actuary for the purposes of preparing the estimated year end liability associated with incurred but unpaid claims is complete.</p> <p data-bbox="537 1335 1468 1486">The misstatement referenced in the second bullet point was the result of the Plan's attempt to properly classify administrative expenses. However in doing so, the Plan overlooked a prior year adjustment which resulted in the misstatement. The Plan will ensure that all administrative expenses are correctly classified in the future.</p>
08-FS-5 Significant Deficiency	<p data-bbox="537 1522 1000 1556"><u>Incorrect Health Insurance Claims Paid</u></p> <p data-bbox="537 1577 1468 1667">The private accounting firm engaged to audit health insurance claims paid by the Plan's claims processing contractor noted a number of errors. A summary of the errors is presented below:</p> <ul data-bbox="586 1690 1468 1877" style="list-style-type: none"> <li data-bbox="586 1690 1468 1877">• The firm examined a sample of 504 HealthChoice claims and identified 13 errors, nine overpayments and four underpayments. The erroneous overpayments totaled \$58,041, with the federal share of \$43,531 considered to be federal questioned costs. The total underpayments identified totaled \$839. The projected total payment error amount is \$2,954,154.

TEACHERS' AND STATE EMPLOYEES' COMPREHENSIVE MAJOR MEDICAL PLAN (continued)**II. Financial Statement Findings**

For the Fiscal Year Ended June 30, 2008

Type of Finding	Findings and Recommendations
	<ul style="list-style-type: none"> The firm examined a sample of 900 Preferred Provider Organization claims and identified eight errors, seven overpayments and one underpayment. The erroneous overpayments totaled \$160,087. The underpayment amount was \$95. The firm projected a total payment error amount of \$28,715,402.
	<p><i>Federal Award Information:</i> The review for HealthChoice claims included federal grant awards 05-0705NC5021 and 05-0805NC5021 for the federal fiscal years ending September 30, 2007 and 2008, respectively.</p>
	<p><i>Recommendation:</i> Plan management should continue its efforts to ensure that the claims processing contractor accurately processes all health insurance claims. Additionally, the Plan should ensure the appropriate actions are taken to correct the claim payment errors identified above.</p>
	<p><i>Agency Response:</i> The Plan will continue to work with our Claims Processing Contractor (CPC) to ensure claims are processed accurately and in accordance with federal and state guidelines and procedures. Our CPC has taken the appropriate actions to correct the errors identified in the audit for both the Plan and NC Health Choice. Applicable overpayments have been requested and received.</p>

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

III. Federal Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2008

The following findings, recommendations, and questioned costs are the results of the single audit of the State of North Carolina for the fiscal year ended June 30, 2008. Each finding is referenced with a two-digit number representing the fiscal year audited, a "SA" to indicate that it is a single audit finding, and a sequential number. The findings are presented by federal program and are classified according to federal and state department, type of compliance requirement, category of internal control weakness, and category of noncompliance. Findings included in this section are related to major programs.

Category of Internal Control Weakness

If the finding represents a weakness in internal control, one of the following designations will appear:

- **Significant Deficiency** – A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.
- **Material Weakness** – A material weakness in internal control over compliance is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Category of Noncompliance Findings

If the finding represents an instance of noncompliance, one of the following designations will appear:

- **Material Noncompliance** – A finding related to a major federal program which discusses conditions representing noncompliance with federal laws, regulations, contracts, or grants, the effects of which have a material effect in relation to a type of compliance requirement or audit objective identified in *OMB Circular A-133 Compliance Supplement*.
- **Questioned Cost Finding** – A finding which discusses known or likely questioned costs that are greater than \$10,000 for a type of compliance requirement, unless the conditions giving rise to the questioned costs are otherwise reported as a material noncompliance finding.

10.551 FOOD STAMPS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Agriculture

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-1	<p data-bbox="310 575 496 638"><u>Special Tests and Provisions:</u></p> <p data-bbox="342 653 464 716">Significant Deficiency</p>	<p data-bbox="537 575 1468 638"><u>Inadequate Control Over User Access to the Food Stamps Financial and Benefits Systems</u></p> <p data-bbox="537 680 1468 827">We identified deficiencies in the Department's oversight and management of employee access to the Food Stamp Information System (FSIS) and the Electronic Benefit Transfer Information System (EBTIS). Improper access to computer systems can result in both intentional and unintentional security breaches.</p> <p data-bbox="537 877 1468 995">FSIS is used in determining financial eligibility, generating client notices, tracking recipient claims, and producing management reports for the food stamps program. EBTIS transfers data between FSIS and E-funds, the contractor who distributes the electronic benefits to the food stamp clients.</p> <p data-bbox="537 1045 1468 1192">In our sample of 40 users with update capabilities for both systems, documentation of proper user access was unavailable or incomplete for 29 test items. In addition, it was noted that periodic security reviews were not being performed for either system as required by statewide and departmental policy.</p> <p data-bbox="537 1243 1468 1390">Maintaining proper access controls over computer systems helps to protect the confidentiality and integrity of information by preventing alteration, unauthorized use, or loss of data. Statewide information technology standards specify that system access be controlled and prescribe procedures such as documented reviews of users' rights.</p> <p data-bbox="537 1440 1468 1503"><i>Federal Award Information:</i> This finding affects grants #7NC400407 and #8NC400407.</p> <p data-bbox="537 1533 1468 1722"><i>Recommendation:</i> The Department should enhance its prescribed procedures for documenting security access privileges for the Food Stamp financial and benefit information systems. Periodic security reviews should be conducted to ensure that access is restricted to authorized users and employee user access rights should be systematically evaluated to ensure privileges granted are appropriate for the necessary job requirements.</p> <p data-bbox="537 1772 1468 1940"><i>Agency Response:</i> The North Carolina Division of Social Services Information Security Manual Version 1.0 was effective June 1, 2007. The manual outlines the responsibilities for the establishment, modification or termination of the authorization access to the automated systems owned by the Department of Health and Human Services. Security reviews of State systems users will be performed two times per year. During these reviews, program management</p>

10.551 FOOD STAMPS (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Agriculture

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>staff will review the current listing of authorized users, as provided by the Division of Information Resource Management, to ensure access is restricted to employees whose job duties require such access.</p>
	<p>The reports used to validate system access will be modified to also show county users. It will be mandated that the county Security Officer review these reports, available via the NCXPTR system, and take appropriate action. This policy will be added to the Security Manual at the next issuance. The Division is also in the process of implementing appropriate Security Access Privilege Requirements within the County Self Assessment for county staff to document and certify that the required periodic review has been conducted according to policy outlined in the Security Manual. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p>

10.557 SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN

III. Federal Award Findings and Questioned Costs

U.S. Department of Agriculture
 N.C. Department of Health and Human Services
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-2	Allowable Costs/Cost Principles: Significant Deficiency	<p><u>Inadequate Control Over User Access to the Aid to County Reimbursement System</u></p> <p>We identified deficiencies in the Department's oversight and management of employee access to the Aid to County (ATC) reimbursement system used by the Division of Public Health. Improper access to computer systems can result in both intentional and unintentional security breaches that place the confidentiality and integrity of information at risk.</p> <p>ATC is a web-based system for financial authorization, reporting and reimbursement to each local health department for each authorized activity.</p> <p>Our sample of 40 users included six users that did not have authorization documentation on file to support individuals' access to the ATC system. In addition, we identified three users that had multiple levels of access within the system. Further review of their status indicated that all three should not have had the granted access levels. In addition, documentation was not available to support the most recent periodic reviews of user access performed at the state or local level as required by statewide and departmental policy.</p> <p>Maintaining proper access controls over computer systems helps to protect the confidentiality and integrity of information by preventing alteration, unauthorized use, or loss of data. Statewide information technology standards specify that system access be controlled and prescribe procedures such as periodic documented reviews of users' rights.</p> <p><i>Federal Award Information:</i> This finding affects grants #5NC700705, #5NC720705, and #5NC810705.</p> <p><i>Recommendation:</i> The Department should enhance its procedures for documenting security access privileges for its financial reimbursement system. Periodic security reviews should be conducted to ensure that access is restricted to authorized users and employee user access rights should be systematically evaluated to ensure privileges granted are appropriate for the necessary job requirements.</p> <p><i>Agency Response:</i> The Department concurs with this finding. The Division of Public Health will coordinate with the Division of Information Resource Management and work internally to develop a more efficient and secure process regarding the access of the Aid-to-County Reimbursement System. Procedures will be established to assure we have proper internal controls regarding the process to be implemented and are in compliance with ITS guidelines. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p>

10.557 SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN
(continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Agriculture

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-3	Cash <u>Management:</u> Significant Deficiency	<p data-bbox="535 598 1096 640"><u>Deficiencies in Cash Management Procedures</u></p> <p data-bbox="535 661 1481 850">The Department did not have adequate controls in place to monitor cash balances on hand for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and to ensure compliance with the Treasury-State Agreement and Cash Management Improvement Act (CMIA). In addition, the federal deposit and expenditure data submitted to the Office of the State Controller (OSC) on the CMIA report contained numerous errors.</p> <p data-bbox="535 871 1481 1165">Expenditures for Breastfeeding Peer Counseling and Infrastructure were excluded from amounts reported on the CMIA spreadsheet; however, these amounts are subject to the same cash management requirements as other WIC administrative costs. In addition, the Department's federal funds section has not been compiling a CMIA spreadsheet for WIC food expenditures, but rather relies on OSC's cash management calculations. We determined that OSC's process excluded disbursements that should have been considered and included rebate information that should not be part of the cash management calculations.</p> <p data-bbox="535 1186 1481 1354">The correct compilation of the CMIA spreadsheet is necessary to adequately monitor WIC cash balances on hand and to ensure the timely drawdown of federal funds. We identified instances throughout the year where the cash balances for the WIC program either exceeded or fell short of the cash requirements of the program.</p> <p data-bbox="535 1375 1481 1438"><i>Federal Award Information:</i> This finding affects grants #5NC700705, #5NC720705, and #5NC810705.</p> <p data-bbox="535 1459 1481 1648"><i>Recommendation:</i> The Department should strengthen internal controls to ensure that drawdowns are made in compliance with state policies and the Treasury-State Agreement and Cash Management Improvement Act. Controls should be designed and implemented to ensure that CMIA cash management spreadsheets are complete and accurate in accordance with applicable guidelines.</p> <p data-bbox="535 1669 1481 1896"><i>Agency Response:</i> The Department concurs that improvements are needed to adequately monitor WIC cash balances on hand and to ensure timely drawdown of federal funds. Excessive cash balances for Nutritional Services Administration (NSA) identified by the Auditor occurred because federal funds designated for administration were used for food activities. The CMIA worksheets maintained for NSA did not include the food expenditures. As a result, the cash balances for NSA were inflated and did not properly reflect</p>

10.557 SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN
(continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Agriculture

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>that these dollars had been spent for food. Consequently, federal interest was paid unnecessarily.</p>
	<p>We also concur that Breastfeeding Peer Counseling and Infrastructure deposit and expenditure activities were excluded on the CMIA worksheet. These grants are categorized under CFDA No. 10.557; however, the grants were treated as “not subject” to the State Treasury Agreement. The Department will take corrective action and include the deposit and expenditure activity for Breastfeeding Peer Counseling and Infrastructure grants on the CMIA worksheets beginning SFY 2009. We believe that the effect on the CMIA daily cash balances for SFY 2008 was minimal since WIC Food and NSA grants represent more than 99% of all deposit/expenditure activity categorized under CFDA No. 10.557. These transactions were included on the CMIA worksheets, and the ending cash balances were subject to federal interest liability.</p>
	<p>The Department does not concur that CMIA spreadsheets for WIC Food were not being prepared and sent to the Office of State Controller (OSC). The CMIA worksheets were prepared and submitted each month in a format designed by OSC that included all pertinent information for calculating federal interest liability. The Auditor stated that rebate dollars should not have been included in the federal interest calculation. The Code of Federal Regulations Title 7 CFR 246.15 states that “State agencies will not incur an interest liability to the Federal government on rebate funds for infant formula or other foods, <i>provided</i> that all interest earned on such funds is used for program purposes.” Interest was earned on the rebate dollars, but the Department did not receive any interest from OSC to use for program purposes. Therefore, the conditions stated in CFR 246.15 were not met. We believe that the rebate dollars should have been included on the CMIA worksheets submitted each month since the interest earned on the rebates was not applied to program activities. The Department plans to meet with OSC to clarify and improve procedures so the State can prevent paying federal interest on rebate dollars.</p>
	<p><i>Auditor Comment:</i> The Department’s response indicates that appropriate processes are not in place and improved procedures need to be implemented to address the identified deficiencies.</p>

10.557 SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN
(continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Agriculture
N.C. Department of Health and Human Services
For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-4	<p><u>Eligibility:</u></p> <p>Questioned Cost Finding</p>	<p><u>Documentation Lacking in County WIC Case Files</u></p> <p>Certified Public Accountants performing the county audits tested 926 case files for Special Supplemental Nutrition program for Women, Infants, and Children (WIC) recipients and found deficiencies in three cases. Though no costs were questioned by these auditors, we believe that it is likely that questioned costs exceed \$10,000 in the population. These issues are described below:</p> <ul style="list-style-type: none"> • In one case file, the proof of residency and identity was not indicated as obtained. The WIC Manual states that at the initial certification and at each recertification, an applicant must show proof of his/her identity. • In one case file, the client record did not have a signed income signature card. Applicants must provide proof of income. • One case file could not be located. <p><i>Federal Award Information:</i> This finding affects grants #5NC700705, #5NC720705, and #5NC810705.</p> <p><i>Recommendation:</i> The auditors recommended that the counties implement policies to ensure that documents relating to participant eligibility are maintained.</p> <p><i>Agency Response:</i> The Department concurs with this finding. A memo will be sent to Local Agency WIC Directors and Local Health Directors reminding them of program requirements regarding eligibility determination and maintenance of participant files.</p> <p>Note: For this item we do not believe the questioned costs exceeded \$10,000 in the population. Out of the 926 records reviewed, two were missing items and one record could not be located. The average monthly WIC benefit is approximately \$70 each month for a six month period. Eligibility is reviewed and determined approximately every six months for the majority of participants. The error would have been noted at the next certification and the recertification would have followed the proper procedure.</p> <p><i>Auditor Comment:</i> Even though the errors noted in the sample may not result in questioned cost over \$10,000, it is likely that when projected to the entire population, questioned cost would exceed \$10,000.</p>

10.557 SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN
(continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Agriculture
N.C. Department of Health and Human Services
For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-5 <u>Reporting:</u> Significant Deficiency	<p data-bbox="548 640 1052 669"><u>Deficiencies in Federal Financial Reporting</u></p> <p data-bbox="548 709 1464 856">We identified deficiencies in the Department’s processes for preparing monthly and final grant financial reports for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). As a result, there is an increased risk of noncompliance with the federal reporting requirements for program expenditures.</p> <p data-bbox="548 905 1464 1144">The preparation of the WIC Financial Management and Participation Report (FNS-798) requires the accumulation of data from multiple departmental accounting subsystems and fiscal agent reports. We noted errors and inconsistencies in the reconciliation of the reported data and the supporting documentation and accounting records. Variances were noted between the reported food expenditures and the food instrument redemptions; reported food expenditures and the accounting records; and reported participation amounts and the supporting documentation.</p> <p data-bbox="548 1192 1464 1276">Title 7 CFR 3016.20 provides the standards for financial management systems including the accurate, current, and complete disclosure of financial results of financially assisted activities.</p> <p data-bbox="548 1325 1464 1381"><i>Federal Award Information:</i> This finding affects grants #5NC700705, #5NC720705, and #5NC810705.</p> <p data-bbox="548 1430 1464 1577"><i>Recommendation:</i> The Department should implement procedures to ensure that fiscal agent reports, subsystems, and accounting records are reconciled on a regular basis to support the preparation of accurate federal financial reports. Appropriate documentation should be maintained to support the components of that process.</p> <p data-bbox="548 1625 1464 1894"><i>Agency Response:</i> The Department concurs with the finding. Discrepancies existed in the Department’s reconciliation of the various reports and subsystems. Subsequent to June 2008, the Department retroactively reconciled to October 2007 the subsystem reports, bank statements and the 798 federal reports. Although differences exist in the North Carolina Accounting System (NCAS), the correct expenditures were reported on the 798 federal reports. One barrier existing in the NCAS reconciliation is the reporting of rebates. Federal reporting instructions require the reporting of rebates when billed. The NCAS records rebates upon receipt of the money.</p>

10.557 SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN
(continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Agriculture
N.C. Department of Health and Human Services
For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-6	<p>The Department has already begun participating in meetings to determine the barriers related to the reconciliation process of the federal report. Additional meetings will be held to evaluate and analyze the differences.</p>
Subrecipient Monitoring:	<p><u>Monitoring of a Service Organization Needs Improvement</u></p>
Material Weakness	<p>The Department does not have adequate monitoring procedures in place to ensure that a fiscal agent is performing its duties in accordance with the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) program guidelines. As a result, there is an increased risk of noncompliance with the federal requirements.</p>
Material Noncompliance	<p>Title 7 CFR section 246.12(k)(1) requires the state agency to design and implement a system to review food instruments submitted by vendors for redemption to ensure compliance with the applicable price limitations and to detect questionable food instruments, suspected vendor overcharges, and other errors. Follow-up action is required within 120 days of detecting any questionable food instruments.</p>
	<p>The current year costs associated with WIC food instruments is \$124.6 million, which represents nearly 74 percent of the State's total WIC costs. The fiscal agent is responsible for processing food instruments for payment as well as reviewing food instruments for errors and questionable items. We identified instances where the fiscal agent was using the wrong pricing data to enforce price limitations. The fiscal agent provides various results and expectations reports to the Division of Public Health that are periodically reviewed; however, there was no documentation to support this review process or that the exceptions were resolved by the fiscal agent within 120 days for the majority of the year under review.</p>
	<p>Title 7 CFR section 246.12(g)(4)(i)(D) also requires the state agency to compute the food instrument maximum allowable reimbursement amounts. The Department has allowed the fiscal agent to compute these amounts; however, the Department is not sufficiently monitoring the fiscal agent to ensure its calculations are in compliance with federal regulations or are reasonable.</p>
	<p><i>Federal Award Information:</i> This finding affects grants #5NC700705, #5NC720705, and #5NC810705.</p>

10.557 SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN
(continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Agriculture
N.C. Department of Health and Human Services
For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-7	<p data-bbox="313 1178 493 1236"><u>Special Tests and Provisions:</u></p> <p data-bbox="342 1255 464 1314">Significant Deficiency</p> <p data-bbox="548 1178 1422 1205"><u>Deficiencies in the Monitoring Procedures for Predominately WIC Vendors</u></p> <p data-bbox="548 1241 1468 1392">We identified deficiencies in the Department’s monitoring procedures for vendors that derive more than 50 percent of their food revenues from food instruments issued under the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). As a result, there is an increased risk of noncompliance with federal guidelines for predominately WIC vendors.</p> <p data-bbox="548 1423 1468 1692">Vendors that derive the majority of food revenues from the redemption of WIC food instruments are subject to additional scrutiny, including the establishment of cost containment procedures, competitive pricing criteria, and maximum allowable reimbursement levels. A WIC vendor database is used to track the predominately WIC vendors; however, we found that the database provides this information only on a current basis. As such, tests and verification of pricing criteria can lead to inaccurate results because the vendor history (prior identification as a predominately WIC vendor) is not maintained.</p> <p data-bbox="548 1724 1468 1871">Also, at least quarterly the State is required to conduct a statewide cost neutrality assessment by calculating and comparing the average redemption amounts for food instruments (by type) redeemed by regular vendors against those of predominately WIC vendors. We noted that this assessment was performed for only one quarter during the state fiscal year.</p>

10.557 SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN
(continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Agriculture
N.C. Department of Health and Human Services
For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p data-bbox="548 611 1463 667"><i>Federal Award Information:</i> This finding affects grants #5NC700705, #5NC720705, and #5NC810705.</p> <p data-bbox="548 705 1463 852"><i>Recommendation:</i> The Department should implement necessary changes to ensure the proper tracking of predominately WIC vendor status changes to ensure test procedures are inclusive of the correct population of vendors. Also, the required cost neutrality assessment should be performed on a quarterly basis.</p> <p data-bbox="548 890 1463 1037"><i>Agency Response:</i> The Department concurs with this finding. A protocol has been established to ensure cost neutrality of predominantly WIC vendors by the 10th of each month for the prior month. In addition, an update to the access database to allow the history of predominantly WIC vendors' status to be captured has been completed.</p>

10.558 CHILD AND ADULT CARE FOOD PROGRAM**III. Federal Award Findings and Questioned Costs**

U.S. Department of Agriculture

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-8	Subrecipient <u>Monitoring:</u> Significant Deficiency	<p data-bbox="527 577 1185 604"><u>Corrective Action Plans Not Obtained for Subrecipients</u></p> <p data-bbox="527 640 1481 819">The Department did not obtain corrective action plans from subrecipients for findings that were identified in agreed-upon procedures engagements in the Child and Adult Care Food program. Unless corrective action plans are obtained and reviewed, the Department cannot be sure that the subrecipients fully understand the deficiencies identified or know that measures are being taken to address the deficiencies.</p> <p data-bbox="527 850 1481 945">Four of the 40 subrecipient files examined had an agreed-upon procedures engagement with deficiencies identified. None of the four files had a corrective action plan from the subrecipient.</p> <p data-bbox="527 976 1481 1071">Title 7 CFR section 226.6 requires that the state agency must maintain documentation of supervisory assistance activities, including reviews conducted, corrective actions prescribed, and follow-up efforts.</p> <p data-bbox="527 1102 1481 1165"><i>Federal Award Information:</i> This finding affects federal funding periods October 2005 through September 2008 for grant award 5NC300300.</p> <p data-bbox="527 1197 1481 1291"><i>Recommendation:</i> The Department should require subrecipients to submit corrective action plans for deficiencies identified as a result of agreed-upon procedures engagements or other monitoring efforts.</p> <p data-bbox="527 1323 1481 1591"><i>Agency Response:</i> The Department concurs with the finding. The Child and Adult Care Food program (CACFP) audit staff developed and implemented procedures to obtain corrective action plans for agreed upon procedures audit findings within thirty days after the audit report has been issued to the subrecipient. The audit staff conducts follow up reviews to ensure the corrective actions have been implemented by the subrecipient. Once CACFP staff are satisfied that the findings have been corrected, a Close Out Letter for the audit is issued. Forms have been developed to ensure proper documentation is kept for findings identified by the CACFP audit staff.</p>

10.561 STATE ADMINISTRATIVE MATCHING GRANTS FOR FOOD STAMP PROGRAM

III. Federal Award Findings and Questioned Costs

U.S. Department of Agriculture
 N.C. Department of Health and Human Services
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-9	Allowable Costs/Cost <u>Principles:</u> Significant Deficiency	<p data-bbox="537 575 1370 604"><u>Improper Access to the County Administration Reimbursement System</u></p> <p data-bbox="537 638 1468 785">We identified deficiencies in the Department’s oversight and management of employee access to the County Administration Reimbursement System (CARS). Improper access to computer systems can result in both intentional and unintentional security breaches that place the confidentiality and integrity of information at risk.</p> <p data-bbox="537 827 1468 919">CARS processes payments for administrative and service costs for various grants, including Food Stamps, as well as tracks county expenditures by program.</p> <p data-bbox="537 953 1468 1142">Of our sample of 36 identified users, we noted 22 users that did not have authorization documentation on file to support individuals’ access to the CARS system and two requests that were not properly certified by the user’s security officer. In addition, it was determined that periodic reviews of user access for these systems have not been performed as required by statewide and departmental policy.</p> <p data-bbox="537 1176 1468 1331">Maintaining proper access controls over computer systems helps to protect the confidentiality and integrity of information by preventing alteration, unauthorized use, or loss of data. Statewide information technology standards specify that system access be controlled and prescribe procedures such as documented reviews of users’ rights.</p> <p data-bbox="537 1365 1468 1428"><i>Federal Award Information:</i> This finding affects grants #7NC400407 and #8NC400407.</p> <p data-bbox="537 1461 1468 1650"><i>Recommendation:</i> The Department should continue to enhance its prescribed procedures for documenting security access privileges for its eligibility computer systems. Periodic security reviews should be conducted to ensure that access is restricted to authorized users and employee user access rights should be systematically evaluated to ensure privileges granted are appropriate for the necessary job requirements.</p> <p data-bbox="537 1684 1468 1898"><i>Agency Response:</i> The North Carolina Division of Social Services Information Security Manual Version 1.0 was effective June 1, 2007. The manual clearly outlines the responsibilities for the establishment, modification or termination of the authorization access to the automated systems owned by the Department of Health and Human Services. Security reviews of State systems users will be performed two times per year. During these reviews, program management staff will review the current listing of authorized users, as</p>

10.561 STATE ADMINISTRATIVE MATCHING GRANTS FOR FOOD STAMP PROGRAM

(continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Agriculture

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-10 Cash Management: Significant Deficiency	<p>provided by the Division of Information Resource Management, to ensure access is restricted to employees whose job duties require such access.</p> <p>The reports used to validate system access will be modified to also show county users. It will be mandated that the county Security Officer review these reports, available via the NCXPTR system, and take appropriate action. This policy will be added to the Security Manual at the next issuance. The Division is also in the process of implementing appropriate Security Access Privilege Requirements within the County Self Assessment for county staff to document and certify that the required periodic review has been conducted according to policy outlined in the Security Manual. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p><u>Deficiencies in Cash Management Procedures</u></p> <p>The Department did not have adequate controls in place to ensure that drawdowns for Food Stamps were processed in accordance with state and federal guidelines.</p> <p>The Treasury-State agreement requires that the State request funds such that they are deposited in a state account not more than three days prior to the actual disbursement of those funds. Our review of deposit and disbursement transactions for significant federal grants within the Division of Social Services identified instances where deposited funds were not disbursed in a timely manner. For Food Stamps, those deposits totaled \$13.4 million.</p> <p><i>Federal Award Information:</i> This finding affects grants #7NC400407 and #8NC400407.</p> <p><i>Recommendation:</i> The Department should strengthen internal controls to ensure that drawdowns are made in compliance with state policies and the Treasury-State Agreement.</p> <p><i>Agency Response:</i> The Department concurs in principle with this finding. Adequate controls are in place to ensure compliance with cash management regulations. Federal funds for a particular month must be drawn by the last business day of that month. Due to various timing issues with month-end processing and the releasing of funds, it is not possible to process disbursements to local county entities within the 3-day window. The Department will continue to be cognizant of the Federal requirements for cash</p>

10.561 STATE ADMINISTRATIVE MATCHING GRANTS FOR FOOD STAMP PROGRAM

(continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Agriculture

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-11 <u>Eligibility:</u> Significant Deficiency	<p>disbursements and work within those timeframes. Also, the Department will be seeking guidance from our cognizant Federal agency on a possible waiver/exception due to the conflict between the timing of the drawing of federal funds and the disbursements to local county entities.</p>
	<p><u>Inadequate Control Over User Access to the Eligibility Computer System</u></p>
	<p>We identified deficiencies in the Department's oversight and management of employee access to the eligibility computer systems, including the Integrity Control System (EPICS). Improper access to computer systems can result in both intentional and unintentional security breaches that place the confidentiality and integrity of information at risk.</p>
	<p>EPICS provides for the reporting of fraud and/or overpayments for significant programs for investigation at the county level.</p>
	<p>Testwork performed for those users with update access levels identified that adequate documentation of the authorization level was not on file for 39 of 40 EPICS users. Documentation errors included incomplete or missing requests, requests that were not properly certified by the user's security officer, or user privileges that were not supported by the requests on file. In addition, it was determined that periodic reviews of user access for these systems have not been performed as required by statewide and departmental policy.</p>
	<p>Maintaining proper access controls over computer systems helps to protect the confidentiality and integrity of information by preventing alteration, unauthorized use, or loss of data. Statewide information technology standards specify that system access be controlled and prescribe procedures such as documented reviews of users' rights.</p>
	<p><i>Federal Award Information:</i> This finding affects grants #7NC400407 and #8NC400407.</p>
	<p><i>Recommendation:</i> The Department should continue to enhance its prescribed procedures for documenting security access privileges for its eligibility computer systems. Periodic security reviews should be conducted to ensure that access is restricted to authorized users and employee user access rights should be systematically evaluated to ensure privileges granted are appropriate for the necessary job requirements.</p>

10.561 STATE ADMINISTRATIVE MATCHING GRANTS FOR FOOD STAMP PROGRAM

(continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Agriculture

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/
Questioned
Costs

Findings and Recommendations

Agency Response: The Department of Health and Human Services concurs with the finding. The Divisions of Information Resource Management, Social Services, and Medical Assistance staff are in the process of working with members of county administration offices to ensure individuals with need to access the Eligibility Information System are properly documented according to State and Department standards and policies ensuring that an authorization form is on file, authorization is requested through Customer Service and access is periodically reviewed. The Department will ensure that its staff with access to the Eligibility Information System are properly documented ensuring that an authorization form is on file, authorization is requested through Customer Service and access is periodically reviewed. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.

10.664 COOPERATIVE FORESTRY ASSISTANCE

III. Federal Award Findings and Questioned Costs

U.S. Department of Agriculture
 N.C. Department of Environment and Natural Resources
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-12	Allowable Costs/Cost Principles:	<u>Insufficient Documentation For Cooperative Forestry Assistance Program Payments</u>
	Significant Deficiency	We identified deficiencies in the Department’s internal controls for processing payments for the Cooperative Forestry Assistance Program. The deficiencies noted increase the risk of noncompliance with federal requirements and for the processing of unauthorized disbursements.
		Our examination of 40 disbursements revealed five instances where contracts for consultants were not properly executed for the Agricultural/Forestry Stewardship project. Further discussion with agency personnel indicated that contracts to consultants were not issued for this project. In addition, for these same sample items, we identified five instances where pre-approved contract expenditure report forms were used to process payments to consultants who perform work for the program. Agency personnel indicated that these pre-signed forms are maintained and used by agency staff to expedite the approval process of invoices from consultants.
		Federal guidelines require entities receiving federal awards to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. In addition, departmental rules have been established covering purchasing practices related to contracts that support an adequate control structure.
		<i>Federal Award Information:</i> Our audit affected grant awards for the CFA program #04-DG-11083137-020, #05-DG-11083137-070, #06-DG-11083137-001 and #07-DG-11083137-002.
		<i>Recommendation:</i> Management should establish control procedures that include adequate review of invoices and proper execution of contracts in accordance with departmental policy. Departmental policies and procedures should be re-emphasized to staff.
		<i>Agency Response:</i> The Department agrees with the finding and has initiated corrective action. Immediately upon learning of the pre-approved expenditure forms, we collected and destroyed all pre-signed forms. Division of Forest Resources (DFR) staff now understands this is not acceptable. We agree that contracts should be in place between the land owners, plan preparation consultants, and DFR. DFR is now working with DENR Purchase and Services to develop the policies, procedures and forms to implement this.

10.664 COOPERATIVE FORESTRY ASSISTANCE (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Agriculture
 N.C. Department of Environment and Natural Resources
 For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-13 <u>Reporting:</u> Significant Deficiency	<p>We would like to note that there were compensating procedures that prevented incorrect payments.</p> <ul style="list-style-type: none"> • All contractors are certified by DFR. • Land owners can only select from the approved contractor list. • Rates are established by DFR. • Plans are reviewed and approved by DFR personnel prior to payment. <p>In addition, we requested that the DENR Internal Audit staff review these payments. This review found no instances of improper payments.</p> <p><u>Inadequate Supervisory Review of Federal Reports</u></p> <p>The Department's quarterly <i>SF-269 Financial Status Reports</i> for the Cooperative Forestry Assistance program are not reviewed by someone independent of the preparer. As a result, there is an increased risk of error in the reports. However, we did not find any actual errors in the reports during our audit.</p> <p>Federal guidelines require entities receiving federal awards to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.</p> <p><i>Federal Award Information:</i> Our audit includes grant awards #05-DG-11083137-050 and #06-DG-11083137-008.</p> <p><i>Recommendation:</i> Management should establish control procedures that provide for adequate management review of federal reports.</p> <p><i>Agency Response:</i> The Department agrees with the finding and has initiated corrective action. All SF-269 reports will be reviewed and signed by either the Manager of the Federal Contracts and Grants Section, or the Assistant Controller.</p>

14.871 SECTION 8 HOUSING CHOICE VOUCHERS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Housing and Urban Development

N.C. Department of Administration

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-14	Activities Allowed or <u>Unallowed:</u> Significant Deficiency	<p data-bbox="537 575 1133 604"><u>Lost Interest Earnings on Program Reserve Funds</u></p> <p data-bbox="537 638 1469 821">The Department of Administration has not established an interest-bearing bank account with the Department of State Treasurer so that interest is credited to the Section 8 Housing Choice Voucher Program (Program). Accordingly, we estimate that the Program was not credited with approximately \$41,800 of interest that would have been earned for the fiscal year ending June 30, 2008.</p> <p data-bbox="537 854 1469 1037">In accordance with Title 24, Code of Federal Regulations Section 982.155, the Department must maintain an administrative fee reserve for the program that includes any excess funds received from the federal awarding agency plus the interest income earned on the balance in the reserve. Funds in the administrative fee reserve must be used for program administrative expenses or other housing purposes, as permitted by state law.</p> <p data-bbox="537 1071 1469 1157"><i>Federal Award Information:</i> Our audit included contract NC901VO and funding increments for federal fiscal years ending September 30, 2006 - September 30, 2008.</p> <p data-bbox="537 1190 1469 1276"><i>Recommendation:</i> The Department should establish the appropriate bank account for the Program to ensure the investment income earned is properly credited and used in accordance with federal requirements.</p> <p data-bbox="537 1310 1469 1373"><i>Agency Response:</i> An interest bearing account has been established and funds have been transferred to this new account.</p>
08-SA-15	Activities Allowed or <u>Unallowed:</u> Significant Deficiency <u>Eligibility:</u> Significant Deficiency <u>Reporting:</u> Significant Deficiency	<p data-bbox="537 1436 1284 1465"><u>Inadequate Review Procedures and Internal Control Monitoring</u></p> <p data-bbox="537 1499 1469 1682">The Department of Administration, including the Commission of Indian Affairs and the Office of Fiscal Management, did not provide sufficient oversight and review of critical functions required for proper administration of the Section 8 Housing Choice Voucher Program. The deficiencies noted increase the risk of noncompliance with federal laws, regulations, and program compliance requirements.</p> <p data-bbox="537 1715 1344 1745">During our audit of the Program, we noted the following deficiencies:</p> <ul data-bbox="537 1778 1469 1900" style="list-style-type: none"> <li data-bbox="537 1778 1469 1900">• The <i>Family Report</i> (HUD-50058), which was prepared by the Commission, was not reviewed by someone independent of the preparer. There were no formal procedures in place to provide guidance about preparing and submitting the report or to ensure adequate documentation was retained

14.871 SECTION 8 HOUSING CHOICE VOUCHERS (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Housing and Urban Development

N.C. Department of Administration

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>to support the report. For the July 2007 – June 2008 fiscal year, supporting documentation was not retained for 11 out of the 178 reports that were submitted to the federal funding agency.</p> <ul style="list-style-type: none"> • Field inspectors have sole responsibility for taking applications, evaluating required documentation, and determining eligibility of participants for the Program. The field inspectors' determinations were not subject to quality reviews by management for adherence to and consistent application of eligibility criteria. • The Commission is responsible for preparing monthly listings of Program benefits to be paid to active participants and submitting the list to Fiscal Management so monthly benefit payments can be processed. This listing was not subject to an independent review at the Commission to determine the accuracy and validity of the payments being requested. • The quarterly financial report <i>Voucher for Payment of Annual Contributions and Operating Statement</i> (HUD-52681-B), which is prepared by Fiscal Management, was not reviewed to ensure it was completed accurately and timely. In addition, no formal procedures exist to establish responsibility and provide guidance about the preparation and submission of the report. <p>Various federal rules, including the A-133 Compliance Supplement and A-102 Common Rule (2 CFR part 215) require entities receiving federal awards to establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. These rules state that internal controls should include the implementation of monitoring controls, which assess the quality of internal control performance over time. These include ongoing monitoring through independent reconciliations, supervisory review, and management review of reports.</p> <p><i>Federal Award Information:</i> Our audit included contract NC901VO and funding increments for federal fiscal years ending September 30, 2007, and September 30, 2008.</p> <p><i>Recommendation:</i> Management should take appropriate action to establish an internal control structure that includes adequate review procedures and ongoing monitoring to assess the quality and performance of internal controls over the Section 8 Housing Choice Voucher Program. Consideration should be given to developing clearly written policies and procedures to communicate expectations and provide guidance to the staff.</p>

14.871 SECTION 8 HOUSING CHOICE VOUCHERS (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Housing and Urban Development

N.C. Department of Administration

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p><i>Agency Response:</i></p> <p>a. Family Report (HUD 50058) The Commission will develop step-by-step internal procedures that will outline the process for preparing and submitting the required family report (HUD 50058) data to the Public and Indian Housing Information Center (PIC) system. The Director of the Section 8 Housing program, independent of the preparer, will review all of the HUD 50058 reports to verify that there are not fatal errors.</p> <p>The Commission will maintain hard copies for all PIC submissions for a period of three years. The Commission will prepare the detailed procedures defining how the Family report (HUD) 50058 data will be submitted to the PIC. The Section 8 Housing Director will monitor this process monthly to assure that the reports are completed.</p> <p>At the end of each month, the 58 submission files will be moved and saved in an electronic file on the "M" drive.</p> <p>b. Quality review of Field Inspector Determinations The Commission will create a checklist to verify field inspector's determination of eligibility for all Section 8 families, prior to admitting them to the Section 8 Program. The clerical staff will also review the checklist, initial and date it to verify that they have reviewed the information for accuracy. If a family is determined to be ineligible, the Section 8 Director will review each file to verify that the applicant is ineligible, and advise the family of their right for a formal hearing.</p> <p>c. Management of Payments to Eligible Families During the data entry portion of the re-examination process, the clerical staff will verify that the inspector's subsidy calculations are correct for all housing and utility allowance payments. This process will assure that the housing and utility allowances are properly calculated.</p> <p>The Director of the Section 8 Housing Program will review the listing of housing and utility payments prior to submitting them to the fiscal office for processing.</p> <p>d. Quarterly Financial Report The preparer (Fiscal Officer) of the financial report attended HUD sponsored training in September, 2008. The training provided information concerning the new VMS reporting system for individuals responsible for financial reporting. Our Special Projects Accountant is now responsible for reviewing this report</p>

14.871 SECTION 8 HOUSING CHOICE VOUCHERS (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Housing and Urban Development

N.C. Department of Administration

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-16 <u>Reporting:</u> Significant Deficiency	<p>for accuracy and timeliness. The next cycle of the Performance Management System work plans will establish responsibility and provide guidance about the preparation and submission of the report. We are currently updating our EAGLE internal control policies. This will be included in the update.</p> <p><u>Inappropriate Access to the Voucher Management System</u></p> <p>The Department of Administration did not properly revoke a retired employee's access to the U.S. Department of Housing and Urban Development's (HUD) web-based voucher management system. The retired employee's identification and password was used by current staff to access certain functions in the voucher management system. Improper access to this computer system could impact the integrity of the data reported to and used by HUD to determine the federal funds to be passed to the State.</p> <p>To protect the integrity of information contained within the system and to ensure that only authorized individuals access certain levels of data within the system, each system user should be approved and monitored by management. Access levels granted to each employee should be carefully considered by management and assigned in accordance with job responsibilities. Upon termination, employees' access rights should be appropriately revoked in a timely manner.</p> <p><i>Federal Award Information:</i> Our audit included contract NC901VO and funding increments for the federal fiscal year ending September 30, 2008.</p> <p><i>Recommendation:</i> The Department should implement adequate controls to ensure access rights to computer systems are immediately revoked for separated employees and properly established for new hires.</p> <p><i>Agency Response:</i> Proper controls have been initiated to immediately terminate access of separated employees and establish access to new hires promptly. We are currently updating our EAGLE internal control policies. This will be included in the update.</p>
08-SA-17 <u>Special Tests and Provisions:</u> Significant Deficiency	<p><u>Lack of Documentation to Support Annual Review of Utility Allowance Schedule</u></p> <p>The North Carolina Commission of Indian Affairs did not maintain documentation to support the annual preparation of or adjustments to the Section 8 Housing Choice Voucher Program's utility allowance schedule. As a</p>

14.871 SECTION 8 HOUSING CHOICE VOUCHERS (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Housing and Urban Development

N.C. Department of Administration

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>result, the Commission’s ability to ensure that an accurate and up-to-date utility allowance schedule is in place is limited, and the ability of the Commission to ensure benefits paid to participants in the Program are in compliance with program requirements is compromised.</p> <p>Per Title 24, Code of Federal Regulations section 982.517(c)(1), the Commission must review the utility allowance schedule annually and maintain information supporting its review and any revisions in the schedule.</p> <p><i>Federal Award Information:</i> Our audit included contract NC901VO and funding increments for federal fiscal years ending September 30, 2007, and September 30, 2008.</p> <p><i>Recommendation:</i> The Commission should implement procedures to ensure the utility rate data are reviewed annually in accordance with the federal requirements and such review is documented. In addition, written policies and procedures should be developed for the process and should allow for proper supervision to ensure adequate supporting documentation is obtained and retained to support the annual review, preparation, and revision of the schedule.</p> <p><i>Agency Response:</i></p> <p>Procedures The Commission will implement the following procedure to ensure that the Utility Allowances are reviewed annually. Between September and December of each calendar year the Director of the Section 8 Program, will review the existing utility allowance schedule(s) for each county, in collaboration with the Housing Inspectors and make a recommendation to the Executive Director of the Commission as to whether the Utility Allowances will need to be revised.</p> <p>Written Utility Allowance Policies The Commission will determine internally if the allowances will need to be revised annually. If it becomes necessary to revise the Utility Allowances, the Commission will seek an outside consultant to conduct a Utility Allowance survey, collect data from local utility providers, and provide the Commission with a recommendation as to whether the utility allowances should be increased.</p>

17.207 EMPLOYMENT SERVICE / WAGNER-PEYSER FUNDED ACTIVITIES**III. Federal Award Findings and Questioned Costs**

U.S. Department of Labor
 N.C. Employment Security Commission
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-18	Equipment and Real Property <u>Management:</u> Significant Deficiency	<p data-bbox="548 575 1338 604"><u>Equipment Records Not in Compliance With Federal Requirements</u></p> <p data-bbox="548 638 1464 760">The Commission's asset management system is incomplete and inaccurate. The risk that items could be lost, stolen, or misappropriated without detection increases when the asset database is not properly maintained. The following issues were identified during the audit:</p> <ul data-bbox="548 793 1464 1071" style="list-style-type: none"> <li data-bbox="548 793 1464 886">• The federal or state funding source was not listed for all assets in the asset management database. Thirteen of these items were purchased with Employment Service/Wagner-Peyser funds and valued at \$100,620. <li data-bbox="548 919 1464 1071">• Assets listed in the asset management database did not contain correct asset descriptions. Our inspection tests revealed four of 18 asset items with incorrect asset descriptions. A book binding machine and computer were described as a miscellaneous building and a router and fiber optic distribution system were described as a hub. <p data-bbox="548 1104 1464 1192">Title 29 CFR 97.32 requires property records to be maintained that include a description of the property, the source of property, and percentage of federal participation in the cost of the property.</p> <p data-bbox="548 1226 1464 1289"><i>Federal Award Information:</i> (Award # ES-14882-07-55 - Award period 07/01/2007 – 06/30/2020)</p> <p data-bbox="548 1323 1464 1411"><i>Recommendation:</i> The Commission should strengthen procedures to ensure that the asset description, source, and federal participation cost of the property are properly maintained in the asset management database system.</p> <p data-bbox="548 1444 1464 1596"><i>Agency Response:</i> We received appropriation codes from Finance & Budget for all assets that were in Magic that did not have any funding source listed. These appropriation codes were entered into Magic for each asset missing these codes. There are currently no assets in Magic that do not have the correct federal or state funding source.</p> <p data-bbox="548 1629 1464 1869">There were four (4) assets found there were entered into the inventory system when it began (mid 1990s) that contained incorrect or generic descriptions. Of these four (4) assets, one (1) was sent to surplus on December 9, 2008. The descriptions on the other three (3) have been updated. In order to update or change descriptions, we had to create a new record in the inventory catalog. This meant that since part numbers were not available to us, we created "dummy" part numbers (i.e. Part No. 2012009 is a Fiber Optic Wiring Distribution System).</p>

17.207 EMPLOYMENT SERVICE / WAGNER-PEYSER FUNDED ACTIVITIES (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Labor
 N.C. Employment Security Commission
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-19	Procurement and Suspension and <u>Debarment:</u> Significant Deficiency	<p data-bbox="544 577 1177 609"><u>Federal Debarment Status Verification Not Performed</u></p> <p data-bbox="544 640 1469 787">The Commission did not verify the federal debarment status for vendors with local office leases prior to awarding the contract. There were 68 local offices with rental expenditures totaling \$1,314,493 charged to the Employment Services Cluster federal program. None of the vendors tested were currently debarred and there were no questioned costs.</p> <p data-bbox="544 829 1469 997">The Commission did not have controls in place to ensure that covered transactions (contracts and procurements in excess of \$25,000) regarding local office leases were made only to vendors that were eligible to participate in federal programs. Inadequate controls increase the risk that contracts could be made with debarred or suspended parties resulting in questioned costs.</p> <p data-bbox="544 1039 1469 1218">Title 29 CFR Part 98 requires verification for procurement transactions, expected to equal or exceed \$25,000, to ensure that the recipients of federal funds are not suspended or debarred. This verification may be accomplished by checking the Excluded Parties List System maintained by the General Services Administration, collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.</p> <p data-bbox="544 1249 1469 1312"><i>Federal Award Information:</i> (Award # ES-14882-07-55 - Award period 07/01/2007 – 06/30/2020)</p> <p data-bbox="544 1344 1469 1438"><i>Recommendation:</i> The Commission should establish and implement procedures to ensure compliance with federal suspension and debarment regulations.</p> <p data-bbox="544 1470 1469 1709"><i>Agency Response:</i> We currently have approximately 61 different landlords that we lease office space from in various towns and cities across the state. Some of these landlords are local or county government. We took the list of landlords and checked them all to make sure that they were not on the state debarment list or the federal debarment list as of February 23, 2009. Each lease file was documented that debarment status had been checked. All new landlords will be checked for debarment as new leases are acquired. The verification will be documented in the lease file.</p>

17.207 EMPLOYMENT SERVICE / WAGNER-PEYSER FUNDED ACTIVITIES (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Labor
 N.C. Employment Security Commission
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-20	<u>Reporting:</u> Material Weakness Material Noncompliance	<p><u>Employment Services Program Reports Not Agreed to Underlying Data</u></p> <p>Amounts reported on the Employment Services program reports did not agree to the underlying data. Controls over data reported on these performance reports were inadequate to ensure that amounts reported were accurate and complete. The risk of erroneous reporting due to unreliable data could affect performance measures, or economic statistics determinations.</p> <p>We attempted to replicate both the federal ETA 9002 <i>Quarterly Reports</i> and VETS 200 <i>Veterans' Employment and Training Services Quarterly Report</i> for the quarter ended December 2007, however the audit results did not agree to amounts reported. Both the ETA 9002 and VETS 200 are used to report services, activities, and outcomes of services for eligible persons and veterans.</p> <p>On the ETA 9002C report line item 6, the entered employment rate for total veterans and eligible persons was 53% and the audit result rate was 57%. On the VETS 200C report line item 19, the entered employment following staff assistance services rate for total veterans and eligible persons was 54% and the audit result was 42%. In addition, we were unable to generate any results for key line items regarding the employment retention rate at six months and average earnings.</p> <p>The programmer has direct access to underlying data that supports the federal reports, maintains the program used to prepare the data input to the federal application, generates the reports, verifies the accuracy of the federal report, and submits it to the federal agency. Failure to segregate duties could result in manipulation of the underlying data and transactions may be lost, removed or corrupt. In addition, other weaknesses for the reports are identified below:</p> <ul style="list-style-type: none"> • The use of record counts to ensure completeness of the file transfer from the mainframe to the secondary system could not be verified. As a result, transactions that should be included in the reporting period could be missing from the population. • Edit checks over manually entered birth dates of program participants are not sufficient to prevent inaccurate information on the federal reports. As a result, some birth dates were blank, in the future, or outside the century. • There is no verification that the extracted data supports the ETA 9002D

17.207 EMPLOYMENT SERVICE / WAGNER-PEYSER FUNDED ACTIVITIES (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Labor
 N.C. Employment Security Commission
 For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>and VETS 200C reports and the extract files used to generate federal report are not retained as required in the federal Data Preparation Handbook. Failure to retain the extract files associated with the reports significantly reduces the auditability of the underlying data.</p> <p>Controls are necessary to ensure that the information system provides complete, accurate and valid information consistent with the financial reporting requirements. In addition, 29 CFR 97.42(b) requires the state agency to retain transaction data for at least three years.</p> <p><i>Federal Award Information:</i> CFDA 17.207-Award #ES-16224-07-5-A-37 – Award year 10/01/2007 – 12/31/2008; CFDA 17.801 & 17.804-Award # E-9-5-8-5060 - Award year 10/01/2007 – 12/31/2008.</p> <p><i>Recommendation:</i> The Commission should take appropriate action to ensure data for the performance reports are valid, complete, and retained in accordance with the federal reporting requirements.</p> <p><i>Agency Response:</i> ESC agrees to implement the division of roles and responsibilities where practical and to introduce additional supervisory oversight as a compensating control where appropriate.</p> <p>As a compensating control, documents will be retained that demonstrate consistency between the mainframe record count and the record count of the processed data.</p> <p>ESC will determine the valid date range for manually entered dates and will implement edits to assure that these dates fall within the determined range.</p> <p>ESC will create and retain requested extracts of the data for auditing purposes in accordance with federal guidelines.</p>

17.225 UNEMPLOYMENT INSURANCE**III. Federal Award Findings and Questioned Costs**

U.S. Department of Labor

N.C. Employment Security Commission

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs		Findings and Recommendations																																			
08-SA-21	<u>Reporting:</u> Material Weakness Material Noncompliance	<u>Unemployment Insurance Program Reports Not Agreed to Underlying Data</u>																																			
		Amounts reported on the Unemployment Insurance program reports did not agree to the underlying data. Controls over data reported on the Unemployment Insurance (UI) federal reports were inadequate to ensure that amounts reported were accurate and complete. Reporting erroneous or incomplete data could affect performance measures or economic statistics determinations. The results of our tests disclosed the following:																																			
		a. <i>ETA 227 Overpayment Detection and Recovery Activities Report.</i> We attempted to replicate the information reported on the December 2007 ETA 227 report, but the audit results did not agree to amounts reported. This report provides information on overpayments of claims and the state agency's activities in detection methods. Differences in selected line items are shown below.																																			
		<table border="1"> <thead> <tr> <th colspan="2" rowspan="2"></th> <th colspan="2">Number of Cases</th> <th colspan="2">Dollar Amount</th> </tr> <tr> <th>Reported</th> <th>Audit results</th> <th>Reported</th> <th>Audit results</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Overpayments Established – Causes</td> <td>Fraud (UI only)</td> <td>1,253</td> <td>1,806</td> <td>\$3,265,529</td> <td>\$3,068,659</td> </tr> <tr> <td>Nonfraud (UI only)</td> <td>4,356</td> <td>4,588</td> <td>\$2,342,964</td> <td>\$2,154,872</td> </tr> <tr> <td rowspan="2">Overpayments Established – Methods of Detection</td> <td>Controllable</td> <td>1,225</td> <td>1,742</td> <td>\$3,200,777</td> <td>\$3,006,038</td> </tr> <tr> <td>Non-controllable</td> <td>54</td> <td>101</td> <td>\$145,437</td> <td>\$143,306</td> </tr> </tbody> </table>						Number of Cases		Dollar Amount		Reported	Audit results	Reported	Audit results	Overpayments Established – Causes	Fraud (UI only)	1,253	1,806	\$3,265,529	\$3,068,659	Nonfraud (UI only)	4,356	4,588	\$2,342,964	\$2,154,872	Overpayments Established – Methods of Detection	Controllable	1,225	1,742	\$3,200,777	\$3,006,038	Non-controllable	54	101	\$145,437	\$143,306
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The Commission did not retain the extract files used to prepare the ETA 227 report and was unable to explain the differences noted above.

Our systems applications review revealed that the programmer is allowed to remove transactions from the database used to generate this report and no audit trail is maintained. This adds to the difficulty in explaining differences on the report. In addition, the edit check over manually entered dates did not function properly and some dates were outside the reporting period and the century. As a result, the ETA 227 report may not contain the appropriate data due to incorrect dates.

- b. *ETA 581 Contribution Operations:* The Commission failed to provide the transaction data and the audit of the ETA 581 report could not be

17.225 UNEMPLOYMENT INSURANCE (continued)**III. Federal Award Findings and Questioned Costs**

U. S. Department of Labor

N. C. Employment Security Commission

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>performed. This financial report provides information on volume of work, the state agency performance in determining the taxable status of employers and other information pertinent to the overall effectiveness of the tax program. The Commission stated that the transaction data that supports the ETA 581 report is not retained in a manner readily accessible for audit, and current retention methods require significant costs to rebuild the data from backup tapes.</p> <p>c. <i>ETA 2208A Quarterly UI Contingency Report.</i> There is no review and approval over the preparation of the ETA 2208A Report. The ETA 2208A is a quarterly special report of staff years worked and paid by the UI program. The risk of reporting incorrect information increases when there is no review of the report by someone other than the preparer.</p> <p>Controls are necessary to ensure that the information system provides complete, accurate, and valid information consistent with the financial reporting requirements. Title 29 CFR Subtitle A, 97.42(b) requires the state agency to retain transaction data for at least three years.</p> <p><i>Federal Award Information:</i> Award # UI-16758-08-55-A-37 - Award year 10/01/2007 – 12/31/2010</p> <p><i>Recommendation:</i> The Commission should take appropriate action to ensure data for the federal reports are accurate, complete, and retained in accordance with the federal reporting requirements. Reports should be reviewed to determine that the report is accurate.</p> <p><i>Agency Response:</i></p> <p><i>ETA 227 Overpayment Detection and Recovery Activities Report:</i> ESC will retain ETA 227 transactions for a minimum of 3 years. ESC will write invalid overpayments to a separate file for audit purposes prior to the deletion of such records from the overpayment master file. ESC will review and correct the existing audit trail program. ESC agrees that programmers should not have the authority to alter the data included in the ETA 227 report. Such access or authority is not available to ESC IS staff. ESC will determine the valid date range for manually entered dates and will implement edits to assure that these dates fall within the determined range.</p> <p><i>ETA 581 Contribution Operations:</i> While ESC does retain the data necessary for the replication of ETA 581, we</p>

17.225 UNEMPLOYMENT INSURANCE (continued)

III. Federal Award Findings and Questioned Costs

U. S. Department of Labor

N. C. Employment Security Commission

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>agree that the information is not available in a format that makes it easily auditable. ESC IS staff are currently reviewing the requirements for accomplishing this recommendation. The results will be provided to ESC senior management for consideration.</p> <p><i>ETA 2208A Quarterly UI Contingency Report:</i> ESC has implemented a review and approval process of the UI-3 Report effective with the FY2009 1st Quarter report.</p>

17.245 TRADE ADJUSTMENT ASSISTANCE**III. Federal Award Findings and Questioned Costs**

U.S. Department of Labor

N.C. Employment Security Commission

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-22	<u>Reporting:</u> Significant Deficiency	<p data-bbox="537 575 1468 638"><u>Inadequate Controls Over Federal Reports in the Trade Adjustment Assistance Program</u></p> <p data-bbox="537 667 1468 848">Control weaknesses over data reported in the performance and special reports for the Trade Adjustment Assistance federal program increases the risk that the reports contain inaccurate and incomplete data. The risk of reporting erroneous data could affect performance measures or economic statistics determinations. Weaknesses identified in the systems application review are identified below:</p> <ul data-bbox="537 886 1468 1318" style="list-style-type: none"> <li data-bbox="537 886 1468 1066">• <i>Trade Act Participant Report (TAPR):</i> Two divisions within the Commission are responsible for producing the underlying data that supports the electronically submitted TAPR. There is no verification or reconciliation of the underlying data to ensure completeness of the data. Failure to perform a reconciliation of data could result in lost or corrupt transactions. <li data-bbox="537 1104 1468 1318">• <i>ETA 563 Quarterly Determinations, Allowance Activities, and Employability Services Report, and Alternative Trade Adjustment Activities Report (ATAAR):</i> The programmer who maintains the program for creating these two reports has direct access to underlying data that supports the federal reports and is responsible for generating the federal reports. Failure to segregate duties could result in manipulation of the underlying data and transactions may be lost or removed. <p data-bbox="537 1352 1468 1436">In addition, there is no verification that the extracted data supports any of these reports and the extract files used to generate the reports are not retained.</p> <p data-bbox="537 1470 1468 1591">Controls are necessary to ensure that the information system provides complete, accurate, and valid information consistent with the financial reporting requirements. In addition, 29 CFR 97.42(b) requires the state agency to retain transaction data for at least three years.</p> <p data-bbox="537 1633 1468 1696"><i>Federal Award Information:</i> Award # TA-16817-08-55-A-37 - Award year 10/01/2007 – 09/30/2010</p> <p data-bbox="537 1738 1468 1824"><i>Recommendation:</i> The Commission should take appropriate action to ensure data for the performance and special reports are valid, complete, and retained in accordance with the federal reporting requirements.</p>

17.245 TRADE ADJUSTMENT ASSISTANCE (continued)

III. Federal Award Findings and Questioned Costs

U. S. Department of Labor

N. C. Employment Security Commission

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p data-bbox="537 577 1466 695"><i>Agency Response:</i> Trade Act Participant Report (TAPR): When transmitting the TAPR data to the ESC LMI staff, IS staff will send an e-mail to the designated LMI TAPR staff that will contain the following elements:</p> <ol data-bbox="631 730 1466 974" style="list-style-type: none">1. Record Count2. File size3. Report quarter to which the data applies4. Request for verification by LMI of control totals5. A reminder to retain both the e-mail and all files for audit purposes. <p data-bbox="537 1010 1466 1161">ETA 563 Quarterly Determination Allowance Activities and Employability Services Report, and Alternative Trade Adjustment Activities Report (ATAAR): ESC agrees to implement division of roles and responsibilities where practical and to introduce additional supervisory oversight as compensating control where appropriate.</p> <p data-bbox="537 1194 1466 1253">ESC will create and retain requested extracts of the data for auditing purposes in accordance with federal guidelines.</p>

17.801 DISABLED VETERANS' OUTREACH PROGRAM (DVOP)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Labor

N.C. Employment Security Commission

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-23	Procurement and Suspension and <u>Debarment:</u> Significant Deficiency	<u>Federal Debarment Status Verification Not Performed</u> The Commission did not verify the federal debarment status for vendors with local office leases prior to awarding the contract. There were 68 local offices with rental expenditures totaling \$1,314,493 charged to the Employment Services Cluster federal program. None of the vendors tested were currently debarred and there were no questioned costs. See finding 08-SA-19 for a description.
08-SA-24	<u>Reporting:</u> Material Weakness Material Noncompliance	<u>Employment Services Program Reports Not Agreed to Underlying Data</u> Amounts reported on the Employment Services program reports did not agree to the underlying data. Controls over data reported on these performance reports were inadequate to ensure that amounts reported were accurate and complete. The risk of erroneous reporting due to unreliable data could affect performance measures, or economic statistics determinations. See finding 08-SA-20 for a description.

17.804 LOCAL VETERANS' EMPLOYMENT REPRESENTATIVE PROGRAM**III. Federal Award Findings and Questioned Costs**

U.S. Department of Labor

N.C. Employment Security Commission

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-25	Procurement and Suspension and <u>Debarment:</u> Significant Deficiency	<u>Federal Debarment Status Verification Not Performed</u> The Commission did not verify the federal debarment status for vendors with local office leases prior to awarding the contract. There were 68 local offices with rental expenditures totaling \$1,314,493 charged to the Employment Services Cluster federal program. None of the vendors tested were currently debarred and there were no questioned costs. See finding 08-SA-19 for a description.
08-SA-26	<u>Reporting:</u> Material Weakness Material Noncompliance	<u>Employment Services Program Reports Not Agreed to Underlying Data</u> Amounts reported on the Employment Services program reports did not agree to the underlying data. Controls over data reported on these performance reports were inadequate to ensure that amounts reported were accurate and complete. The risk of erroneous reporting due to unreliable data could affect performance measures, or economic statistics determinations. See finding 08-SA-20 for a description.

20.106 AIRPORT IMPROVEMENT PROGRAM**III. Federal Award Findings and Questioned Costs**

U.S. Department of Transportation

N.C. Department of Transportation

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-27	Subrecipient <u>Monitoring:</u> Significant Deficiency	<p data-bbox="537 573 1166 604"><u>Subrecipient Monitoring Visits Were Not Documented</u></p> <p data-bbox="537 636 1468 821">The Division of Aviation did not present adequate documentation to demonstrate that it performed sufficient monitoring of Airport Improvement Program funds. This condition limits the Division's ability to ensure that funds granted to subrecipients are expended in accordance with grant requirements. Subrecipients received \$17.4 million of Airport Improvement Program funds during the year.</p> <p data-bbox="537 852 1468 1037">The Division's monitoring procedures included a combination of reviewing quarterly status reports followed by site visits to check on the status of the projects and to ensure the accuracy of the information reported. The Division did not provide documentation of site visits for any of the 25 subrecipients that we sampled. The documentation provided to us consisted of notes and memos but did not pertain to our audit year or the sample items we requested.</p> <p data-bbox="537 1068 1468 1157">OMB Circular A-133 requires pass-through entities to monitor their subrecipients' activities to provide reasonable assurance that the subrecipients administer federal awards in compliance with federal regulations.</p> <p data-bbox="537 1188 1468 1251"><i>Federal Grant Award Information:</i> Grant #3-37-SBGP-26 FY 2003, #3-37-SBGP-28 FY 2004, #3-37-SBGP-30 FY 2005, and #3-37-SBGP-31 FY 2006.</p> <p data-bbox="537 1283 1468 1371"><i>Recommendation:</i> The Division of Aviation should develop a method of documenting all subrecipient monitoring visits. The documentation should be in written form signed by the site reviewer.</p> <p data-bbox="537 1402 1468 1680"><i>Agency Response:</i> Although the Division of Aviation's development staff has complied with the Block Grant program requirements to provide "direct oversight of the subrecipient airports and associated grants," we agree that the documentation to substantiate this was not consistent or adequate for the year ended June 30, 2008. There is no direct format from FAA for documentation of project site visits, nor had the Division adopted a standardized method of formally documenting the project manager's site visits to the subrecipients. As of the above date, the project managers were providing documentation in a variety of ways, i.e., notes to the files, memos, letters, digital photos, etc.</p>

20.205 HIGHWAY PLANNING AND CONSTRUCTION**III. Federal Award Findings and Questioned Costs**

U.S. Department of Transportation

N.C. Department of Transportation

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-28	<u>Special Tests and Provisions:</u> Significant Deficiency	<p data-bbox="519 575 925 606"><u>Testing Standards Were Not Met</u></p> <p data-bbox="519 638 1482 758">The Department did not always perform the required testing for materials used in contracts funded by the Highway Planning and Construction grant. The failure to meet the requirements limits the Department's ability to ensure that materials used in construction projects conform to approved specifications.</p> <p data-bbox="519 789 1482 888">Our current year tests of the Department's testing of Portland cement (cement specified for making the concrete pavement in roads) used in federally funded highway paving contracts revealed the following:</p> <ul data-bbox="519 919 1482 1350" style="list-style-type: none"> <li data-bbox="519 919 1482 1098">• The number of Portland cement powder samples taken from one of the four contracts did not meet the Department's minimum material and test requirements. This testing is necessary to determine that the cement contains the specified level of ingredients. Based on the amount of cement received for this contract, 54 samples were required to be tested; however, only 33 samples were taken. <li data-bbox="519 1136 1482 1350">• The required number of Independent Assurance (IA) tests was not performed for the Concrete Beam Breaker test for one of the four contracts. The IA tests are necessary to determine that the testing results are comparable with the technician's test that determines that the concrete is strong enough and can withstand a specified amount of pressure. Based on the square meters of pavement for this project, nine IA samples were required; however, only six samples were taken. <p data-bbox="519 1381 1482 1480">Title 23 CFR section 637.205 requires the Department to have a testing program for construction projects to ensure that materials and workmanship conform to approved plans and specifications.</p> <p data-bbox="519 1503 1437 1535"><i>Federal Grant Award Information:</i> Highway Planning and Construction 2008</p> <p data-bbox="519 1566 1482 1686"><i>Recommendation:</i> The Department's Materials and Tests unit should formalize a monitoring procedure to ensure that the correct number of material samples is taken and the correct number of Independent Assurance samples is taken for all Federal Highway Administration funded projects.</p> <p data-bbox="519 1717 1482 1808"><i>Agency Response:</i> We agree. The Materials and Tests Unit has initiated actions to formally monitor compliance with the Minimum Sampling Guide for both Acceptance samples and Independent Assurance samples.</p>

83.544 PUBLIC ASSISTANCE GRANTS**III. Federal Award Findings and Questioned Costs**

Federal Emergency Management Agency
 N.C. Department of Crime Control and Public Safety
 For the Fiscal Year Ended June 30, 2008

08-SA-29	Type of Finding/ Questioned Costs	Findings and Recommendations
	Matching, Level of Effort, <u>Earmarking:</u> Significant Deficiency	<p data-bbox="537 531 1468 590"><u>Inadequate Access and Program Change Controls for the Public Assistance Management System</u></p> <p data-bbox="537 621 1468 772">The Department of Crime Control and Public Safety does not have adequate controls in place over access and program changes to the public assistance management system. As a result, there is an increased risk of noncompliance from accidental or unauthorized changes being made and not detected. However, no actual noncompliance was noted in our audit.</p> <p data-bbox="537 804 1468 924">The public assistance management system is used to ensure compliance with matching requirements set by the federal government for each specific disaster. We identified the following deficiencies related to access and program change controls for the system:</p> <ul data-bbox="537 955 1468 1413" style="list-style-type: none"> <li data-bbox="537 955 1468 1106">• Adequate controls are not in place to ensure users are assigned proper access to the system. The system's programmer grants and removes users' access rights based on verbal authorization from each user's supervisor. No one other than the system's programmer monitors the assigned access levels to ensure users' rights are appropriate. <li data-bbox="537 1138 1468 1226">• The system's programmer has access to the application in live operation, job control language, and to the live data files. There are no controls in place to monitor the programmer's system activity. <li data-bbox="537 1260 1468 1413">• The programmer is responsible for making changes to the program, the tables, and databases. The programmer also tests the changes and is responsible for moving changes into live production. While known changes are reviewed by users for accuracy, there is no control to ensure that unauthorized changes are not made. <p data-bbox="537 1444 1468 1564"><i>Federal Award Information:</i> CFDA 83.544 disasters Hurricane Floyd (Disaster #1292); CFDA 97.036 disasters Hurricane Isabel (Disaster #1490), Tropical Storm Frances (Disaster #1546), Hurricane Ivan (Disaster #1553), and Hurricane Ophelia (Disasters #1608 and 3254).</p> <p data-bbox="537 1596 1468 1684"><i>Recommendation:</i> The Department should implement effective policies and procedures to ensure adequate controls are in place for system access and program changes.</p> <p data-bbox="537 1715 1468 1837"><i>Agency Response:</i> The Department agrees with this finding. We have implemented procedures requiring approval of any access or programming changes to the Public Assistance Management System, documented by two levels of supervision.</p>

84.007 FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education

Elizabeth City State University

For the Fiscal Year Ended June 30, 2008

08-SA-30	Type of Finding/ Questioned Costs	Findings and Recommendations
	Cash <u>Management:</u> Significant Deficiency	<p data-bbox="537 531 1227 562"><u>Inadequate Reconciliation of Student Financial Aid Awards</u></p> <p data-bbox="537 594 1469 772">The University did not reconcile students' financial aid awards calculated by the financial aid department to students' awards paid by the business and finance department or to the funds that the University received from the federal government in order to pay students' financial aid. As a result, there was an increased risk of error in payments, receipts, and/or financial aid records and reports.</p> <p data-bbox="537 825 1469 1129">The University also did not reconcile their Direct Loan School Account Statement (SAS) to the University's financial records during the audit period. The University must report all loan disbursements to the Direct Loan Servicing System within 30 days of disbursement. Each month the University receives a SAS data file which consists of a cash summary and cash detail report from the Direct Loan Servicing System. The University is required to reconcile these files to their financial records. Auditors compared direct loan disbursements per the Direct Loan SAS year-to-date cash summary from the Department of Education to direct loan disbursements per the University's records and noted an unreconciled difference of \$74,856.</p> <p data-bbox="537 1182 1469 1360">Chapter 12 of the federal Blue Book states that at a minimum, a school's financial management system including its accounting system must provide monthly reconciliations of individual federal student aid awards as recorded in the financial aid, business office, student account, and federal systems. Federal regulations also require the University to reconcile its Direct Loan School Account Statement to the University's records each month.</p> <p data-bbox="537 1413 1469 1497"><i>Federal Award Information:</i> Award #s P063P070321, P375A070321, P007A0703094, P033A073094, and P376S070321 Award Year July 1, 2007 – June 30, 2008.</p> <p data-bbox="537 1549 1469 1728"><i>Recommendation:</i> The University should perform monthly reconciliations of student awards calculated by the financial aid department to student awards paid by the business and finance department to the funds received from the federal government. The University should also perform monthly reconciliations of the University's financial records and the Direct Loan System records to ensure compliance with federal regulations.</p> <p data-bbox="537 1780 1469 1900"><i>Agency Response:</i> We concur with the recommendation and acknowledge the critical need for compliance with federal regulations. During August 2007, the university converted to a different enterprise system, Banner, from Student Information Systems. As a result of implementing a different system, all</p>

84.007 FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Education
Elizabeth City State University
For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
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reconciliation processes among the Office of Student Financial Aid, Office of Student Accounts and Contracts & Grants were not finalized prior to the beginning of the 2007 academic year.

Effective February 2009, the Office of Student Accounts and the Office of Contracts and Grants have modified procedures concerning reconciling federal funds. The Office of Financial Aid will report all disbursements within 30 days of disbursement to the Direct Loan Servicing System. The offices of Student Accounts and Contracts & Grants will reconcile all cash summary and detail reports received from the Office of Financial Aid to the financial records of the University. In addition, these reconciliations will be included in the monthly close-out review report.

84.007 FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education

Fayetteville State University

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-31	<u>Special Tests and Provisions:</u> Significant Deficiency	<p data-bbox="519 575 925 606"><u>Untimely Return of Federal Funds</u></p> <p data-bbox="519 638 1485 821">The University did not return unearned student financial aid funds to the federal government in a timely manner. Title 34 CFR, Part 668.173(b) requires that when a student withdraws from the University, the University must return the amount of federal financial aid that was not earned by the student as soon as possible, but no later than 45 days after the date the University determines that the student withdrew.</p> <p data-bbox="519 852 1485 972">We tested 34 students who were awarded financial aid and then withdrew from the University. In 13 cases the University returned the unearned award funds to the federal government one to 103 days late, with an average of 49 days late.</p> <p data-bbox="519 1003 1485 1066"><i>Federal Grant Award Information:</i> Award No. P007072097 and P063P070322 Award Year 7/1/2007- 6/30/2008</p> <p data-bbox="519 1098 1485 1192"><i>Recommendation:</i> The University should ensure that federal award funds that are unearned by students who withdraw from the University are returned to the federal government within the required timeframe.</p> <p data-bbox="519 1224 1485 1528"><i>Agency Response:</i> The issues cited were the result of the Office of Financial Aid not receiving timely notification that a student had withdrawn from the University. The University discontinued the on-line withdrawal process and reinstated the manual process in January of 2008. The manual process and notification by the Office of the Registrar to the Office of Financial Aid on a weekly basis identifies students who have withdrawn from the university and allows the staff to take the actions needed to ensure that the University returns unearned federal funds within the required timeframe. The manual withdrawal form was also revised in spring of 2009 to give the student seven days to complete the process. This finding has been resolved.</p>

84.007 FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
 University of North Carolina - Pembroke
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-32	<u>Cash Management:</u> Significant Deficiency	<p data-bbox="537 575 1240 604"><u>Inadequate Reconciliations of Student Financial Aid Awards</u></p> <p data-bbox="537 642 1464 793">The University did not reconcile students' financial aid awards calculated by the financial aid department to students' awards paid by the business office and to the funds the University received from the federal government to pay students' financial aid. As a result there was an increased risk of error in payments, receipts, and/or financial aid records and reports.</p> <p data-bbox="537 831 1464 949">Chapter 12 of the federal Blue Book states that at a minimum, a school's financial management system, including its accounting system must provide monthly reconciliation of individual federal student aid awards as recorded in the financial aid, business office, student account and federal systems.</p> <p data-bbox="537 987 1464 1075"><i>Federal Award Information:</i> Award #s P007A073145, P033A073145, P063P071947, P375A071947, and P376S071947 Award Year July 1, 2007 – June 30, 2008</p> <p data-bbox="537 1113 1464 1201"><i>Recommendation:</i> The University should perform monthly reconciliations of student awards calculated by the financial aid department to student awards paid by the business office to the funds received from the federal government.</p> <p data-bbox="537 1239 1464 1394"><i>Agency Response:</i> The University agrees that monthly reconciliations should be performed between Financial Aid and the Business Office, regarding federal awards. The University is developing a protocol to ensure that monthly reconciliations are performed and documented between Financial Aid and the Business Office.</p>
08-SA-33	<u>Eligibility:</u> Significant Deficiency	<p data-bbox="537 1465 1219 1495"><u>Inappropriate System Access Rights to Financial Aid Data</u></p> <p data-bbox="537 1533 1464 1650">The University has assigned some employees in the financial aid department information system access rights inconsistent with adequate security over financial data. This increased the risk of unauthorized or inappropriate transactions.</p> <p data-bbox="537 1688 1464 1747">When we examined the access rights to the financial aid software and data, we noted the following:</p> <ul data-bbox="537 1785 1464 1841" style="list-style-type: none"> • Security classes had been established in which employees could modify data and also the rules for processing data.

84.007 FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
 University of North Carolina - Pembroke
 For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<ul style="list-style-type: none"> • Security classes had been established in which employees were authorized to award financial aid and modify the logs of who entered data into the system. • Some employees were assigned to multiple security classes with overlapping responsibilities. • One employee had more than one user identification. <p>Sound internal controls require that University employees be assigned the least level of information system access necessary to perform their jobs and that adequate segregation of duties be maintained to prevent or detect errors or fraud.</p> <p><i>Federal Award Information:</i> Award #s P007A073145, P033A073145, P063P071947, P375A071947, and P376S071947 Award Year July 1, 2007 – June 30, 2008</p> <p><i>Recommendation:</i> The University should ensure that access rights to the financial aid software are appropriate for employees' job requirements. The access rights should support a segregation of duties to prevent or detect errors or fraud.</p> <p><i>Agency Response:</i> The University "went live" with Banner Financial Aid in July 2007. During the initial set-up of this new system, employees were given access rights beyond their current levels of responsibility. This access was never curtailed after Banner Financial Aid was fully implemented. The University limited access rights to those necessary to carry out job responsibilities on February 25, 2009. UNCP has limited the Financial Aid Administrator class (the function in Banner which controls all processing rules) to the Associate Director of Technology and Support, who does not award financial aid to students. UNCP has limited the Banner screen, which logs all user access, to the Associate Director of Technology and Support. University Financial Aid staff have multiple security classes and in some situations there are overlapping job responsibilities, due to the limited number of Financial Aid staff. However, the Director of Financial Aid has reviewed the appropriate Banner access of each Financial Aid employee and will review this access bi-annually, in January and July, to ensure that appropriate security access is consistent with job responsibilities. The University has eliminated the multiple user ID of the Financial Aid employee detailed in the findings.</p>

84.007 FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
Winston-Salem State University

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-34 <u>Eligibility:</u> Significant Deficiency Questioned Cost Finding \$300	<p><u>Weakness in the Student Financial Aid Application Verification Process</u></p> <p>The University did not document that eligibility verification procedures were performed for four students selected for verification by the Department of Education. As a result, we are questioning \$29,576 in federal costs. [CFDA 84.007, \$300; CFDA 84.032, \$19,039; CFDA 84.033, \$1,512; CFDA 84.038, \$2,000; CFDA 84.063, \$6,725].</p> <p>There was no documentation in four of 60 student files examined to show that verification procedures were performed. The University is required by federal regulations to obtain documentation to validate application data for selected students.</p> <p><i>Federal Award Information:</i> Award #s – P063P061969, P007A063195, P033A073195, Federal Family Education Loans, and Federal Perkins Loan Program; Award year – 7/1/07 to 6/30/08</p> <p><i>Recommendation:</i> The University should improve internal controls over the eligibility verification process to ensure that all student application data, for those selected for verification by the central processor, are verified in accordance with program requirements. The appropriate documentation should be maintained on file as evidence that the verification process occurred.</p> <p><i>Agency Response:</i> Concur with finding.</p> <p><i>Corrective Action:</i> The University has improved internal control as it relates to the eligibility verification process which ensures that all student application data are verified in accordance with program requirements for students selected for verification by the central processor. Appropriate documentation will be maintained electronically and serve as evidence that the verification process occurred through implementation of document management procedures for securing information in student files. The University will implement quarterly audit procedures to ensure that the eligibility verification process through evidence has occurred.</p>

84.007 FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Education
 Winston-Salem State University
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-35	<p>Special Tests <u>and Provisions:</u> Significant Deficiency Questioned Cost Finding \$312</p>	<p><u>Student Financial Aid Funds Not Returned to Providers as Required</u></p> <p>The University did not properly return student financial aid funds to the federal government or appropriate lenders when due. We identified \$19,418 that was not returned at all and \$4,367 that was returned late. [CFDA 84.007, \$312; CFDA 84.032, \$13,391; CFDA 84.063, \$5,715].</p> <p>Federal regulations require that when a student withdraws from the University, the University must calculate the amount of federal financial aid that was not earned by the student and return those funds to the federal government or appropriate lender. The funds must be returned within 45 days of the date that the University determined that a student withdrew.</p> <p>We tested 18 students who withdrew from the University during the 2007-08 academic year. In five cases, no calculation was performed to determine if there were funds subject to return. We performed the calculation and determined that \$5,005 should have been returned. In 10 cases, the calculation was performed; however, the University failed to return \$14,413 of the calculated amount. In three cases, the calculation was performed and funds totaling \$4,367 were returned; however, they were returned between 34 to 257 days late.</p> <p><i>Federal Award Information:</i> Award #s – P063P061969, P007A063195, and Federal Family Education Loans; Award year – 7/1/07 to 6/30/08</p> <p><i>Recommendation:</i> The University should comply with federal regulations by ensuring that federal funds that are unearned by students who withdraw from the University are returned to the federal government or appropriate lender within the required timeframe.</p> <p><i>Agency Response:</i> Concur with finding.</p> <p><i>Corrective Action:</i> Procedures in Financial Aid have been established to identify students with all W-withdraw, I-incomplete, or F-failure grades at mid-term and at the end of the semester to identify potential unofficial withdrawals. The University is in the process of introducing a class attendance policy that will require faculty to call class roll for the first ten days of each semester. This will assist in identifying students who are not attending class regularly and who are unlikely to earn Title IV funding support. In addition, new procedures have been implemented to disseminate a student withdrawal report from the Office of the Registrar on a weekly basis to ensure accurate calculation and timely return of Title IV fund repayments. The University will ensure that federal funds that are unearned by students who withdraw from the University are</p>

84.007 FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Education
Winston-Salem State University
For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
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returned to the federal government or appropriate lender within the required timeframe by implementing monthly audit procedures.

84.011 MIGRANT EDUCATION - STATE GRANT PROGRAM**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
 N.C. Department of Public Instruction
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-36	Subrecipient <u>Monitoring:</u> Significant Deficiency	<p data-bbox="519 575 1482 604"><u>Failure to Monitor for the Participation of Private School Children Requirement</u></p> <p data-bbox="519 638 1482 789">The Department did not monitor to ensure that the Local Educational Agencies (LEAs) collaborated with private school officials to ensure their participation in the Mathematics and Science Partnerships and Migrant Education – State Grant Programs. As a result, there is an increased risk that appropriate services would not have been offered.</p> <p data-bbox="519 823 1482 1003">Title 34 CFR section 299.6 requires the State or LEAs that receive funds for Migrant Education and Mathematics and Science Partnerships programs to provide special education services or other benefits on an equitable basis to eligible children who are enrolled in private schools and to their teachers and other educational personnel. This provision of services must be done after timely and meaningful consultation with appropriate private school officials.</p> <p data-bbox="519 1037 1482 1096"><i>Federal Award Information:</i> This finding impacts the federal grant numbers and years as follows:</p> <ul data-bbox="519 1129 1482 1348" style="list-style-type: none"> • Mathematics and Science Partnerships: Federal funding periods July 2005 – September 2006 (S366B050034), July 2006 – September 2007 (S366B060034), and July 2007 – September 2008 (S366B070034). • Migrant Education – State Grant Programs: Federal funding periods July 2005 – September 2006 (S011A050033), July 2006 – September 2007 (S011A060033), and July 2007 – September 2008 (S011A070033). <p data-bbox="519 1381 1482 1440"><i>Recommendation:</i> The Department should revise its monitoring procedures to include monitoring for the participation of private school children requirement.</p> <p data-bbox="519 1474 1482 1715"><i>Agency Response:</i> The request for proposal for the Math and Science Partnerships does have an assurance statement that the LEA signs stating non-public schools will be notified of their eligibility to participate in the grant program. In the future subrecipients will also be required to send evidence of the invitation to non-public schools with their interim reports. The Migrant Education program has revised the monitoring protocol to include a compliance test in which LEA documentation is reviewed for evidence of the consultation with private school officials.</p>

84.027 SPECIAL EDUCATION – GRANTS TO STATES**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
 N.C. Department of Public Instruction
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-37	Subrecipient <u>Monitoring:</u> Significant Deficiency	<p data-bbox="534 575 956 604"><u>Inadequate Subrecipient Monitoring</u></p> <p data-bbox="534 638 1474 848">As reported in the prior audit, the Department did not monitor fiscal matters for subrecipients in the Special Education – Grants to States and Special Education – Preschool Grants programs. This condition continued to exist during a significant part of the current audit period. As a result, there is an increased risk that unallowable costs at the subrecipient level would not have been detected. Subrecipients were awarded \$320 million in federal funds during the fiscal year.</p> <p data-bbox="534 884 1474 1037">During the audit year the Department included Special Education funds in its comprehensive monitoring schedule. However, the Department did not begin fiscal monitoring for Special Education subrecipients until March 2008. As a result, the Department was unable to monitor 31 out of the 37 Special Education subrecipients scheduled for monitoring.</p> <p data-bbox="534 1073 1474 1188">OMB Circular A-133 requires pass-through entities to monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.</p> <p data-bbox="534 1224 1474 1339"><i>Federal Award Information:</i> This finding impacts federal funding periods July 2005 – September 2006 (H027A050092A and H173A050096), July 2006 – September 2007 (H027A060092A and H173A060096), and July 2007 – September 2008 (H027A070092A and H173A070096)</p> <p data-bbox="534 1375 1474 1436"><i>Recommendation:</i> The Department should continue in its effort to monitor its Special Education subrecipients for fiscal matters.</p> <p data-bbox="534 1472 1474 1650"><i>Agency Response:</i> As noted in your findings, the Department did begin fiscal monitoring of the Special Education subrecipients in March 2008. The fiscal monitoring of Special Education subrecipients is performed in conjunction with on-site Title I and Title III monitoring visits. There are six such monitoring visits planned for 2008-09. DPI also continues to perform desk reviews of the subrecipients' annual audit reports.</p>

84.032 FEDERAL FAMILY EDUCATION LOANS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
 Caldwell Community College and Technical Institute
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-38	<u>Reporting:</u> Significant Deficiency	<u>Error in Schedule of Expenditures of Federal Awards</u> The Schedule of Expenditures of Federal Awards prepared by the College contained a misstatement. Had the schedule not been corrected as a result of our audit adjustment, it could have been misleading to users. The College did not include \$2,121,122 in Federal Family Education Loans in the Schedule of Expenditures of Federal Awards for the fiscal year ended June 30, 2008. This schedule should include all Federal financial assistance programs administered by the College. <i>Federal Award Information:</i> Federal Family Education Loans; Award Year - 7/1/07- 6/30/08 <i>Recommendation:</i> The College should ensure that all federal expenditures are included in the Schedule of Expenditures of Federal Awards in compliance with federal reporting requirements. <i>Agency Response:</i> The College will ensure that all federal expenditures are included in the Schedule of Expenditures of Federal Awards in compliance with federal reporting requirements.

84.032 FEDERAL FAMILY EDUCATION LOANS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education

Elizabeth City State University

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-39	<u>Cash Management:</u> Significant Deficiency	<u>Inadequate Reconciliation of Student Financial Aid Awards</u> The University did not reconcile students' financial aid awards calculated by the financial aid department to students' awards paid by the business and finance department or to the funds that the University received from the federal government in order to pay students' financial aid. As a result, there was an increased risk of error in payments, receipts, and/or financial aid records and reports. See finding 08-SA-30 for a description.
08-SA-40	<u>Special Tests and Provisions:</u> Significant Deficiency	<u>Federal Loan Funds Not Disbursed Timely</u> The University did not disburse federal loan funds to students and did not return to lenders undisbursed loan funds within the required timeframe. Title 34 CFR, Part 668.167(b) requires the University to disburse loan funds within three business days following the date the funds are received and to return undisbursed loan funds to the lender no later than 10 business days after the date the University is required to disburse the funds. We tested 40 students who were awarded Federal Family Education Loans. In 31 cases, the students did not receive their loan funds until four to 40 days after the University had received the funds from the lenders. Also, loan funds received by the University on January 2, 2008 that were not disbursed to three students were not returned to the lender until February 29, 2008, 41 business days after the funds were received. <i>Federal Award Information:</i> Award Year July 1, 2007 – June 30, 2008 <i>Recommendation:</i> The University should implement procedures to ensure that Federal Family Education Loan funds are disbursed to students or returned to lenders within the required time frame. <i>Agency Response:</i> We concur with the recommendation and acknowledge the critical need for compliance with federal regulations. As previously stated, the University converted to a different enterprise system, Banner, in the Fall of 2007. Student enrollment for the semester was not verified prior to the release of the electronic disbursement records.
		A new enrollment verification process was implemented for the Fall 2008 semester that requires faculty members to verify a student's attendance. This will resolve enrollment issues for the Office of Student Financial Aid. Starting

84.032 FEDERAL FAMILY EDUCATION LOANS (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Education
Elizabeth City State University
For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	with the Spring 2009 semester, faculty has 2 weeks to verify enrollment before disbursements are made. The Registrar's Office has worked with the Office of Student Financial Aid to ensure that enrollment verification is processed before funds are disbursed.

84.032 FEDERAL FAMILY EDUCATION LOANS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education

Fayetteville State University

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-41	<u>Special Tests and Provisions:</u> Significant Deficiency	<p data-bbox="534 575 935 604"><u>Untimely Return of Federal Funds</u></p> <p data-bbox="534 636 1474 814">The University did not return unearned student financial aid funds to the federal government in a timely manner. Title 34 CFR, Part 668.173(b) requires that when a student withdraws from the University, the University must return the amount of federal financial aid that was not earned by the student as soon as possible, but no later than 45 days after the date the University determines that the student withdrew. See finding 08-SA-31 for a description.</p>
08-SA-42	<u>Special Tests and Provisions:</u> Significant Deficiency	<p data-bbox="534 873 1214 903"><u>Untimely Notice to Lender of Changes in Students' Status</u></p> <p data-bbox="534 934 1474 1144">The University did not provide student financial aid lenders timely notice of student withdrawals from the University. Title 34 CFR, Part 685.309(b)(2) requires the University to notify the National Student Clearinghouse within 30 days of its discovery that a recipient of a federal direct loan has ceased to be enrolled on at least a half-time basis, failed to enroll, or changed his or her permanent address unless it expects to submit its next student status confirmation report within the next 60 days.</p> <p data-bbox="534 1173 1474 1383">The University failed to provide timely notice for 17 of the 34 student withdrawals we reviewed. Ten students were not reported in a response on a Student Status Change Confirmation Report within 60 days of their withdrawal date. Three students have no history in the National Student Loan Data system due to there being no social security number on file in the accounting system. Four students were not reported and updated with the National Student Clearinghouse.</p> <p data-bbox="534 1413 1357 1442"><i>Federal Grant Award Information:</i> Award Year 7/01/2007 – 6/30/2008</p> <p data-bbox="534 1472 1474 1533"><i>Recommendation:</i> The University should improve controls to provide for timely notification of changes in student status.</p> <p data-bbox="534 1562 1474 1858"><i>Agency Response:</i> The issues cited were the result of the Office of Financial Aid not receiving timely notification that a student had withdrawn from the University and not having social security numbers for some students. The University has made improvements in the withdrawal process and in communication about withdrawals between departments. The University has also made provision for the Registrar to have access to social security numbers from the Office of Financial Aid for those students reported by the Banner batch report as not having a number listed on the student file. This, along with staff training, will ensure that the University submits all student data to the National Student Clearinghouse for timely updating.</p>

84.032 FEDERAL FAMILY EDUCATION LOANS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
 University of North Carolina - Pembroke
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-43	<u>Cash Management:</u> Significant Deficiency	<p><u>Inadequate Reconciliations of Student Financial Aid Awards</u></p> <p>The University did not reconcile students' financial aid awards calculated by the financial aid department to students' awards paid by the business office and to the funds the University received from the federal government to pay students' financial aid. As a result there was an increased risk of error in payments, receipts, and/or financial aid records and reports. See finding 08-SA-32 for a description.</p>
08-SA-44	<u>Eligibility:</u> Significant Deficiency	<p><u>Inappropriate System Access Rights to Financial Aid Data</u></p> <p>The University has assigned some employees in the financial aid department information system access rights inconsistent with adequate security over financial data. This increased the risk of unauthorized or inappropriate transactions. See finding 08-SA-33 for a description.</p>
08-SA-45	<u>Eligibility:</u> Significant Deficiency Questioned Cost Finding \$20	<p><u>Incorrect Federal Aid Awards</u></p> <p>The University did not award the correct amount of federal financial aid to three students. As a result, we are questioning \$1,120 in financial aid costs. It is likely that questioned costs exceed \$10,000 in the total population. [CFDA 84.032, \$20; 84.063, \$1,100].</p> <p>Three of the 70 students tested did not receive the correct amount of aid. Two students should have received different amounts of aid because their unmet financial need was not updated after their information was verified. This resulted in one under-award of \$150 and one over-award of \$1,100 in Pell funds. One student received \$20 more in Federal Family Education Loans than the student was eligible to receive.</p> <p>Title 34, CFR, Part 668.61(a) requires the University to recover overpayment of financial aid when the verification process reveals the award exceeded financial need. Part 682.603(e) of that title limits Federal Family Education Loans to the students' calculated financial need.</p> <p><i>Federal Award Information:</i> Award # P063P071947 Award Year July 1, 2007 – June 30, 2008</p> <p><i>Recommendation:</i> The University should have a management review process in place to ensure that students receive the correct amount of federal financial aid.</p>

84.032 FEDERAL FAMILY EDUCATION LOANS (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
 University of North Carolina - Pembroke
 For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-46 Special Tests and Provisions: Significant Deficiency	<p><i>Agency Response:</i> The University agrees with this audit finding. Financial Aid will conduct a random review of Financial Aid files each semester to reduce the number of errors and ensure that students are receiving the correct amount of financial aid. This review will include periodic reviews of student folders. The Director of Financial Aid or the Associate Director will sample the work of each aid counselor to ensure compliance with federal guidelines. The University has begun the process of collecting unearned financial aid from the two (2) over-awards discovered during this audit.</p> <p><u>Untimely Notice to Lender of Changes in Students' Status</u></p> <p>The University did not provide student financial aid lenders timely notice of student withdrawals from the University. Title 34 CFR, Part 685.309(b)(2) requires the University to notify the National Student Clearinghouse within 30 days of its discovery that a recipient of a federal direct loan has ceased to be enrolled on at least a half-time basis, failed to enroll, or changed his or her permanent address unless it expects to submit its next student status confirmation report within the next 60 days.</p> <p>The University failed to provide timely notice for 13 of the 21 student withdrawals we reviewed. Withdrawals were reported from 4 to 71 days late, with an average of 30 days late.</p> <p><i>Federal Award Information:</i> Award Year July 1, 2007 – June 30, 2008</p> <p><i>Recommendation:</i> The University should improve controls to provide timely notification of changes in student status.</p> <p><i>Agency Response:</i> The University agrees that it failed to notify the National Student Clearinghouse as required by federal guidelines. In the future, to correct the untimely notice of changes in student status, the Registrar will submit withdrawal notices to the National Student Clearinghouse within thirty (30) days of discovery. This specific task has been assigned to the Associate Registrar and has been added to his/her work plan.</p>
08-SA-47 Special Tests and Provisions: Significant Deficiency Questioned Cost Finding \$5,034	<p><u>Errors in the Return of Federal Funds</u></p> <p>The University made errors in calculating the amount of unearned student financial aid due back to the federal government and did not return the funds in a timely manner. Based on the results of our tests, the University returned \$5,630 less than required. It is likely that more than \$10,000 is due back to the federal government from the total population. [CFDA 84.032, \$5,034; CFDA 84.063, \$596].</p>

84.032 FEDERAL FAMILY EDUCATION LOANS (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
 University of North Carolina - Pembroke
 For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>Title 34 CFR, Part 668.22 requires that when a student withdraws from the University, the University must calculate the amount of federal financial aid that was not earned by the student and return that amount as soon as possible, but no later than 45 days after the date the University determines the student withdrew.</p> <p>We tested a sample of 29 students who were awarded federal financial aid and then withdrew from the University and found:</p> <ul style="list-style-type: none"> • In 20 cases there was unearned financial aid to be returned to the federal government, and in all 20 cases the refund calculated by the University was incorrect. • In 11 of the 20 cases where funds were unearned, the University returned the unearned award funds from two to 271 days late, with an average of 121 days late. • In seven of the 20 cases where funds were unearned, the University returned different amounts than indicated by its own calculations. <p><i>Federal Award Information:</i> Award # P063P071947 Award Year July 1, 2007 – June 30, 2008.</p> <p><i>Recommendation:</i> The University should ensure that federal funds that are unearned by students who withdraw from the University are accurately determined and returned to the federal government within the required timeframe.</p> <p><i>Agency Response:</i> The University agrees with this finding and has taken the following steps:</p> <ol style="list-style-type: none"> 1. Financial Aid is reviewing all returns to Title IV (also know as R2T4) for the 2007-08 award year and will make adjustments as necessary to ensure returns are correct. The University will return to the Department of Education all unearned student financial aid immediately after concluding its review of past calculations. 2. Financial Aid has reviewed all returns to Title IV completed for the 2008-09 award year to ensure that they are correct. 3. Financial Aid will complete the good practice assessments for return to Title IV found on the U.S. Department of Education website: <p>http://www.ifap.ed.gov/qahome/fsaassessment.html</p>

84.032 FEDERAL FAMILY EDUCATION LOANS (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
 University of North Carolina - Pembroke
 For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
4.	<p>The Vice Chancellor for Enrollment Management, Registrar, Dean of Graduate Studies, the Associate Vice-Chancellor of Academic Affairs and the Director of Financial Aid met to review the University's student withdrawal policy and procedures. As a result of this review, Graduate Studies has amended their withdrawal application. The Registrar is in the process of amending both their online and paper withdrawal processes. The Registrar will record the last date of attendance into Banner within one week after the student has given notice of their intent to withdraw. Financial Aid will pull a report of new withdrawals every two weeks and perform the return calculation for these students. The Director of Financial Aid or the Associate Director of Financial Aid will review both the withdrawal report and the calculations on a monthly basis to ensure compliance with federal guidelines.</p>

84.032 FEDERAL FAMILY EDUCATION LOANS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
Winston-Salem State University

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-48	<u>Eligibility:</u> Significant Deficiency Questioned Cost Finding \$15,158	<u>Student Financial Aid Over-Awards and Errors</u> The University over-awarded financial aid to several students and awarded the wrong type of student loans to other students. As a result, we are questioning \$15,158 in federal costs. We tested eligibility for 72 students who were awarded financial aid during the 2007-08 academic year and identified six students who were over-awarded. One student received a \$4,946 over-award because the financial aid office increased the student's cost of attendance budget without documented justification. Another student received a \$3,487 over-award because the financial aid office applied a cost of attendance budget inconsistent with the student's enrollment status. Students are assigned a cost of attendance budget by the University based on a variety of factors to ensure that students are treated equitably in their consideration for financial aid. Modifications to the budgets can be made at the University's discretion for students with specific needs, but all changes should be documented in the students' files. Four students in our sample received over-awards totaling \$6,725 because the University did not include outside scholarships or tuition waivers as part of the students' financial resources when calculating need. Federal regulations require that the University take other financial resources into consideration when awarding financial aid. The University erroneously awarded two students in our sample the wrong type of federal loans. The students received \$9,000 in unsubsidized federal loans when they should have first been awarded \$8,500 in subsidized federal loans. Unsubsidized loans result in more interest expense to students, and federal regulations require that institutions determine subsidized loan eligibility prior to awarding unsubsidized loans. <i>Federal Award Information:</i> Federal Family Education Loans; Award year – 7/1/07 to 6/30/08 <i>Recommendation:</i> The University should improve internal control to ensure that student financial aid is awarded in accordance with federal regulations. The University should ensure that changes to student financial aid budgets are documented. <i>Agency Response:</i> Concur with finding. <i>Corrective Action:</i> The University has improved internal controls to ensure that student financial aid is awarded in accordance with federal regulations.

84.032 FEDERAL FAMILY EDUCATION LOANS (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
 Winston-Salem State University
 For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-49 <u>Eligibility:</u> Significant Deficiency Questioned Cost Finding \$19,039	<p>Currently, cost of attendance budgets have been established and standardized for similar student groups. Students may request in writing that the cost of attendance be increased based on documented expenses not considered in the initial budget required to continue their educations. Revisions to established budgets must be documented and approved. The University will implement quarterly audit procedures to ensure that changes to student financial aid budgets are documented.</p> <p><u>Weakness in the Student Financial Aid Application Verification Process</u></p> <p>The University did not document that eligibility verification procedures were performed for four students selected for verification by the Department of Education. As a result, we are questioning \$29,576 in federal costs. [CFDA 84.007, \$300; CFDA 84.032, \$19,039; CFDA 84.033, \$1,512; CFDA 84.038, \$2,000; CFDA 84.063, \$6,725]. See finding 08-SA-34 for a description.</p>
08-SA-50 <u>Special Tests and Provisions:</u> Significant Deficiency Questioned Cost Finding \$13,391	<p><u>Student Financial Aid Funds Not Returned to Providers as Required</u></p> <p>The University did not properly return student financial aid funds to the federal government or appropriate lenders when due. We identified \$19,418 that was not returned at all and \$4,367 that was returned late. [CFDA 84.007, \$312; CFDA 84.032, \$13,391; CFDA 84.063, \$5,715] See finding 08-SA-35 for a description.</p>

84.033 FEDERAL WORK-STUDY PROGRAM

III. Federal Award Findings and Questioned Costs

U.S. Department of Education
 Elizabeth City State University
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-51	Cash <u>Management:</u> Significant Deficiency	<p data-bbox="537 575 1227 604"><u>Inadequate Reconciliation of Student Financial Aid Awards</u></p> <p data-bbox="537 638 1468 825">The University did not reconcile students' financial aid awards calculated by the financial aid department to students' awards paid by the business and finance department or to the funds that the University received from the federal government in order to pay students' financial aid. As a result, there was an increased risk of error in payments, receipts, and/or financial aid records and reports. See finding 08-SA-30 for a description.</p>

84.033 FEDERAL WORK-STUDY PROGRAM**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
 University of North Carolina - Pembroke
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-52	<u>Cash Management:</u> Significant Deficiency	<u>Inadequate Reconciliations of Student Financial Aid Awards</u> The University did not reconcile students' financial aid awards calculated by the financial aid department to students' awards paid by the business office and to the funds the University received from the federal government to pay students' financial aid. As a result there was an increased risk of error in payments, receipts, and/or financial aid records and reports. See finding 08-SA-32 for a description.
08-SA-53	<u>Eligibility:</u> Significant Deficiency	<u>Inappropriate System Access Rights to Financial Aid Data</u> The University has assigned some employees in the financial aid department information system access rights inconsistent with adequate security over financial data. This increased the risk of unauthorized or inappropriate transactions. See finding 08-SA-33 for a description.

84.033 FEDERAL WORK-STUDY PROGRAM

III. Federal Award Findings and Questioned Costs

U.S. Department of Education
 Winston-Salem State University
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-54	<p><u>Eligibility:</u></p> <p>Significant Deficiency</p> <p>Questioned Cost Finding</p> <p>\$1,512</p>	<p><u>Weakness in the Student Financial Aid Application Verification Process</u></p> <p>The University did not document that eligibility verification procedures were performed for four students selected for verification by the Department of Education. As a result, we are questioning \$29,576 in federal costs. [CFDA 84.007, \$300; CFDA 84.032, \$19,039; CFDA 84.033, \$1,512; CFDA 84.038, \$2,000; CFDA 84.063, \$6,725]. See finding 08-SA-34 for a description.</p>

84.038 FEDERAL PERKINS LOAN PROGRAM – FEDERAL CAPITAL CONTRIBUTIONS

III. Federal Award Findings and Questioned Costs

U.S. Department of Education
 Elizabeth City State University
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-55	Cash <u>Management:</u> Significant Deficiency	<p data-bbox="537 575 1227 604"><u>Inadequate Reconciliation of Student Financial Aid Awards</u></p> <p data-bbox="537 638 1468 825">The University did not reconcile students' financial aid awards calculated by the financial aid department to students' awards paid by the business and finance department or to the funds that the University received from the federal government in order to pay students' financial aid. As a result, there was an increased risk of error in payments, receipts, and/or financial aid records and reports. See finding 08-SA-30 for a description.</p>

84.038 FEDERAL PERKINS LOAN PROGRAM – FEDERAL CAPITAL CONTRIBUTIONS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
 University of North Carolina - Pembroke
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-56	<u>Cash Management:</u> Significant Deficiency	<u>Inadequate Reconciliations of Student Financial Aid Awards</u> The University did not reconcile students' financial aid awards calculated by the financial aid department to students' awards paid by the business office and to the funds the University received from the federal government to pay students' financial aid. As a result there was an increased risk of error in payments, receipts, and/or financial aid records and reports. See finding 08-SA-32 for a description.
08-SA-57	<u>Eligibility:</u> Significant Deficiency	<u>Inappropriate System Access Rights to Financial Aid Data</u> The University has assigned some employees in the financial aid department information system access rights inconsistent with adequate security over financial data. This increased the risk of unauthorized or inappropriate transactions. See finding 08-SA-33 for a description.

84.038 FEDERAL PERKINS LOAN PROGRAM – FEDERAL CAPITAL CONTRIBUTIONS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
Winston-Salem State University

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-58 <u>Eligibility:</u> Significant Deficiency Questioned Cost Finding \$2,000	<u>Weakness in the Student Financial Aid Application Verification Process</u> The University did not document that eligibility verification procedures were performed for four students selected for verification by the Department of Education. As a result, we are questioning \$29,576 in federal costs. [CFDA 84.007, \$300; CFDA 84.032, \$19,039; CFDA 84.033, \$1,512; CFDA 84.038, \$2,000; CFDA 84.063, \$6,725]. See finding 08-SA-34 for a description.

84.063 FEDERAL PELL GRANT PROGRAM**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education

Elizabeth City State University

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-59	<u>Cash Management:</u> Significant Deficiency	<p data-bbox="537 575 1227 604"><u>Inadequate Reconciliation of Student Financial Aid Awards</u></p> <p data-bbox="537 642 1469 821">The University did not reconcile students' financial aid awards calculated by the financial aid department to students' awards paid by the business and finance department or to the funds that the University received from the federal government in order to pay students' financial aid. As a result, there was an increased risk of error in payments, receipts, and/or financial aid records and reports. See finding 08-SA-30 for a description.</p>
08-SA-60	<u>Eligibility:</u> Questioned Cost Finding \$965	<p data-bbox="537 877 915 907"><u>Ineligible Federal Aid Recipients</u></p> <p data-bbox="537 940 1469 1058">The University disbursed federal financial aid to one student who did not meet eligibility requirements. As a result, we are questioning \$4,461 in financial aid costs. It is likely that questioned costs exceed \$10,000 in the total population. [CFDA 84.063, \$965; CFDA 84.268, \$3,496].</p> <p data-bbox="537 1083 1469 1171">We examined a sample of 131 students and found one that did not meet the satisfactory academic progress requirements. The student received \$965 of Pell funds and \$3,496 of Direct Loan funds.</p> <p data-bbox="537 1197 1469 1314">Title 34 CFR, Part 668.32 establishes the eligibility requirements for student financial aid. The regulations require that all recipients of federal funds remain in good academic standing, including maintaining a minimum grade point average and satisfactory progress towards their degree.</p> <p data-bbox="537 1339 1469 1398"><i>Federal Award Information:</i> Award # P063P070321 Award Year July 1, 2007 – June 30, 2008</p> <p data-bbox="537 1432 1469 1520"><i>Recommendation:</i> The University should have a management review process in place to ensure that students meet all eligibility requirements before federal funds are disbursed.</p> <p data-bbox="537 1554 1469 1850"><i>Agency Response:</i> We concur with the recommendation and acknowledge the critical need for compliance with federal regulations. This problem occurred as a result of the transition between systems. The student in question had discontinued his academic studies two years earlier in 2005. At the time that the student ceased to pursue his academic studies, he had attempted over 150% of the number of hours required for graduation. Due to the extensive length of time between the student's enrollment in 2007 and his withdrawal from the university in 2005, the student's academic history had not been transferred to the new system, Banner. Federal funds were disbursed in error to the student.</p>

84.063 FEDERAL PELL GRANT PROGRAM (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Education
Elizabeth City State University
For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
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The Office of Student Financial Aid has modified the SAP procedure. Furthermore, academic histories of all students for the last ten years have been loaded into Banner, the new enterprise system for the University. The Office of the Registrar also maintains the academic history of students that attended the University more than ten years in the past. This will prevent a recurrence of this error.

84.063 FEDERAL PELL GRANT PROGRAM

III. Federal Award Findings and Questioned Costs

U.S. Department of Education
 Fayetteville State University
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-61	<p><u>Special Tests and Provisions:</u></p> <p>Significant Deficiency</p>	<p><u>Untimely Return of Federal Funds</u></p> <p>The University did not return unearned student financial aid funds to the federal government in a timely manner. Title 34 CFR, Part 668.173(b) requires that when a student withdraws from the University, the University must return the amount of federal financial aid that was not earned by the student as soon as possible, but no later than 45 days after the date the University determines that the student withdrew. See finding 08-SA-31 for a description.</p>

84.063 FEDERAL PELL GRANT PROGRAM**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
 Roanoke-Chowan Community College
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-62	<u>Special Tests and Provisions:</u> Significant Deficiency	<p data-bbox="537 575 938 604"><u>Untimely Return of Federal Funds</u></p> <p data-bbox="537 638 1464 821">The College did not return unearned student financial aid funds to the federal government in a timely manner. Title 34 CFR, Part 668.173(b) requires that when a student withdraws from the College, the College must return the amount of federal financial aid that was not earned by the student as soon as possible, but no later than 45 days after the date the College determines that the student withdrew.</p> <p data-bbox="537 854 1464 1003">We tested seven students who were awarded financial aid and then withdrew from the College. In three cases the College returned the unearned award funds to the federal government nine to 98 days late. In another case, \$924 of unearned award funds have not been returned to the federal government and are over six months late.</p> <p data-bbox="537 1037 1464 1098"><i>Federal Award Information:</i> Award No. P063P073101 Award year 7/1/2007 - 6/30/3008</p> <p data-bbox="537 1131 1464 1222"><i>Recommendation:</i> The College should ensure that federal funds that are unearned by students who withdraw from the College are returned to the federal government within the required timeframe.</p> <p data-bbox="537 1255 1464 1680"><i>Agency Response:</i> Roanoke-Chowan Community College concurs with the audit finding presented. The audit finding for the Return of Title IV was the result of Return of Title IV calculations not being processed and funds not being returned within 45 days of the college becoming aware the students had withdrawn. Calculations were not performed in a timely manner due to miscommunications between the registrar's office and the office of financial aid. The 2007-2008 academic year was R-CCC's first year live on the Datatel computer system. The financial aid office relied 100% on receiving copies of the drop/withdrawal forms to determine applicable return of Title IV candidates. These forms were not forwarded to financial aid; therefore the determination of which students needed Title IV refunds could not be substantiated until the end of the semester when grades were printed. At that point, last dates of attendance as well as other necessary paperwork had to be collected in order to perform and administer the Title IV refund calculations.</p>

84.063 FEDERAL PELL GRANT PROGRAM**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
 University of North Carolina - Pembroke
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-63	Cash <u>Management:</u> Significant Deficiency	<u>Inadequate Reconciliations of Student Financial Aid Awards</u> The University did not reconcile students' financial aid awards calculated by the financial aid department to students' awards paid by the business office and to the funds the University received from the federal government to pay students' financial aid. As a result there was an increased risk of error in payments, receipts, and/or financial aid records and reports. See finding 08-SA-32 for a description.
08-SA-64	<u>Eligibility:</u> Significant Deficiency	<u>Inappropriate System Access Rights To Financial Aid Data</u> The University has assigned some employees in the financial aid department information system access rights inconsistent with adequate security over financial data. This increased the risk of unauthorized or inappropriate transactions. See finding 08-SA-33 for a description.
08-SA-65	<u>Eligibility:</u> Significant Deficiency Questioned Cost Finding \$1,100	<u>Incorrect Federal Aid Awards</u> The University did not award the correct amount of federal financial aid to three students. As a result, we are questioning \$1,120 in financial aid costs. It is likely that questioned costs exceed \$10,000 in the total population. [CFDA 84.032, \$20; 84.063, \$1,100]. See finding 08-SA-45 for a description.
08-SA-66	Special Tests and Provisions: Significant Deficiency Questioned Cost Finding \$596	<u>Errors in the Return of Federal Funds</u> The University made errors in calculating the amount of unearned student financial aid due back to the federal government and did not return the funds in a timely manner. Based on the results of our tests, the University returned \$5,630 less than required. It is likely that more than \$10,000 is due back to the federal government from the total population. [CFDA 84.032, \$5,034; CFDA 84.063, \$596]. See finding 08-SA-47 for a description.

84.063 FEDERAL PELL GRANT PROGRAM**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
Winston-Salem State University

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs		Findings and Recommendations
08-SA-67	<u>Eligibility:</u> Significant Deficiency Questioned Cost Finding \$6,725	<u>Weakness in the Student Financial Aid Application Verification Process</u> The University did not document that eligibility verification procedures were performed for four students selected for verification by the Department of Education. As a result, we are questioning \$29,576 in federal costs. [CFDA 84.007, \$300; CFDA 84.032, \$19,039; CFDA 84.033, \$1,512; CFDA 84.038, \$2,000; CFDA 84.063, \$6,725]. See finding 08-SA-34 for a description.
08-SA-68	<u>Special Tests and Provisions:</u> Significant Deficiency Questioned Cost Finding \$5,715	<u>Student Financial Aid Funds Not Returned to Providers as Required</u> The University did not properly return student financial aid funds to the federal government or appropriate lenders when due. We identified \$19,418 that was not returned at all and \$4,367 that was returned late. [CFDA 84.007, \$312; CFDA 84.032, \$13,391; CFDA 84.063, \$5,715]. See finding 08-SA-35 for a description.

84.126 REHABILITATION SERVICES – VOCATIONAL REHABILITATION GRANTS TO STATES**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-69	Allowable Costs/Cost <u>Principles:</u> Significant Deficiency Questioned Cost Finding \$17,706	<p><u>Rehabilitation Services – Vocational Rehabilitation Grants to States Program Claims Were Not Properly Paid</u></p> <p>The Department erroneously paid claims in the Rehabilitation Services – Vocational Rehabilitation Grants to States program, resulting in a total net overpayment of \$22,501. Consequently, we are questioning costs for the federal share of the costs in the amount of \$17,706.</p> <p>Both the Division of Vocational Rehabilitation (DVR) and the Division of Services for the Blind (DSB) administer the Rehabilitation Services – Vocational Rehabilitation Grants to States program. An examination of 240 client files identified errors for 33 claims. Examples of the error types noted included using the incorrect methodology or pricing for the claim, keying errors by department personnel, using the incorrect Diagnosis Related Grouping (DRG) or hospital rates for pricing the claim, or claims paid without proper documentation.</p> <p>In addition, we noted weaknesses in the Department’s controls over the development of the Individualized Plan for Employment (IPE). One client’s IPE did not include the services that were provided to the client and another client’s IPE was not signed.</p> <p>Department policies require the adherence to Medicaid policies and various medical manuals for the payment of claims. Section 5-3-3 of the DVR internal policies manual requires that services to be provided to reach an employment outcome must be reported on an IPE in the client’s case file.</p> <p><i>Federal Award Information:</i> This finding affects grants #H126A070049 and #H126A080049 at the Division of Vocational Rehabilitation and grants #H126A070050 and #H126A080050 at the Division of Services for the Blind.</p> <p><i>Recommendation:</i> The Department should strengthen internal controls to ensure that all claims are properly documented, processed, and paid. Rate changes should be obtained in a timely manner and properly incorporated into the Divisions’ payment procedures. Payment calculations should be updated regularly in accordance with Medicaid payment methodology. The Divisions should perform an analysis to determine the total impact of the errors and require reimbursement from providers for overpayments.</p> <p><i>Agency Response:</i> The Department concurs with the finding. An analysis of the errors has been performed to determine the impact to the Department and adjustments have been initiated for all of the items noted by the auditors. In all</p>

84.126 REHABILITATION SERVICES – VOCATIONAL REHABILITATION GRANTS TO STATES
(continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Education
N.C. Department of Health and Human Services
For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>of the cases where an overpayment occurred, the payee has been contacted and a refund has been requested. In addition, all adjustment payments to providers have been made. The deficiencies noted by the auditors are due in part to human error. Continual training, monitoring, and evaluation of staff performance will continue. The Department will continue to strengthen internal controls to ensure that all claims are properly documented, processed, and paid.</p> <p>The Department acknowledges human error in not getting the IPE for the client of the Division of Services for the Blind signed by the consumer. The client will be contacted in order to secure the signature on the plan. This is viewed as an isolated occurrence as the agency's regular Quality Assurance activities have not noted this as an area of deficiency. For one Division of Vocational Rehabilitation client the IPE did not include the services that were provided to the client. The amount paid for services for this client totaled \$450. The federal share of \$354 will be reclassified to State only funds and the services will be added to the IPE.</p> <p>The Division of Vocational Rehabilitation Services will continue to work and foster communication with the Division of Medical Assistance to ensure that all reimbursement rates are received and implemented in a timely manner. The Division is currently investigating an opportunity that would allow it to enter into a contract with First Data Bank. First Data Bank, the vendor that contracts with EDS (Medicaid's fiscal intermediary), supplies the pharmaceutical rate file from which Medicaid claims are priced and paid. The Division will enlist the Division of Information Resources Management to assist in the evaluation of system requirements to allow rates to be uploaded into the existing computer system.</p>
<p>08-SA-70 <u>Eligibility:</u> Significant Deficiency</p>	<p><u>Deficiencies in the Documentation of Client Eligibility</u></p> <p>There were deficiencies related to the documentation of client eligibility in the Rehabilitation Services – Vocational Rehabilitation Grants to States program. As a result, there is an increased risk of noncompliance related to client eligibility for this federal program.</p> <p>Our examination of 240 client files identified documentation deficiencies in seven case files. Required forms for extending client eligibility were not obtained in a timely manner for five clients. Documentation supporting an</p>

84.126 REHABILITATION SERVICES – VOCATIONAL REHABILITATION GRANTS TO STATES
(continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Education
N.C. Department of Health and Human Services
For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>individual's financial status was missing for two client files. All identified deficiencies occurred at the Division of Vocational Rehabilitation.</p> <p>Title 34 CFR section 361.41 and division policies require that the eligibility extension forms be filed if eligibility cannot be determined within 60 days and that proper documentation be maintained to support the clients' financial status.</p> <p><i>Federal Award Information:</i> This finding affects grants #H126A070049 and #H126A080049 at the Division of Vocational Rehabilitation.</p> <p><i>Recommendation:</i> The Department should strengthen internal controls to ensure that all applicable eligibility forms are obtained when required and that financial needs forms are completed and documented before cost services are provided in accordance with the requirements specified in federal regulations.</p> <p><i>Agency Response:</i> The Department agrees with the findings regarding eligibility documentation, financial needs testing, lack of adequate documentation, and timeliness of the eligibility determination. The Department is enhancing its monitoring for eligibility determination, providing training on the uses of the error reports that enable managers to monitor cases approaching the 60 day limit and the financial needs test and adding an automated edit and/or reminder in the case management system to ensure accurate completion of the financial needs test form prior to expenditure of funds.</p>
<p>08-SA-71 Equipment and Real Property <u>Management:</u> Significant Deficiency</p>	<p><u>Control Weaknesses Over Fixed Asset Inventory</u></p> <p>Deficiencies were noted in the Department's control procedures over fixed assets resulting in an increased risk that assets will not be properly maintained or safeguarded.</p> <p>The year-end fixed assets inventory for the Division of Services for the Blind warehouse identified 67 missing assets. Follow-up procedures identified that the warehouse personnel were not completing appropriate documentation to support the missing items or to properly account for those items on the departmental fixed asset listing as maintained by the Department Controller's office.</p>

84.126 REHABILITATION SERVICES – VOCATIONAL REHABILITATION GRANTS TO STATES
(continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Education

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>Federal guidelines provide that the Department properly account for, safeguard, and maintain fixed asset items acquired with federal funds.</p> <p><i>Federal Award Information:</i> This finding affects grants #H126A070050 and #H126A080050 at the Division of Services for the Blind.</p> <p><i>Recommendation:</i> The Department should enhance its procedures related to the accounting for fixed asset inventory items to ensure that assets are safeguarded and proper documentation should be maintained to support changes to the fixed asset master listing.</p> <p><i>Agency Response:</i> The Department acknowledges weaknesses in control over fixed assets inventory that began with the absence of the staff primarily responsible for this task. Over the past several months, the Department has made a concerted effort to locate and document items on the list of 67 cited by the auditor. As of February 20, 2009 all items except for two have been accounted for and efforts will continue to determine the disposition of those two. The Department recognized the need for and developed a back-up system that can be easily used by others in the absence of the one primarily responsible for this function. In addition, we are enlisting the help of our field staff in keeping track of fixed assets and making them aware of the consequences of not properly documenting equipment moves.</p>

84.173 SPECIAL EDUCATION – PRESCHOOL GRANTS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education

N.C. Department of Public Instruction

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-72	Subrecipient <u>Monitoring:</u> Significant Deficiency	<p data-bbox="519 575 958 606"><u>Inadequate Subrecipient Monitoring</u></p> <p data-bbox="519 638 1482 852">As reported in the prior audit, the Department did not monitor fiscal matters for subrecipients in the Special Education – Grants to States and Special Education – Preschool Grants programs. This condition continued to exist during a significant part of the current audit period. As a result, there is an increased risk that unallowable costs at the subrecipient level would not have been detected. Subrecipients were awarded \$320 million in federal funds during the fiscal year. See finding 08-SA-37 for a description.</p>

84.268 FEDERAL DIRECT STUDENT LOANS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education

Elizabeth City State University

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-73	<u>Cash Management:</u> Significant Deficiency	<u>Inadequate Reconciliation of Student Financial Aid Awards</u> The University did not reconcile students' financial aid awards calculated by the financial aid department to students' awards paid by the business and finance department or to the funds that the University received from the federal government in order to pay students' financial aid. As a result, there was an increased risk of error in payments, receipts, and/or financial aid records and reports. See finding 08-SA-30 for a description.
08-SA-74	<u>Eligibility:</u> Questioned Cost Finding \$3,496	<u>Ineligible Federal Aid Recipients</u> The University disbursed federal financial aid to one student who did not meet eligibility requirements. As a result, we are questioning \$4,461 in financial aid costs. It is likely that questioned costs exceed \$10,000 in the total population. [CFDA 84.063, \$965; CFDA 84.268, \$3,496]. See finding 08-SA-60 for a description.

84.268 FEDERAL DIRECT STUDENT LOANS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
 N.C. Agricultural and Technical State University
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-75	<u>Eligibility:</u> Questioned Cost Finding \$14,616	<u>Financial Aid Over-Awards</u> The University over-awarded financial aid to three students. As a result, we are questioning \$14,616 in awards of Federal Direct Student Loans. The over-awards occurred because the University made the awards based on out-of-state residency tuition rates, but the students applied for and were determined eligible for in-state residency status. The awards were not reduced to reflect the lower in-state tuition rates. The errors were noted when we examined the financial aid awards of all students who were also employees of the University and received refunds in excess of \$20,000. Of the seven examined, we found two students who received over-awards. These individuals were student employees and not permanent employees of the University. In addition, while gaining an understanding of the process for changing residency status, we noted another student who was inappropriately awarded and paid financial aid based on out-of-state tuition charges. There was a change in residency status for these students, but the financial aid was not reduced. Internal controls were not in place to detect or prevent these errors. <i>Federal Award Information:</i> Award number P268K08317. Award year July 1, 2007 - June 30, 2008. <i>Recommendation:</i> The University should improve procedures to ensure that the Financial Aid Office is notified if residency status is changed and that appropriate revisions are made to the financial aid awards. <i>Agency Response:</i> We concur. This finding was a result of miscommunication of the change in residency status. The financial aid awarded to these students was subsequently adjusted and the overaward was thus eliminated. The University has instituted a process whereby the Admissions Office emails the Financial Aid and the Treasurer's Offices of any change in residency status. To supplement this process, a weekly "residency status change" notification report is being developed, and the Treasurer's Office will review all refunds in excess of \$5,000 to ensure there are no inconsistencies.

84.268 FEDERAL DIRECT STUDENT LOANS (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education

N.C. Agricultural and Technical State University

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-76 <u>Reporting:</u> Material Weakness Material Noncompliance	<p data-bbox="537 577 1370 604"><u>Schedule of Expenditures of Federal Awards Contained Misstatements</u></p> <p data-bbox="537 640 1468 730">The schedule of expenditures of federal awards prepared by the University contained misstatements. Had the schedule not been corrected as a result of our audit adjustments, it could have been misleading to users.</p> <p data-bbox="537 766 1468 1003">The expenditures included on the schedule were overstated by \$59,329,042. This was caused by duplication of Federal Direct Student Loan expenditures in the amount of \$45,591,480 and inclusion of non-federal alternative loans in the amount of \$13,737,562. In addition, expenditures of \$720,993 for the Academic Competitiveness Grant and \$145,276 for the National Smart Grant were not disclosed as components of the Student Financial Aid Cluster, and the Catalog of Federal Domestic Assistance number was omitted for these grants.</p> <p data-bbox="537 1039 1468 1159">Controls were not in place to ensure that the schedule was prepared in accordance with federal requirements. OMB Circular A-133 requires that the schedule provide total federal awards expended for each individual federal program and the Catalog of Federal Domestic Assistance number.</p> <p data-bbox="537 1194 1468 1251"><i>Federal Award Information:</i> Award numbers P268K080317, P375A070317, and P376S070317. Award year July 1, 2007 - June 30, 2008.</p> <p data-bbox="537 1287 1468 1407"><i>Recommendation:</i> The University should improve review procedures to ensure that the schedule of expenditures of federal awards is accurate and presented correctly. The University should submit a revised schedule to the Office of the State Controller for inclusion in the State's Single Audit Report.</p> <p data-bbox="537 1442 1468 1617"><i>Agency Response:</i> We concur. The amount for direct loans was broken out by the proper CFDA number, but was also included in the net total for grants without a CFDA number for the Office of Education. The University will institute an independent reconciliation of the schedule with the general ledger to ensure that the report reconciles to the supporting documentation. A revised schedule has been submitted to the Office of the State Controller.</p>

84.365 ENGLISH LANGUAGE ACQUISITION GRANTS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
 N.C. Department of Public Instruction
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-77	Procurement and Suspension and <u>Debarment:</u> Material Weakness Material Noncompliance	<p><u>Failure to Comply With Federal Suspension and Debarment Requirements</u></p> <p>The Department did not ensure that the federal suspension and debarment requirements were met for subrecipients in the English Language Acquisition Grants and the Mathematics and Science Partnerships program. The failure to comply with these requirements heightens the risk that the Department may have contracted with or provided funds to suspended or debarred subrecipients.</p> <p>The Department did not verify that subrecipients were not suspended or debarred for any of the subrecipients for these two federal programs. This verification may be accomplished by checking the Excluded Parties List System maintained by the General Services Administration, collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity. Our review of the Excluded Parties List System revealed that none of the subrecipients tested were debarred. Subrecipients of the English Language Acquisition Grants and the Mathematics and Science Partnerships program received \$12.2 million and \$4.8 million respectively during the fiscal year.</p> <p>Title 34 CFR section 85.300 requires verification for covered transactions to ensure that the recipients of federal funds are not suspended or debarred. All non-procurement transactions (for example, subawards to subrecipients) according to 34 CFR section 85.210 are covered transactions.</p> <p><i>Federal Award Information:</i> This finding impacts the federal grant numbers and years as follows:</p> <ul style="list-style-type: none"> English Language Acquisition Grants: Federal funding periods July 2005 – September 2007 (T365A050033), July 2006 – September 2008 (T365A060033), and July 2007 – September 2009 (T365A070033). Mathematics and Science Partnerships: Federal funding periods July 2005 – September 2006 (S366B050034), July 2006 – September 2007 (S366B060034), and July 2007 – September 2008 (S366B070034). <p><i>Recommendation:</i> The Department should establish and implement procedures to ensure compliance with federal suspension and debarment requirements.</p> <p><i>Agency Response:</i> The Title III English Language Arts application has been revised to include an assurance from the applicants that they will not do business with a vendor who has been debarred by any Federal agency. The</p>

84.365 ENGLISH LANGUAGE ACQUISITION GRANTS (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Education
 N.C. Department of Public Instruction
 For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-78 Subrecipient <u>Monitoring:</u> Significant Deficiency	<p>Math and Science Partnership request for proposal will also be revised to include the debarment statement. In addition, both program areas are contacting current subrecipients requesting assurances that they will not do business with debarred vendors.</p> <p><u>Failure to Monitor for Federal Level of Effort Requirement</u></p> <p>The Department did not monitor to ensure that subrecipients of the English Language Acquisition Grants comply with the federal level of effort – supplement not supplant requirement. This requirement prevents subrecipients from using federal funds to provide program services that they provided with non-federal sources in the immediate prior years. Without monitoring this federal requirement, the risk increases that subrecipients may have used federal program funds to take the place of funds from other non-federal sources.</p> <p>The Department awarded \$12.2 million in English Language Acquisition Grants funds to subrecipients in fiscal year 2008. Although the Department performed fiscal and performance monitoring, it did not monitor subrecipients for compliance with the supplement not supplant requirement for this program.</p> <p>According to 20 USC section 6825, a subgrantee may only use English Language Acquisition Grants funds to supplement the level of federal, state, and local public funds that would have been expended for programs for limited English proficient children and in no case to replace such funds.</p> <p><i>Federal Award Information:</i> This finding impacts federal funding periods July 2005 – September 2007 (T365A050033), July 2006 – September 2008 (T365A060033), and July 2007 – September 2009 (T365A070033).</p> <p><i>Recommendation:</i> The Department should incorporate monitoring for level of effort - supplement not supplant into its subrecipient monitoring efforts.</p> <p><i>Agency Response:</i> The Title III Monitoring Instrument has been revised to include a test for compliance with the requirement that the subrecipient is using Title III funds to supplement funds already allocated for the program and not to supplant previously allocated funds.</p>

84.366 MATHEMATICS AND SCIENCE PARTNERSHIPS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education

N.C. Department of Public Instruction

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-79	Procurement and Suspension and <u>Debarment:</u> Material Weakness Material Noncompliance	<u>Failure to Comply With Federal Suspension and Debarment Requirements</u> The Department did not ensure that the federal suspension and debarment requirements were met for subrecipients in the English Language Acquisition Grants and the Mathematics and Science Partnerships program. The failure to comply with these requirements heightens the risk that the Department may have contracted with or provided funds to suspended or debarred subrecipients. See finding 08-SA-77 for a description.
08-SA-80	Subrecipient <u>Monitoring:</u> Significant Deficiency	<u>Failure to Monitor for the Participation of Private School Children Requirement</u> The Department did not monitor to ensure that the Local Educational Agencies (LEAs) collaborated with private school officials to ensure their participation in the Mathematics and Science Partnerships and Migrant Education – State Grant Programs. As a result, there is an increased risk that appropriate services would not have been offered. See finding 08-SA-36 for a description.

84.375 ACADEMIC COMPETITIVENESS GRANTS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education

Elizabeth City State University

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-81	Cash <u>Management:</u> Significant Deficiency	<p data-bbox="519 575 1481 606"><u>Inadequate Reconciliation of Student Financial Aid Awards</u></p> <p data-bbox="519 638 1481 823">The University did not reconcile students' financial aid awards calculated by the financial aid department to students' awards paid by the business and finance department or to the funds that the University received from the federal government in order to pay students' financial aid. As a result, there was an increased risk of error in payments, receipts, and/or financial aid records and reports. See finding 08-SA-30 for a description.</p>

84.375 ACADEMIC COMPETITIVENESS GRANTS

III. Federal Award Findings and Questioned Costs

U.S. Department of Education
N.C. Agricultural and Technical State University
For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-82	<u>Reporting:</u> Material Weakness Material Noncompliance	<u>Schedule of Expenditures of Federal Awards Contained Misstatements</u> The schedule of expenditures of federal awards prepared by the University contained misstatements. Had the schedule not been corrected as a result of our audit adjustments, it could have been misleading to users. See finding 08-SA-76 for a description.

84.375 ACADEMIC COMPETITIVENESS GRANTS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
 University of North Carolina - Pembroke
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-83	<u>Cash Management:</u> Significant Deficiency	<u>Inadequate Reconciliations of Student Financial Aid Awards</u> The University did not reconcile students' financial aid awards calculated by the financial aid department to students' awards paid by the business office and to the funds the University received from the federal government to pay students' financial aid. As a result there was an increased risk of error in payments, receipts, and/or financial aid records and reports. See finding 08-SA-32 for a description.
08-SA-84	<u>Eligibility:</u> Significant Deficiency	<u>Inappropriate System Access Rights to Financial Aid Data</u> The University has assigned some employees in the financial aid department information system access rights inconsistent with adequate security over financial data. This increased the risk of unauthorized or inappropriate transactions. See finding 08-SA-33 for a description.

84.376 NATIONAL SCIENCE AND MATHEMATICS ACCESS TO RETAIN TALENT (SMART) GRANTS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education

Elizabeth City State University

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-85	Cash <u>Management:</u> Significant Deficiency	<p data-bbox="519 575 1479 604"><u>Inadequate Reconciliation of Student Financial Aid Awards</u></p> <p data-bbox="519 638 1479 823">The University did not reconcile students' financial aid awards calculated by the financial aid department to students' awards paid by the business and finance department or to the funds that the University received from the federal government in order to pay students' financial aid. As a result, there was an increased risk of error in payments, receipts, and/or financial aid records and reports. See finding 08-SA-30 for a description.</p>

84.376 NATIONAL SCIENCE AND MATHEMATICS ACCESS TO RETAIN TALENT (SMART) GRANTS

III. Federal Award Findings and Questioned Costs

U.S. Department of Education
 N.C. Agricultural and Technical State University
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-86	<p><u>Reporting:</u></p> <p>Material Weakness</p> <p>Material Noncompliance</p>	<p><u>Schedule of Expenditures of Federal Awards Contained Misstatements</u></p> <p>The schedule of expenditures of federal awards prepared by the University contained misstatements. Had the schedule not been corrected as a result of our audit adjustments, it could have been misleading to users. See finding 08-SA-76 for a description.</p>

84.376 NATIONAL SCIENCE AND MATHEMATICS ACCESS TO RETAIN TALENT (SMART) GRANTS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Education
 University of North Carolina - Pembroke
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-87	<u>Cash Management:</u> Significant Deficiency	<u>Inadequate Reconciliations of Student Financial Aid Awards</u> The University did not reconcile students' financial aid awards calculated by the financial aid department to students' awards paid by the business office and to the funds the University received from the federal government to pay students' financial aid. As a result there was an increased risk of error in payments, receipts, and/or financial aid records and reports. See finding 08-SA-32 for a description.
08-SA-88	<u>Eligibility:</u> Significant Deficiency	<u>Inappropriate System Access Rights to Financial Aid Data</u> The University has assigned some employees in the financial aid department information system access rights inconsistent with adequate security over financial data. This increased the risk of unauthorized or inappropriate transactions. See finding 08-SA-33 for a description.

93.558 TEMPORARY ASSISTANCE FOR NEEDY FAMILIES**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-89	Allowable Costs/Cost <u>Principles:</u> Significant Deficiency	<p data-bbox="519 575 1481 638"><u>Inadequate Control Over User Access to the County Administration Reimbursement System</u></p> <p data-bbox="519 659 1481 806">We identified deficiencies in the Department's oversight and management of employee access to the County Administration Reimbursement System (CARS). Improper access to computer systems can result in both intentional and unintentional security breaches that place the confidentiality and integrity of information at risk.</p> <p data-bbox="519 827 1481 890">CARS processes payments for administrative and service costs for various grants, including TANF, as well as tracks county expenditures by program.</p> <p data-bbox="519 911 1481 1100">Of our sample of 36 identified users, we noted 22 users that did not have authorization documentation on file to support individuals' access to the CARS system and two requests that were not properly certified by the user's security officer. In addition, we determined that periodic reviews of user access for these systems have not been performed as required by statewide and departmental policy.</p> <p data-bbox="519 1121 1481 1268">Maintaining proper access controls over computer systems helps to protect the confidentiality and integrity of information by preventing alteration, unauthorized use, or loss of data. Statewide information technology standards specify that system access be controlled and prescribe procedures such as documented reviews of users' rights.</p> <p data-bbox="519 1289 1481 1352"><i>Federal Award Information:</i> This finding affects grants #G0702NCTANF and #G0802NCTANF.</p> <p data-bbox="519 1373 1481 1562"><i>Recommendation:</i> The Department should continue to enhance its prescribed procedures for documenting security access privileges for its financial computer systems. Periodic security reviews should be conducted to ensure that access is restricted to authorized users and employee user access rights should be systematically evaluated to ensure privileges granted are appropriate for the necessary job requirements.</p> <p data-bbox="519 1583 1481 1869"><i>Agency Response:</i> The North Carolina Division of Social Services Information Security Manual Version 1.0 was effective June 1, 2007. The manual clearly outlines the responsibilities for the establishment, modification or termination of the authorization access to the automated systems owned by the Department of Health and Human Services. Security reviews of State systems users will be performed two times per year. During these reviews, program management staff will review the current listing of authorized users, as provided by the Division of Information Resource Management, to ensure access is restricted to employees whose job duties require such access.</p>

93.558 TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-90 Cash Management: Significant Deficiency	<p>The reports used to validate system access will be modified to also show county users. It will be mandated that the county Security Officer review these reports, available via the NCXPTR system, and take appropriate action. This policy will be added to the Security Manual at the next issuance. The Division is also in the process of implementing appropriate Security Access Privilege Requirements within the County Self Assessment for county staff to document and certify that the required periodic review has been conducted according to policy outlined in the Security Manual. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p><u>Deficiencies in Cash Management Procedures</u></p> <p>The Department did not have adequate controls in place to ensure that drawdowns for TANF were processed in accordance with state and federal guidelines.</p> <p>The Treasury-State agreement requires that the State request funds such that they are deposited in a state account not more than three days prior to the actual disbursement of those funds. Our review of deposit and disbursement transactions for significant federal grants within the Division of Social Services identified instances where deposited funds were not disbursed in a timely manner. For TANF, those deposits totaled \$29.6 million.</p> <p><i>Federal Award Information:</i> This finding affects grants #G0702NCTANF and #G0802NCTANF.</p> <p><i>Recommendation:</i> The Department should strengthen internal controls to ensure that drawdowns are made in compliance with state policies and the Treasury-State Agreement.</p> <p><i>Agency Response:</i> The Department concurs in principle with this finding. Adequate controls are in place to ensure compliance with cash management regulations. Federal funds for a particular month must be drawn by the last business day of that month and, due to various timing issues with month-end processing and the releasing of funds, it is not possible to process disbursements to local county entities within the 3-day window. The Department will continue to be cognizant of the Federal requirements for cash disbursements and work within those timeframes. Also, the Department will be seeking guidance from our cognizant Federal agency on a possible waiver/exception due to the conflict between the timing of the drawing of federal funds and the disbursements to local county entities.</p>

93.558 TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-91	<p><u>Eligibility:</u></p> <p>Significant Deficiency</p> <p>Questioned Cost Finding</p>	<p><u>Deficiencies in County Eligibility Determination Process - Temporary Assistance for Needy Families Program</u></p> <p>We identified a number of deficiencies in the county eligibility determination process for participants in the Temporary Assistance for Needy Families (TANF) program. We believe that total questioned costs in the population are likely to exceed \$10,000.</p> <p>North Carolina grants TANF funds to the counties as part of the Work First County Block Grant. Each county is responsible for ensuring that only eligible families are approved for Work First.</p> <p>We examined a sample of 125 case files selected from five counties and found eligibility determination deficiencies in 20 cases. Examples of the deficiencies noted included insufficient documentation to support the completion of the online verification process, incorrect budget calculation for the benefit determination, and inadequate documentation to support such items as proof of household composition, kinship verification, or additional income sources.</p> <p>Oftentimes, caseworkers are involved in completing all aspects of the eligibility determination process without oversight or independent checks of their work. On the other hand, some counties have a quality control function that includes checking case files on a sample basis. This type of independent verification procedure reduces the risk of error in the eligibility determinations.</p> <p><i>Federal Award Information:</i> This finding affects grants #G0702NCTANF and #G0802NCTANF.</p> <p><i>Recommendation:</i> The Department should enhance its monitoring and training activities for county intake personnel to ensure internal control is in place to ensure proper eligibility determinations for the TANF program. Follow-up procedures should be performed to verify corrective action takes place for the identified cases.</p> <p><i>Agency Response:</i> The 20 cases found with deficiencies are currently being reviewed by the Work First Representative (WFR) for the respective counties involved to ensure that corrective action has taken place. WFRs will monitor each internal control for the identified counties to ensure that a process is in place to perform second-party reviews and conduct any identified policy training to prevent future errors. WFRs will test a random sample of case records for all county agencies at each on-site consultation. This will ensure that case records contain verifications needed to determine eligibility and that each case record meets all Work First policy requirements.</p>

93.558 TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-92	<u>Eligibility:</u> Questioned Cost Finding	<p data-bbox="537 606 1466 667"><u>County Case File Not Located for Temporary Assistance for Needy Families Program</u></p> <p data-bbox="537 701 1466 884">Certified Public Accountants performing the county audits tested 938 case files for the Temporary Assistance for Needy Families (TANF) program and found one deficiency. The case file of one participant could not be located. Without the file, the eligibility of the participant could not be verified. Even though the CPA did not question cost related to this case, we believe that it is likely that questioned costs exceed \$10,000 in the population.</p> <p data-bbox="537 917 1466 978"><i>Federal Award Information:</i> This finding affects grants #G0702NCTANF and #G0802NCTANF.</p> <p data-bbox="537 1012 1466 1098"><i>Recommendation:</i> The auditors recommended that the county implement policies to ensure that documents relating to participant eligibility are maintained.</p> <p data-bbox="537 1131 1466 1192"><i>Agency Response:</i> Following the audit finding from the CPA's county audit, the county developed a corrective action plan that included the following steps:</p> <ol data-bbox="537 1226 1466 1503" style="list-style-type: none"> <li data-bbox="537 1226 1466 1287">1. Complete an inventory of all cases on the active case listing against all the case records the county has. <li data-bbox="537 1320 1167 1350">2. Identify cases where the record cannot be located. <li data-bbox="537 1383 1466 1503">3. Close out all cases in EPICS with missing files to ensure that the client will not be subject to tax intercept as a means to repay the claim. This will ensure that the State does not collect monies from a client when there is not appropriate paperwork to substantiate the claim. <p data-bbox="537 1537 1466 1803">The County's Work First Representative (WFR) conducted follow-up with county staff to review the implementation of the County's Corrective Action Plan and to determine if subsequent corrective action was effective. An on-site visit was made to the County Department of Social Services on February 3, 2009, and the WFR validated that the process of checking the list of claims against case records in the file room had been completed and proper documentation to substantiate EPICS claims was maintained. The WFR found that corrective actions had been completed and that there were no additional deficiencies.</p>

93.558 TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-93	<u>Eligibility:</u> Significant Deficiency	<p data-bbox="535 609 1356 640"><u>Inadequate Control Over User Access to Eligibility Computer Systems</u></p> <p data-bbox="535 672 1461 787">We identified deficiencies in the Department's oversight and management of employee access to certain eligibility computer systems. Improper access to computer systems can result in both intentional and unintentional security breaches that place the confidentiality and integrity of information at risk.</p> <p data-bbox="535 819 1461 1092">We found access control deficiencies for the Eligibility Information System (EIS), Enterprise Program Integrity Control System (EPICS), and the Employment Program Information System (EPIS). EIS collects and maintains eligibility information on multiple programs and assists counties with case management. EPICS provides for the reporting of fraud and/or overpayments for significant programs for investigation at the county level. EPIS collects and maintains employment information on Work First recipients used by the counties for case management and by the State for the evaluation and reporting of federally required work participation data.</p> <p data-bbox="535 1123 1461 1365">Separate tests were performed for each system for those users with update access levels. Adequate documentation of the authorization level was not on file for 40 of 40 EIS users, 39 of 40 EPICS users, and 38 of 40 EPIS users. Documentation errors included incomplete or missing requests, requests that were not properly certified by the user's security officer, or user privileges that were not supported by the requests on file. In addition, we determined that periodic reviews of user access for these systems have not been performed as required by statewide and departmental policy.</p> <p data-bbox="535 1396 1461 1543">Maintaining proper access controls over computer systems helps protect the confidentiality and integrity of information by preventing alteration, unauthorized use, or loss of data. Statewide information technology standards specify that system access be controlled and prescribe procedures such as documented reviews of users' rights.</p> <p data-bbox="535 1575 1461 1627"><i>Federal Award Information:</i> This finding affects grants #G0702NCTANF and #G0802NCTANF.</p> <p data-bbox="535 1659 1461 1839"><i>Recommendation:</i> The Department should continue to enhance its prescribed procedures for documenting security access privileges for its eligibility computer systems. Periodic security reviews should be conducted to ensure that access is restricted to authorized users and employee user access rights should be systematically evaluated to ensure privileges granted are appropriate for the necessary job requirements.</p>

93.558 TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
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Agency Response: The Department of Health and Human Services concurs with the finding. The Divisions of Information Resource Management, Social Services, and Medical Assistance staff are in the process of working with members of county administration offices to ensure individuals with need to access the Eligibility Information System are properly documented according to State and Department standards and policies ensuring that an authorization form is on file, authorization is requested through Customer Service and access is periodically reviewed. The Department will ensure that its staff with access to the Eligibility Information System are properly documented ensuring that an authorization form is on file, authorization is requested through Customer Service and access is periodically reviewed. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.

93.563 CHILD SUPPORT ENFORCEMENT**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-94	Allowable Costs/Cost <u>Principles:</u> Significant Deficiency	<p data-bbox="532 575 1474 638"><u>Inadequate Control Over User Access to the County Administration Reimbursement System</u></p> <p data-bbox="532 667 1474 821">We identified deficiencies in the Department's oversight and management of employee access to the County Administration Reimbursement System (CARS). Improper access to computer systems can result in both intentional and unintentional security breaches that place the confidentiality and integrity of information at risk.</p> <p data-bbox="532 850 1474 947">CARS processes payments for administrative and service costs for various grants including Child Support Enforcement as well as tracks county expenditures by program.</p> <p data-bbox="532 976 1474 1157">Of our sample of 36 identified users, we noted 22 users that did not have authorization documentation on file to support individuals' access to the CARS system and two requests that were not properly certified by the user's security officer. In addition, it was determined that periodic reviews of user access for these systems have not been performed as required by statewide and departmental policy.</p> <p data-bbox="532 1186 1474 1346">Maintaining proper access controls over computer systems helps to protect the confidentiality and integrity of information by preventing alteration, unauthorized use, or loss of data. Statewide information technology standards specify that system access be controlled and prescribe procedures such as documented reviews of users' rights.</p> <p data-bbox="532 1375 1474 1438"><i>Federal Award Information:</i> This finding affects grants #G0704-NC4004 and G0804-NC4004.</p> <p data-bbox="532 1467 1474 1648"><i>Recommendation:</i> The Department should continue to enhance its prescribed procedures for documenting security access privileges for its eligibility computer systems. Periodic security reviews should be conducted to ensure that access is restricted to authorized users and employee user access rights should be systematically evaluated to ensure privileges granted are appropriate for the necessary job requirements.</p> <p data-bbox="532 1677 1474 1896"><i>Agency Response:</i> The North Carolina Division of Social Services Information Security Manual Version 1.0 was effective June 1, 2007. The manual outlines the responsibilities for the establishment, modification or termination of the authorization access to the automated systems owned by the Department of Health and Human Services. Security reviews of State systems users will be performed two times per year. During these reviews, program management staff will review the current listing of authorized users, as provided by the</p>

93.563 CHILD SUPPORT ENFORCEMENT (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-95 Cash <u>Management:</u> Significant Deficiency	<p>Division of Information Resource Management, to ensure access is restricted to employees whose job duties require such access.</p> <p>The reports used to validate system access will be modified to also show county users. It will be mandated that the county Security Officers review these reports, available via the NCXPTR system, and take appropriate action. This policy will be added to the Security Manual at the next issuance. The Division is also in the process of implementing appropriate Security Access Privilege Requirements within the County Self Assessment for county staff to document and certify that the required periodic review has been conducted according to policy outlined in the Security Manual. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p><u>Deficiencies in Cash Management Procedures</u></p> <p>The Department did not have adequate controls in place to ensure that drawdowns for Child Support Enforcement were processed in accordance with state and federal guidelines.</p> <p>The Treasury-State agreement requires that the State request funds such that they are deposited in a state account not more than three days prior to the actual disbursement of those funds. Our review of deposit and disbursement transactions for significant federal grants within the Division of Social Services identified instances where deposited funds were not disbursed in a timely manner. For Child Support Enforcement, those deposits totaled \$12.4 million.</p> <p><i>Federal Award Information:</i> This finding affects grants #G0704-NC4004 and G0804-NC4004.</p> <p><i>Recommendation:</i> The Department should strengthen internal controls to ensure that drawdowns are made in compliance with state policies and the Treasury-State Agreement.</p> <p><i>Agency Response:</i> The Department concurs in principle with this finding. Adequate controls are in place to ensure compliance with cash management regulations. Federal funds for a particular month must be drawn by the last business day of that month and, due to various timing issues with month-end processing and the releasing of funds, it is not possible to process disbursements to local county entities within the 3-day window. The Department will continue to be cognizant of the Federal requirements for cash disbursements and work within those timeframes. Also, the Department will be</p>

93.563 CHILD SUPPORT ENFORCEMENT (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-96	seeking guidance from our cognizant Federal agency on a possible waiver/exception due to the conflict between the timing of the drawing of federal funds and the disbursements to local county entities.
Special Tests and Provisions:	<u>Appropriate Action Not Taken in Child Support Cases</u>
Material Weakness	The Department did not take appropriate action in the established time periods for its child support cases. These failures exceeded the 25% error rate used by the federal government to determine substantial compliance with child support requirements.
Material Noncompliance	Weaknesses identified in the Department's system of managing and bringing enforcement actions included (our testwork was performed for all open cases in the data warehouse): <ul style="list-style-type: none"> <li data-bbox="534 1075 1471 1163">• Federal regulations require the Department to establish paternity and support obligations for all IV-D cases that require this type of action. We found that 41% of open cases were not in compliance with this requirement. <li data-bbox="534 1201 1471 1348">• Federal regulations require the Department to provide the appropriate child support services needed for interstate cases (cases in which the child and custodial parent live in one state and the responsible relative lives in another state). We found that 28% of open cases were not in compliance with this requirement. <p data-bbox="534 1381 1471 1625">Federal regulations require child support agencies to maintain an effective system of monitoring compliance with support obligations. Regulations require that within 90 days of locating an absent parent, the Department must establish an order for support, establish paternity, or document unsuccessful attempts to achieve the same. Federal regulations also require actions to be taken on interstate cases in specified timeframes, including referring cases to other states within 20 calendar days of locating an absent parent in the other states and providing services necessary as a responding state.</p> <p data-bbox="534 1659 1471 1717"><i>Federal Award Information:</i> This finding affects grants #G0704-NC4004 and G0804-NC4004.</p> <p data-bbox="534 1751 1471 1873"><i>Recommendation:</i> The Department performs self-assessments to review its compliance with applicable federal guidelines. Management should continue to evaluate and enhance its internal control procedures to ensure compliance with federal child support processing requirements.</p>

93.563 CHILD SUPPORT ENFORCEMENT (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-97 Special Tests and Provisions: Significant Deficiency	<p><i>Agency Response:</i> The Department will continue to perform self-assessments monthly to review each local office's compliance with federal guidelines and to identify cases that need specific action. Field staff will continue to review monthly self-assessment reports with local office supervisors and request that appropriate casework be completed. Additionally, field staff will continue to work with each local office to develop annual Corrective Action Plans (CAP) for incentive categories and self-assessment categories in which federal standards were not met. They will monitor the local office CAPs closely and submit quarterly monitoring reports to the Child Support Program Assistant Chief for Local Operations. The Division is in the process of implementing appropriate Security Access Privilege Requirements within the County Self Assessment for county staff.</p>
	<p><u>Inadequate Control Over User Access to the Automated Collection Tracking System (ACTS)</u></p>
	<p>We identified deficiencies in the Department's oversight and management of employee access to the Automated Collection Tracking System (ACTS). Improper access to computer systems can result in both intentional and unintentional security breaches.</p>
	<p>ACTS provides for child support case initiation, case management, distribution of child support payments, collection of overpayments, and case tracking and enforcement actions.</p>
	<p>Documentation to support user authorization levels was not available for three of the 40 tested system users. Established procedures for granting access for all users were not being consistently followed and periodic reviews were not being performed to verify proper user authorizations as required by statewide and departmental policy.</p>
	<p>Maintaining proper access controls over computer systems helps to protect the confidentiality and integrity of information by preventing alteration, unauthorized use, or loss of data. Statewide information technology standards specify that system access be controlled and prescribe procedures such as documented reviews of users' rights.</p>
	<p><i>Federal Award Information:</i> This finding affects grants #G0704-NC4004 and G0804-NC4004.</p>
	<p><i>Recommendation:</i> The Department should enhance its prescribed procedures for documenting security access privileges for ACTS. Periodic security reviews</p>

93.563 CHILD SUPPORT ENFORCEMENT (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>should be conducted to ensure that access is restricted to authorized users and employee user access rights should be systematically evaluated to ensure privileges granted are appropriate for the necessary job requirements.</p>
	<p><i>Agency Response:</i> The Department agrees with the finding. The IRAAF form was submitted June 5, 2008, to the DIRM Help Desk to revoke the RACF ID for the DIRM on-call ID worker. The ID was also deleted from the ACTS worker profile table. Appropriate documentation was secured for the Enforcement Agent on June 5, 2008, and for the Child Support Agent II on June 16, 2008.</p>
	<p>Child Support Enforcement is following Departmental security policies. A change in the oversight and management of employee access to ACTS was implemented in April 2008. Beginning with the April-June 2008 quarter, a review and certification of ACTS users is required of all ACTS supervisors. The review and certification process is monitored by the Central Office Security Officer. A query report in the Client Services Data Warehouse is used for this purpose. The Security Officer sends an email to the supervisors of all ACTS users approximately two (2) weeks prior to the due date of each quarterly certification. Receipt of the report certifying users is tracked using an Excel spreadsheet. The Security Officer sends a reminder email message to supervisors who do not submit the report within 30 days of the due date. If the report is more than 30 days late, all users reporting to that supervisor are subject to immediate revocation.</p>
	<p>A new worker profile form is required of all users annually. New forms were secured for all ACTS users in July 2008. The Central Office Security Officer sends an email message to ACTS supervisors approximately two (2) weeks prior to the due date. Receipt of the new forms is tracked using an Excel spreadsheet. The Security Officer sends a reminder email message to supervisors who do not submit the new forms within 30 days of the due date. If new forms are not received within 30 days of the due date, the users are subject to immediate revocation.</p>
	<p>The Division is in process of implementing appropriate Security Access Privilege Requirements within the County Self Assessment for county staff.</p>

93.563 CHILD SUPPORT ENFORCEMENT**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

Office of Information Technology Services

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-98	Allowable Costs/Cost <u>Principles:</u> Significant Deficiency	<p data-bbox="534 575 1289 604"><u>Unallowable Costs Transferred to the Computing Services Fund</u></p> <p data-bbox="534 638 1474 848">The Office of Information Technology Services transferred unallowable costs to the Computing Services Fund resulting in noncompliance with federal central service cost guidelines. Enterprise license expense of \$500,000 was transferred from the SAS Licensing Fund to the Computing Services Funds so that the SAS Licensing Fund would not have a negative balance. The cost of the license fees did not benefit the agencies charged for computing services and should not have been transferred to this fund.</p> <p data-bbox="534 890 1474 1008">OMB Circular A-87, Attachment C, G.1 states that each billed central service activity must separately account for all expenses incurred to furnish the service. Also, inclusion of the unallowable cost will affect future rate setting for billed computing services central service costs.</p> <p data-bbox="534 1050 1474 1108"><i>Federal Award Information:</i> This finding affects the Child Support Enforcement program.</p> <p data-bbox="534 1150 1474 1268"><i>Recommendation:</i> The Office of Information Technology should correct the error for future rate setting and incorporate this adjustment in the revised 2008 refund calculation. Management should be reminded of the importance of accurately accounting for costs in each billed service fund.</p> <p data-bbox="534 1310 1474 1453"><i>Agency Response:</i> ITS partially agrees with this finding. A portion of the \$500k transferred from the SAS Licensing Fund to the Computing Services Funds did benefit the agencies charged for computing services. Approximately \$251k of the \$500k was allowable as it supports SAS licenses that are deployed by State Agencies.</p> <p data-bbox="534 1495 1474 1705">ITS has recalculated the refund which created a difference of \$7,645.95 for Computing Services. This difference will be applied to the agencies' subsequent year's refund(s). ITS will more carefully analyze each proposed transfer from a "Billed Service Fund" to determine the correctness of each transfer as an allowable cost, based on the Circular A-87 Guidelines.-87 Guidelines. Additionally, ITS has created distinctive call centers beginning this fiscal year to assist in tracking these expenses.</p> <p data-bbox="534 1747 1474 1896"><i>Auditor Comment:</i> At the time of the audit, ITS did not present documentation regarding the \$251,000. Based on the additional information provided by ITS, this amount was computed by allocating a share of \$600,000 in maintenance fees to the Computer Services Fund. We were unable to substantiate why \$600,000 was used instead of the \$500,000 in question, nor why the costs</p>

93.568 LOW-INCOME HOME ENERGY ASSISTANCE**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-99	Allowable Costs/Cost Principles: Significant Deficiency	<p data-bbox="519 575 1481 638"><u>Inadequate Control Over User Access to the County Administration Reimbursement System</u></p> <p data-bbox="519 667 1481 821">We identified deficiencies in the Department's oversight and management of employee access to the County Administration Reimbursement System (CARS). Improper access to computer systems can result in both intentional and unintentional security breaches that place the confidentiality and integrity of information at risk.</p> <p data-bbox="519 850 1481 947">CARS processes payments for administrative and service costs for various grants, including Low-Income Home Energy Assistance, as well as tracks county expenditures by program.</p> <p data-bbox="519 976 1481 1157">Of our sample of 36 identified users, we noted 22 users that did not have authorization documentation on file to support individuals' access to the CARS system and two requests that were not properly certified by the user's security officer. In addition, it was determined that periodic reviews of user access for these systems have not been performed as required by statewide and departmental policy.</p> <p data-bbox="519 1186 1481 1346">Maintaining proper access controls over computer systems helps to protect the confidentiality and integrity of information by preventing alteration, unauthorized use, or loss of data. Statewide information technology standards specify that system access be controlled and prescribe procedures such as documented reviews of users' rights.</p> <p data-bbox="519 1375 1481 1438"><i>Federal Award Information:</i> This finding affects grants #G07B1NCLIEA and #G08B1NCLIEA.</p> <p data-bbox="519 1467 1481 1648"><i>Recommendation:</i> The Department should continue to enhance its prescribed procedures for documenting security access privileges for its financial computer systems. Periodic security reviews should be conducted to ensure that access is restricted to authorized users and employee user access rights should be systematically evaluated to ensure privileges granted are appropriate for the necessary job requirements.</p> <p data-bbox="519 1677 1481 1896"><i>Agency Response:</i> The North Carolina Division of Social Services Information Security Manual Version 1.0 was effective June 1, 2007. The manual clearly outlines the responsibilities for the establishment, modification or termination of the authorization access to the automated systems owned by the Department of Health and Human Services. Security reviews of State systems users will be performed two times per year. During these reviews, program management staff will review the current listing of authorized users, as</p>

93.568 LOW-INCOME HOME ENERGY ASSISTANCE (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-100 Cash <u>Management:</u> Significant Deficiency	<p>provided by the Division of Information Resource Management, to ensure access is restricted to employees whose job duties require such access.</p> <p>The reports used to validate system access will be modified to also show county users. It will be mandated that the county Security Officer review these reports, available via the NCXPTR system, and take appropriate action. This policy will be added to the Security Manual at the next issuance. The Division is also in the process of implementing appropriate Security Access Privilege Requirements within the County Self Assessment for county staff to document and certify that the required periodic review has been conducted according to policy outlined in the Security Manual. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p><u>Deficiencies in Cash Management Procedures</u></p> <p>The Department did not have adequate controls in place to ensure that drawdowns for Low-Income Home Energy Assistance were processed in accordance with state and federal guidelines.</p> <p>Regulation 31 CFR part 205.33 (Subpart B) requires that the State must minimize the time between the drawdown of federal funds and the actual disbursement of those funds for federal purposes. Our review of deposit and disbursement transactions for significant federal grants within the Division of Social Services identified instances where deposited funds were not disbursed in a timely manner. For Low-Income Home Energy Assistance, those deposits totaled \$2.3 million.</p> <p><i>Federal Award Information:</i> This finding affects grants #G07B1NCLIEA and #G08B1NCLIEA.</p> <p><i>Recommendation:</i> The Department should strengthen internal controls to ensure that drawdowns are made in compliance with state policies and federal regulations.</p> <p><i>Agency Response:</i> The Department concurs in principle with this finding. Adequate controls are in place to ensure compliance with cash management regulations. Federal funds for a particular month must be drawn by the last business day of that month and, due to various timing issues with month-end processing and the releasing of funds, it is not possible to process disbursements to local county entities within the 3-day window. The Department will continue to be cognizant of the Federal requirements for cash</p>

93.568 LOW-INCOME HOME ENERGY ASSISTANCE (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
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disbursements and work within those timeframes. Also, the Department will be seeking guidance from our cognizant Federal agency on a possible waiver/exception due to the conflict between the timing of the drawing of federal funds and the disbursements to local county entities.

93.658 FOSTER CARE – TITLE IV-E**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-101 Allowable Costs/Cost <u>Principles:</u> Significant Deficiency	<p data-bbox="537 575 1433 606"><u>Inadequate Control Over User Access to the Foster Care Financial Systems</u></p> <p data-bbox="537 638 1468 789">We identified deficiencies in the Department's oversight and management of employee access to the Child Placement and Payment System (CPPS) and the Foster Care Facility Licensing System (FCFLS). Improper access to computer systems can result in both intentional and unintentional security breaches that place the confidentiality and integrity of information at risk.</p> <p data-bbox="537 825 1468 976">The CPPS is used to track children and make payments for services provided by vendors and local county departments of social services. The FCFLS is used to collect information related to the licensing of foster homes, issuance of licenses, and maintaining home/facility information used in the child placement payment process.</p> <p data-bbox="537 1010 1468 1098">One employee was identified as having unnecessary access to change data within the two financial systems without procedures in place to provide review and monitoring of those potential changes.</p> <p data-bbox="537 1134 1468 1285">Maintaining proper access controls over computer systems helps to protect the confidentiality and integrity of information by preventing alteration, unauthorized use, or loss of data. Statewide information technology standards specify that system access be controlled and prescribe procedures such as documented reviews of users' rights.</p> <p data-bbox="537 1318 1468 1373"><i>Federal Award Information:</i> This finding affects grants #0701NC1401 and #0101NC1401.</p> <p data-bbox="537 1409 1468 1560"><i>Recommendation:</i> The Department should review its policies and procedures for program changes made to the application software for the foster care financial systems. The CPPS and FCFLS applications should be maintained whereby it is possible to track and monitor changes to the applications software.</p> <p data-bbox="537 1596 1468 1864"><i>Agency Response:</i> The North Carolina Division of Social Services Information Security Manual Version 1.0 was effective June 1, 2007. The manual clearly outlines the responsibilities for the establishment, modification or termination of the authorization access to the automated systems owned by the Department of Health and Human Services. Security reviews of State systems users will be performed two times per year. During these reviews, program management staff will review the current listing of authorized users, as provided by the Division of Information Resource Management, to ensure access is restricted to employees whose job duties require such access.</p>

93.658 FOSTER CARE – TITLE IV-E (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-102 Allowable Costs/Cost Principles: Significant Deficiency	<p>The reports used to validate system access will be modified to also show county users. It will be mandated that the county Security Officer review these reports, available via the NCXPTR system, and take appropriate action. This policy will be added to the Security Manual at the next issuance. The Division is also in the process of implementing appropriate Security Access Privilege Requirements within the County Self Assessment for county staff to document and certify that the required periodic review has been conducted according to policy outlined in the Security Manual. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p>
	<p><u>Inadequate Control Over User Access to the County Administration Reimbursement System</u></p>
	<p>We identified deficiencies in the Department’s oversight and management of employee access to the County Administration Reimbursement System (CARS). Improper access to computer systems can result in both intentional and unintentional security breaches that place the confidentiality and integrity of information at risk.</p>
	<p>CARS processes payments for administrative and service costs for various grants, including Foster Care – Title IV-E, as well as tracks county expenditures by program.</p>
	<p>Of our sample of 36 identified users, we noted 22 users that did not have authorization documentation on file to support individuals’ access to the CARS system and two requests that were not properly certified by the user’s security officer. In addition, it was determined that periodic reviews of user access for these systems have not been performed as required by statewide and departmental policy.</p>
	<p>Maintaining proper access controls over computer systems helps to protect the confidentiality and integrity of information by preventing alteration, unauthorized use, or loss of data. Statewide information technology standards specify that system access be controlled and prescribe procedures such as documented reviews of users’ rights.</p>
	<p><i>Federal Award Information:</i> This finding affects grants #0701NC1401 and #0101NC1401.</p>
	<p><i>Recommendation:</i> The Department should continue to enhance its prescribed procedures for documenting security access privileges for its eligibility</p>

93.658 FOSTER CARE – TITLE IV-E (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-103 Cash <u>Management:</u> Significant Deficiency	<p>computer systems. Periodic security reviews should be conducted to ensure that access is restricted to authorized users and employee user access rights should be systematically evaluated to ensure privileges granted are appropriate for the necessary job requirements.</p> <p><i>Agency Response:</i> The North Carolina Division of Social Services Information Security Manual Version 1.0 was effective June 1, 2007. The manual clearly outlines the responsibilities for the establishment, modification or termination of the authorization access to the automated systems owned by the Department of Health and Human Services. Security reviews of State systems users will be performed two times per year. During these reviews, program management staff will review the current listing of authorized users, as provided by the Division of Information Resource Management, to ensure access is restricted to employees whose job duties require such access.</p> <p>The reports used to validate system access will be modified to also show county users. It will be mandated that the county Security Officer review these reports, available via the NCXPTR system, and take appropriate action. This policy will be added to the Security Manual at the next issuance. The Division is also in the process of implementing appropriate Security Access Privilege Requirements within the County Self Assessment for county staff to document and certify that the required periodic review has been conducted according to policy outlined in the Security Manual. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p><u>Deficiencies in Cash Management Procedures</u></p> <p>The Department did not have adequate controls in place to ensure that drawdowns for Foster Care – Title IV-E were processed in accordance with state and federal guidelines.</p> <p>The Treasury-State agreement requires that the State request funds such that they are deposited in a state account not more than three days prior to the actual disbursement of those funds. Our review of deposit and disbursement transactions for significant federal grants within the Division of Social Services identified instances where deposited funds were not disbursed in a timely manner. For Foster Care – Title IV-E, those deposits totaled \$14.3 million.</p> <p><i>Federal Award Information:</i> This finding affects grants #0701NC1401 and #0101NC1401.</p>

93.658 FOSTER CARE – TITLE IV-E (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-104 Subrecipient <u>Monitoring:</u> Significant Deficiency	<p><i>Recommendation:</i> The Department should strengthen internal controls to ensure that drawdowns are made in compliance with state policies and the Treasury-State Agreement.</p> <p><i>Agency Response:</i> The Department concurs in principle with this finding. Adequate controls are in place to ensure compliance with cash management regulations. Federal funds for a particular month must be drawn by the last business day of that month and, due to various timing issues with month-end processing and the releasing of funds, it is not possible to process disbursements to local county entities within the 3-day window. The Department will continue to be cognizant of the Federal requirements for cash disbursements and work within those timeframes. Also, the Department will be seeking guidance from our cognizant Federal agency on a possible waiver/exception due to the conflict between the timing of the drawing of federal funds and the disbursements to local county entities.</p> <p><u>Insufficient Monitoring Efforts for the Foster Care Program</u></p> <p>The Department’s monitoring procedures for the Foster Care - Title IV-E program were insufficient to ensure that county staff properly performed eligibility determinations or re-determinations. This increases the risk that Title IV-E reimbursements could be made on behalf of ineligible participants.</p> <p>Deficiencies in the documentation of monitoring activities were noted with eight of our 20 sample counties reviewed. Examples of the deficiencies noted included instances where the monitoring tool was incomplete, the accuracy of the tool was questionable based on additional known information, the licensing information for the facility or institution was inaccurate, or the review period was not in accordance with the monitoring plan requirements. The program compliance monitor failed to accurately complete the monitoring tool in compliance with the Department established monitoring plan.</p> <p>The Department’s monitoring plan states that the program compliance monitors are responsible for monitoring Title IV-E eligibility determination and maintenance payment re-determination processes. The plan also defines the monitoring period subject to review.</p> <p><i>Federal Award Information:</i> This finding affects grants #0701NC1401 and #0101NC1401.</p> <p><i>Recommendation:</i> The Department should enhance its monitoring efforts for the Title IV-E eligibility determination and re-determination procedures</p>

93.658 FOSTER CARE – TITLE IV-E (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>performed at the local county level. Monitoring tools should be complete and accurate to support the Department’s efforts.</p>
	<p><i>Agency Response:</i> The Department concurs with the finding. The Department has provided the monitors with more staff training and access to The Child Placement and Payment Systems, and the Foster Care Facility Licensing Systems to ensure adequate eligibility determination verification. The Children Program Representatives (CPR’s) have implemented a procedure by which each child entering foster care is screened for IV-E eligibility, which should assist in improving eligibility determination for the local counties.</p>
	<p>Regarding the recommendation that the monitoring tool should be complete and accurate to support monitoring efforts, internal procedures have been revised to require periodic review of the monitoring work papers by the Monitoring Supervisor. In addition to the revised internal procedures, the importance of following established procedures and completing the monitoring tools entirely and accurately was conveyed to staff responsible for the deficiencies in a memorandum dated February 11, 2009.</p>

93.659 ADOPTION ASSISTANCE**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-105 Allowable Costs/Cost Principles: Significant Deficiency	<p data-bbox="534 575 1471 638"><u>Inadequate Control Over User Access to the Adoption Assistance Financial System</u></p> <p data-bbox="534 663 1471 814">We identified deficiencies in the Department's oversight and management of employee access to the Child Placement and Payment System (CPPS). Improper access to computer systems can result in both intentional and unintentional security breaches that place the confidentiality and integrity of information at risk.</p> <p data-bbox="534 846 1471 909">The CPPS is used to track children and make payments for services provided by vendors and local county departments of social services.</p> <p data-bbox="534 934 1471 1024">One employee was identified as having unnecessary access to change data within the CPPS financial system without procedures in place to provide review and monitoring of those potential changes.</p> <p data-bbox="534 1050 1471 1201">Maintaining proper access controls over computer systems helps to protect the confidentiality and integrity of information by preventing alteration, unauthorized use, or loss of data. Statewide information technology standards specify that system access be controlled and prescribe procedures such as documented reviews of users' rights.</p> <p data-bbox="534 1226 1471 1289"><i>Federal Award Information:</i> This finding affects grants #0701NC1407 and #0801NC1407.</p> <p data-bbox="534 1314 1471 1436"><i>Recommendation:</i> The Department should review its policies and procedures for program changes made to the application software for the adoption assistance financial system. The CPPS application should be maintained whereby it is possible to track and monitor changes to the application software.</p> <p data-bbox="534 1461 1471 1738"><i>Agency Response:</i> The North Carolina Division of Social Services Information Security Manual Version 1.0 was effective June 1, 2007. The manual outlines the responsibilities for the establishment, modification or termination of the authorization access to the automated systems owned by the Department of Health and Human Services. Security reviews of State systems users will be performed two times per year. During these reviews, program management staff will review the current listing of authorized users, as provided by the Division of Information Resource Management, to ensure access is restricted to employees whose job duties require such access.</p> <p data-bbox="534 1764 1471 1883">The reports used to validate system access will be modified to also show county users. It will be mandated that the county Security Officer review these reports, available via the NCXPTR system, and take appropriate action. This policy will be added to the Security Manual at the next issuance. The Division</p>

93.659 ADOPTION ASSISTANCE (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-106 Allowable Costs/Cost Principles: Significant Deficiency	<p>is also in the process of implementing appropriate Security Access Privilege Requirements within the County Self Assessment for county staff to document and certify that the required periodic review has been conducted according to policy outlined in the Security Manual. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p><u>Inadequate Control Over User Access to the County Administration Reimbursement System</u></p> <p>We identified deficiencies in the Department's oversight and management of employee access to the County Administration Reimbursement System (CARS). Improper access to computer systems can result in both intentional and unintentional security breaches that place the confidentiality and integrity of information at risk.</p> <p>The CARS processes payments for administrative and service costs for various grants, including Adoption Assistance - Title IV-E, as well as tracks county expenditures by program.</p> <p>Of our sample of 36 identified users, we noted 22 users that did not have authorization documentation on file to support individuals' access to the CARS system and two requests that were not properly certified by the user's security officer. In addition, it was determined that periodic reviews of user access for these systems have not been performed as required by statewide and departmental policy.</p> <p>Maintaining proper access controls over computer systems helps to protect the confidentiality and integrity of information by preventing alteration, unauthorized use, or loss of data. Statewide information technology standards specify that system access be controlled and prescribe procedures such as documented reviews of users' rights.</p> <p><i>Federal Award Information:</i> This finding affects grants #0701NC1407 and #0801NC1407.</p> <p><i>Recommendation:</i> The Department should continue to enhance its prescribed procedures for documenting security access privileges for its eligibility computer systems. Periodic security reviews should be conducted to ensure that access is restricted to authorized users and employee user access rights should be systematically evaluated to ensure privileges granted are appropriate for the necessary job requirements.</p>

93.659 ADOPTION ASSISTANCE (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-107 <u>Eligibility:</u> Significant Deficiency Questioned Cost Finding \$54,411	<p><i>Agency Response:</i> The North Carolina Division of Social Services Information Security Manual Version 1.0 was effective June 1, 2007. The manual outlines the responsibilities for the establishment, modification or termination of the authorization access to the automated systems owned by the Department of Health and Human Services. Security reviews of State systems users will be performed two times per year. During these reviews, program management staff will review the current listing of authorized users, as provided by the Division of Information Resource Management, to ensure access is restricted to employees whose job duties require such access.</p> <p>The reports used to validate system access will be modified to also show county users. It will be mandated that the county Security Officer review these reports, available via the NCXPTR system, and take appropriate action. This policy will be added to the Security Manual at the next issuance. The Division is also in the process of implementing appropriate Security Access Privilege Requirements within the County Self Assessment for county staff to document and certify that the required periodic review has been conducted according to policy outlined in the Security Manual. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p><u>Deficiencies in County Eligibility Determination Process - Adoption Assistance Program</u></p> <p>Title IV-E Adoption Assistance payments were made to 16 ineligible children resulting in questioned costs of \$54,411 for the fiscal year ended June 30, 2008. In addition, we noted three cases where documentation was incomplete increasing the risk that noncompliance could occur.</p> <p>In North Carolina, each county is responsible for ensuring that only eligible participants are approved for the Adoption Assistance program.</p> <p>We examined a sample of 125 case files selected from five counties and found eligibility determination deficiencies in 19 cases. Examples of the deficiencies noted included the adoption assistance agreement dated after the formal adoption decree, child was actually Title IV-B eligible versus Title IV-E eligible, or the child met only the eligibility requirements for state adoption assistance payments.</p> <p>Federal regulations specify the eligibility requirements related to the timing of the adoption decree and the use of Title IV-E funding.</p>

93.659 ADOPTION ASSISTANCE (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-108 Subrecipient Monitoring: Significant Deficiency	<p><i>Federal Award Information:</i> This finding affects grants #0701NC1407 and #0801NC1407.</p> <p><i>Recommendation:</i> The Department should enhance its monitoring and training activities for county intake personnel to ensure proper eligibility determination for Title IV-E funding. Follow-up procedures should be performed to verify corrective action takes place for the identified cases.</p> <p><i>Agency Response:</i> The Division has provided IV-E training to Division staff and will provide similar training to the county agencies. Training will include clarification of policy, revised forms, and a model court report. The Division expects training to be an ongoing improvement process. The deficiencies will be forwarded to the Local Business Liaisons for any recoupment and to the Children Program Representatives for the development of the corrective action plans.</p> <p><u>Improvements Needed With Adoption Assistance - Title IV-E Monitoring Efforts</u></p> <p>The Department's monitoring procedures for the Adoption Assistance - Title IV-E program need improvement to provide assurances that benefit payments are not made on behalf of ineligible participants.</p> <p>We identified deficiencies in the documentation of monitoring efforts. For two of our sample eight counties, we noted where planned test cases were replaced without an explanation for the changes. Variances existed between the actual case files documented as tested and those reported in the final monitoring reports. In addition, the Department was not sufficiently tracking its monitoring results to ensure that appropriate corrective action was taking place for identified errors.</p> <p>Monitoring activities provide the Department with reasonable assurance that federal compliance requirements are identified and adhered to by subrecipients and appropriate corrective actions occur.</p> <p><i>Federal Award Information:</i> This finding affects grants #0701NC1407 and #0801NC1407.</p>

93.659 ADOPTION ASSISTANCE (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p><i>Recommendation:</i> The Department should enhance its monitoring efforts to ensure adjustments to the planned monitoring activities and follow-up on corrective actions are properly documented.</p>
	<p><i>Agency Response:</i> The Division has revised its monitoring plan to include a corrective action plan, a payment adjustment referral form, and more guidance on the selection of oversample cases. The monitors will forward monitoring findings to the Local Business Liaisons for the recoupment and the Children Program Representatives for the development of the corrective action plans.</p>

93.667 SOCIAL SERVICES BLOCK GRANT**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-109	Allowable Costs/Cost Principles: Significant Deficiency	<p data-bbox="537 575 1464 638"><u>Inadequate Control Over User Access to the County Administration Reimbursement System</u></p> <p data-bbox="537 674 1464 821">We identified deficiencies in the Department's oversight and management of employee access to the County Administration Reimbursement System (CARS). Improper access to computer systems can result in both intentional and unintentional security breaches that place the confidentiality and integrity of information at risk.</p> <p data-bbox="537 863 1464 947">CARS processes payments for administrative and service costs for various grants including Social Services Block Grant as well as tracks county expenditures by program.</p> <p data-bbox="537 989 1464 1167">Of our sample of 36 identified users, we noted 22 users that did not have authorization documentation on file to support individuals' access to the CARS system and two requests that were not properly certified by the user's security officer. In addition, it was determined that periodic reviews of user access for these systems have not been performed as required by statewide and departmental policy.</p> <p data-bbox="537 1209 1464 1356">Maintaining proper access controls over computer systems helps to protect the confidentiality and integrity of information by preventing alteration, unauthorized use, or loss of data. Statewide information technology standards specify that system access be controlled and prescribe procedures such as documented reviews of users' rights.</p> <p data-bbox="537 1398 1464 1451"><i>Federal Award Information:</i> This finding affects grants #G0701NCSOSR and #G0801NCSOSR.</p> <p data-bbox="537 1493 1464 1671"><i>Recommendation:</i> The Department should continue to enhance its prescribed procedures for documenting security access privileges for its eligibility computer systems. Periodic security reviews should be conducted to ensure that access is restricted to authorized users and employee user access rights should be systematically evaluated to ensure privileges granted are appropriate for the necessary job requirements.</p> <p data-bbox="537 1713 1464 1883"><i>Agency Response:</i> The North Carolina Division of Social Services Information Security Manual Version 1.0 was effective June 1, 2007. The manual clearly outlines the responsibilities for the establishment, modification or termination of the authorization access to the automated systems owned by the Department of Health and Human Services. Security reviews of State systems users will be performed two times per year. During these reviews, program</p>

93.667 SOCIAL SERVICES BLOCK GRANT (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-110 Subrecipient Monitoring: Significant Deficiency	<p>management staff will review the current listing of authorized users, as provided by the Division of Information Resource Management, to ensure access is restricted to employees whose job duties require such access.</p> <p>The reports used to validate system access will be modified to also show county users. It will be mandated that the county Security Officer review these reports, available via the NCXPTR system, and take appropriate action. This policy will be added to the Security Manual at the next issuance. The Division is also in the process of implementing appropriate Security Access Privilege Requirements within the County Self Assessment for county staff to document and certify that the required periodic review has been conducted according to policy outlined in the Security Manual. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p><u>Deficiencies in the Social Services Block Grant Monitoring Procedures</u></p> <p>We identified deficiencies in the Department's monitoring procedures for the Social Services Block Grant (SSBG) program. As a result, there was an increased risk of noncompliance with federal requirements as payments could be made to ineligible participants.</p> <p>The Division's monitoring activities were not conducted consistently in accordance with the established monitoring plan. We noted instances where the monitoring tool was not completed sufficiently to support compliance with the eligibility requirements for reimbursement from SSBG funds. Errors noted with the monitoring tool included:</p> <ul style="list-style-type: none"> • Insufficient evidence to support the determination that either the parent or child was eligible for Temporary Assistance for Needy Families (TANF) funding, which is a requirement for SSBG funding. • Children incorrectly identified as being placed in a non-licensed foster care facility when documentation indicated that placement was in a licensed facility. A child in a non-licensed facility is not eligible for the TANF transfer to SSBG funds. • Children incorrectly listed as not being Title IV-E eligible when payment information identifying the child as Title IV-E eligible. Children eligible for Title IV-E reimbursement are not eligible for TANF transfer to SSBG funds. • Children were noted as being ineligible during a portion of the review period; however, no error was documented on the final report.

93.667 SOCIAL SERVICES BLOCK GRANT (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>We also noted that appropriate follow-up procedures were not being performed to ensure that appropriate adjustments were being made to the financial records for identified errors.</p> <p>The guidelines for monitoring activities are established in SSBG regulations as well as the Department's monitoring plan. The plan identifies those monitoring activities to be performed and the necessary documentation standards for adherence to that plan. Monitoring activities include reviewing the eligibility determination process including the child and family income requirements applicable to TANF recipients that are reimbursed from SSBG fund transfers.</p> <p><i>Federal Award Information:</i> This finding affects grants #G0701NCSOSR and #G0801NCSOSR.</p> <p><i>Recommendation:</i> The Department should enhance its monitoring procedures to ensure the appropriate use of SSBG funds, particularly related to transfers of funds from the TANF grant. Additional training would provide guidance to monitors for completion of the monitoring tool to document the procedures performed.</p> <p><i>Agency Response:</i> To enhance the SSBG monitoring procedures, the Division has provided the Child Welfare monitors inquiry access to the State licensing system (FCFLS), the payment system (CPPS), and services information system (SIS). The inquiry access to the systems will allow monitors to verify the source of payment and verify the licensure status to determine eligibility. The SSBG tool is under review for revisions and training is scheduled for March 2009. Follow up procedures now include a payment adjustment referral form and corrective action plan form that have been added to the plan for the Local Business Liaisons and the Children Program Representatives to complete with the county according to the monitoring plan.</p>

93.767 STATE CHILDREN'S INSURANCE PROGRAM**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-111 <u>Eligibility:</u> Significant Deficiency Questioned Cost Finding	<p data-bbox="537 575 1468 638"><u>Deficiencies in County Eligibility Determination Process - State Children's Insurance Program</u></p> <p data-bbox="537 667 1468 789">We identified a number of deficiencies in the county eligibility determination process for participants of the State Children's Insurance Program (NC Health Choice). We believe that total questioned costs in the population are likely to exceed \$10,000.</p> <p data-bbox="537 823 1468 886">In North Carolina, each county is responsible for ensuring that only eligible participants are approved for NC Health Choice.</p> <p data-bbox="537 919 1468 1125">We examined a sample of 125 case files selected from five local counties and found eligibility determination deficiencies in 12 cases. Examples of the deficiencies noted included insufficient documentation of the individual's financial status, evidence of the completion of the online verification process was missing or not available, and the failure to document the applicant's state residency requirement. We determined that one participant was ineligible for NC Health Choice and should have been determined to be Medicaid eligible.</p> <p data-bbox="537 1159 1468 1310">Federal regulations for the State Children's Insurance Program establish income requirements that should be considered when determining eligibility. Other key criteria that are required to be verified in determining NC Health Choice eligibility include North Carolina residency and completion of the on-line verification.</p> <p data-bbox="537 1344 1468 1407"><i>Federal Award Information:</i> This finding affects grants #05-0705NC5021 and #05-0805NC5021.</p> <p data-bbox="537 1440 1468 1591"><i>Recommendation:</i> The Department should enhance its monitoring and training activities for county intake personnel to ensure internal control is in place to ensure proper eligibility determinations for NC Health Choice. Follow-up procedures should be performed to verify corrective action takes place for the identified cases.</p> <p data-bbox="537 1625 1468 1803"><i>Agency Response:</i> The Department concurs with the Finding. Corrective Action will continue to ensure that county intake personnel are adequately trained to prevent ineligible participation in the NC Health Choice program. The documentation will be referred to the Medicaid Program Representatives for the five counties in question to verify corrective action is taken on the questioned cases.</p>

93.767 STATE CHILDREN'S INSURANCE PROGRAM (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-112 <u>Eligibility:</u> Significant Deficiency	<p data-bbox="537 579 1390 609"><u>Inadequate Control Over User Access to the Eligibility Computer System</u></p> <p data-bbox="537 642 1466 762">We identified deficiencies in the Department's oversight and management of employee access to the eligibility computer system. Improper access to computer systems can result in both intentional and unintentional security breaches that place the confidentiality and integrity of information at risk.</p> <p data-bbox="537 795 1466 915">We found access control deficiencies for the Eligibility Information System (EIS). EIS collects and maintains eligibility information on various programs, including the State Children's Insurance Program, and assists counties with case management.</p> <p data-bbox="537 949 1466 1161">In our test of those users with update access levels, we identified that adequate documentation of the authorization level was not on file for 40 of 40 EIS users. Documentation errors included incomplete or missing requests, requests that were not properly certified by the user's security officer, or user privileges that were not supported by the requests on file. In addition, it was determined that periodic reviews of user access for these systems have not been performed as required by statewide and departmental policy.</p> <p data-bbox="537 1194 1466 1344">Maintaining proper access controls over computer systems helps to protect the confidentiality and integrity of information by preventing alteration, unauthorized use, or loss of data. Statewide information technology standards specify that system access be controlled and prescribe procedures such as documented reviews of users' rights.</p> <p data-bbox="537 1377 1466 1436"><i>Federal Award Information:</i> This finding affects grants #05-0705NC5021 and #05-0805NC5021.</p> <p data-bbox="537 1470 1466 1652"><i>Recommendation:</i> The Department should continue to enhance its prescribed procedures for documenting security access privileges for its eligibility computer systems. Periodic security reviews should be conducted to ensure that access is restricted to authorized users and employee user access rights should be systematically evaluated to ensure privileges granted are appropriate for the necessary job requirements.</p> <p data-bbox="537 1686 1466 1896"><i>Agency Response:</i> The Department of Health and Human Services concurs with the finding. The Divisions of Information Resource Management, Social Services, and Medical Assistance staff are in the process of working with members of county administration offices to ensure individuals with need to access the Eligibility Information System are properly documented according to State and Department standards and policies, i.e., an authorization form is on file, authorization is requested through Customer Service and access is</p>

93.767 STATE CHILDREN'S INSURANCE PROGRAM (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
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periodically reviewed. The Department will ensure that its staff with access to the Eligibility Information System are properly documented, i.e., an authorization form is on file, authorization is requested through Customer Service and access is periodically reviewed. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate action documentation will be secured.

93.767 STATE CHILDREN'S INSURANCE PROGRAM

III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services
 N.C. Teachers' and State Employees' Comprehensive Major Medical Plan
 For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-113	Allowable Costs/Cost <u>Principles:</u> Significant Deficiency Questioned Cost Finding \$43,531	<u>Incorrect Health Insurance Claims Paid</u> The private accounting firm engaged to audit health insurance claims paid by the Plan's claims processing contractor noted a number of errors. See finding 08-FS-5 for a description.

93.778 MEDICAL ASSISTANCE PROGRAM**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-114	Allowable Costs/Cost Principles: Significant Deficiency	<p data-bbox="537 575 1466 638"><u>Failure to Terminate User Access for the Medicaid Management Information System and Department Network</u></p> <p data-bbox="537 669 1466 821">We identified deficiencies in the Department's oversight and management of employee access to the Medicaid Management Information System (MMIS). Improper access to computer systems can result in both intentional and unintentional security breaches that place the confidentiality and integrity of information at risk.</p> <p data-bbox="537 858 1466 951">MMIS is the claims processing system for the Medicaid program, which also supports coordination of benefits, surveillance and utilization review, federal and management reporting, and case management.</p> <p data-bbox="537 989 1466 1171">We identified one employee as having access to MMIS despite separation from the Department. In addition, eight separated employees' network user accounts within the Division of Medical Assistance had not been disabled. In addition, periodic reviews of MMIS user access have not been performed. Current policy is that upon employee separation, the employee's supervisor is to notify the security administrator and access is to be terminated.</p> <p data-bbox="537 1209 1466 1392">Maintaining proper access controls over computer systems helps to protect the confidentiality and integrity of information by preventing alteration, unauthorized use, or loss of data. Statewide information technology standards specify that system access be controlled and prescribe procedures such as documented reviews of users' rights and immediate termination of user access upon leaving employment.</p> <p data-bbox="537 1430 1281 1459"><i>Federal Award Information:</i> This finding affects multiple grants.</p> <p data-bbox="537 1497 1466 1648"><i>Recommendation:</i> The Department should enhance its procedures for documenting security access privileges for MMIS and the Division of Medical Assistance network. Terminated employees' access rights should be immediately revoked to prevent improper access to Medicaid program data systems and periodic reviews should be performed as to user access.</p> <p data-bbox="537 1686 1466 1803"><i>Agency Response:</i> The Department agrees that it should enhance its procedures for terminating user access rights when there are changes in employment status. The Department will review its current procedures to validate user access for MMIS and the Division of Medical Assistance network.</p>

93.778 MEDICAL ASSISTANCE PROGRAM (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-115 Allowable Costs/Cost <u>Principles:</u> Significant Deficiency Questioned Cost Finding \$38,047	<p><u>Deficiencies in Medicaid Provider Billing and Payment System</u></p> <p>We examined a sample of 270 Medicaid claims and found 38 erroneous or insufficiently documented payments, resulting in a net overpayment of \$59,294. Consequently, we are questioning \$38,047, which represents the federal share of the overpayments.</p> <p>Examples of the deficiencies noted included insufficient or missing documentation in support of the services rendered, improper coding based on the medical records, services not found to be medically necessary, or the failure to timely recoup charges subject to retroactive rate adjustments. The majority of the errors related to the medical record documentation to support services provided and the charges incurred.</p> <p>OMB Circular A-87 requires allowable costs to be adequately documented and program costs to be necessary and reasonable for proper and efficient administration of the grant program. Title 42 CFR section 431.107 and State Regulation 10 NCAC 26G.0107 require that medical records disclose the extent of services provided to Medicaid recipients.</p> <p><i>Federal Award Information:</i> This finding affects multiple open grants.</p> <p><i>Recommendation:</i> The Department should continue to enhance its control procedures to ensure the accuracy of the claims payment process. Management should ensure that payment edits and/or audits are working appropriately; that system changes are properly implemented; that providers are educated on the proper coding and documentation for medical services being provided; and that over or underpaid claims are identified and appropriate collection or payment procedures are performed.</p> <p><i>Agency Response:</i> The Department concurs with the finding that 38 of 270 claims contained erroneous or insufficiently documented payments. The Division of Medical Assistance's Program Integrity staff continue to conduct reviews, investigations, and recoups as part of the Division's overall compliance efforts. Corrective action will be taken to address the 38 erroneous or insufficiently documented payments.</p>
08-SA-116 Cash <u>Management:</u> Significant Deficiency	<p><u>Deficiencies in Cash Management Procedures for the Medicaid Program</u></p> <p>The Department did not draw down Medicaid funds in accordance with state and federal requirements. The Treasury-State agreement requires that the State request funds such that they are deposited in a state account not more than three days prior to the actual disbursement of those funds.</p>

93.778 MEDICAL ASSISTANCE PROGRAM (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>Our review of deposit and disbursement transactions for the Medicaid program within the Division of Medical Assistance identified instances where deposited funds were not disbursed in a timely manner, resulting in excessive cash balances. Instances were identified throughout the year with the most significant being \$135 million. Excessive balances may result in an interest liability due to the federal government.</p> <p><i>Federal Award Information:</i> This finding affects multiple open grants.</p> <p><i>Recommendation:</i> The Department should strengthen internal controls to ensure that drawdowns are made in compliance with state policies and the Treasury-State Agreement.</p> <p><i>Agency Response:</i> The Department concurs that at points in time during a month that the federal cash balances would appear to be over-drawn or under-drawn based on the methodology of using estimates for the draws and the timing of running cost allocation to determine the federal share of expenditures. The drawdown methodology of using estimates and the process for determining the estimates are explained in our agency procedure #GA008 and are also included in the Treasury State Agreement (TSA). We are continuing to monitor federal cash balances as closely as we can. We are also considering approaching EDS, the Medicaid fiscal intermediary, to ask them to change their check write dates next year in order to be able to draw funds based on actual expenditures rather than estimates.</p>
<p>08-SA-117 <u>Eligibility:</u> Significant Deficiency Questioned Cost Finding</p>	<p><u>Deficiencies In County Eligibility Determination Process - Medicaid Program</u></p> <p>We identified deficiencies in the county eligibility determination process for participants of the Medicaid program. We believe that total questioned costs in the population are likely to exceed \$10,000.</p> <p>In North Carolina, each county is responsible for ensuring that only eligible participants are approved for the Medicaid program. We examined a sample of 125 case files selected from five counties and found eligibility determination deficiencies in 16 cases. Examples of the types of errors noted included insufficient documentation of the applicant's financial status, documentation not available to support the completion of the online verification process, missing applicant transportation forms, or missing documentation to support the applicant's citizenship.</p> <p>Federal regulations for the Medicaid program specify three types of resources that should be considered when determining eligibility – real property, personal property, and liquid assets – that must be verified during the intake process</p>

93.778 MEDICAL ASSISTANCE PROGRAM (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-118	<u>Eligibility:</u>
Questioned Cost Finding	<u>Documentation Lacking in County Medicaid Case Files</u>
	<p>Certified Public Accountants performing the county audits tested 3,126 case files for Medicaid recipients and found deficiencies in 51 cases. Though no costs were questioned by these auditors, we believe that it is likely that questioned costs exceed \$10,000 in the population. These issues are described below:</p> <ol style="list-style-type: none"> a. Three case files were not located. The auditor could not verify eligibility due to a lack of supporting documentation. Questioned costs were not determinable by the local auditor. b. Twenty-five case files did not contain all the required eligibility documentation. These case files were missing items such as case profiles, incomplete application information, and state turnaround documents used to substantiate eligibility. c. Two case files did not contain evidence that automated matches were performed to determine if there were "hits" for income and resources from other sources. d. Nineteen cases files did not contain documentation that the "Notice of Rights to Transportation Form" was sent to the applicant. e. One file was erroneously closed.

and compared to established criteria. In addition, several other key criteria such as North Carolina residency and U.S. citizenship also are required to be verified in determining Medicaid eligibility.

Federal Award Information: This finding affects multiple open grants.

Recommendation: The Department should enhance its monitoring and training activities for county intake personnel to ensure proper determination for the Medicaid program. Follow-up procedures should be performed to verify corrective action takes place for the identified cases.

Agency Response: The Department concurs with the finding. Corrective action is being implemented to ensure that county intake personnel are sufficiently trained in order to prevent ineligible provider participation in the Medicaid Program. The documentation for the findings will be referred to the Medicaid Program Representatives for the five counties in question to verify corrective action is taken on the questioned cases.

93.778 MEDICAL ASSISTANCE PROGRAM (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
f.	<p>The information in one case was not immediately verified after it was transferred in from another county.</p> <p><i>Federal Award Information:</i> This finding impacts multiple open grants.</p> <p><i>Recommendation:</i> The local government auditors recommended that procedures should be in place to ensure that all required information is in the files and the information is complete and accurate. Additional training was recommended along with additional file monitoring to determine that the required documentation is included in the files.</p> <p><i>Agency Response:</i> The Counties concurred with the findings. Corrective action will be implemented through continued monitoring and training. The Division of Medical Assistance Medicaid Program Representatives continue to reinforce the importance that all files contain accurate and appropriate documentation as required. As part of the Department's standard management decision process, each finding will be evaluated and the Counties' corrective action plans will be reviewed and approved.</p>
08-SA-119 <u>Eligibility:</u> Significant Deficiency	<p><u>Inadequate Control Over User Access to the Eligibility Computer System</u></p> <p>We identified deficiencies in the Department's oversight and management of employee access to the eligibility computer system. Improper access to computer systems can result in both intentional and unintentional security breaches that place the confidentiality and integrity of information at risk.</p> <p>We found access control deficiencies for the Eligibility Information System (EIS). EIS collects and maintains eligibility information on various programs, including the Medicaid program, and assists counties with case management.</p> <p>In our test of those users with update access levels, we identified that adequate documentation of the authorization level was not on file for 40 of 40 EIS users. Documentation errors included incomplete or missing requests, requests that were not properly certified by the user's security officer, or user privileges that were not supported by the requests on file. In addition, it was determined that periodic reviews of user access for these systems have not been performed as required by statewide and departmental policy.</p> <p>Maintaining proper access controls over computer systems helps to protect the confidentiality and integrity of information by preventing alteration, unauthorized use, or loss of data. Statewide information technology standards specify that system access be controlled and prescribe procedures such as documented reviews of users' rights.</p>

93.778 MEDICAL ASSISTANCE PROGRAM (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p><i>Federal Award Information:</i> This finding affects multiple grants.</p> <p><i>Recommendation:</i> The Department should continue to enhance its prescribed procedures for documenting security access privileges for its eligibility computer systems. Periodic security reviews should be conducted to ensure that access is restricted to authorized users and employee user access rights should be systematically evaluated to ensure privileges granted are appropriate for the necessary job requirements.</p> <p><i>Agency Response:</i> The Department of Health and Human Services concurs with the finding. The Divisions of Information Resource Management, Social Services, and Medical Assistance staff are in the process of working with members of county administration offices to ensure individuals with need to access the Eligibility Information System are properly documented according to State and Department standards and policies, i.e., an authorization form is on file, authorization is requested through Customer Service and access is periodically reviewed. The Department will ensure that its staff with access to the Eligibility Information System are properly documented, i.e., an authorization form is on file, authorization is requested through Customer Service and access is periodically reviewed. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate action documentation will be secured.</p>
<p>08-SA-120 Procurement and Suspension and Debarment: Significant Deficiency</p>	<p><u>Deficiencies in the Medicaid Program Procurement Processes</u></p> <p>We identified deficiencies in the Department's procurement processes for contracted services within the Medicaid program. As a result, there is an increased risk of noncompliance that could result in the disallowance of costs and the payback of federal funds.</p> <p>The Division of Medical Assistance (DMA) procured personal and/or consulting services totaling \$3 million from four temporary employment service agencies without entering into formal contractual agreements. Division officials believe that contractual agreements were not required because the services being provided were considered to be personal services, which met one of the exemptions provided for in the Department of Administration Purchase and Contract guidelines. However, the exemption may not apply when using an employment service rather than hiring an individual directly. Furthermore, entering into a formal contract ensures that there is no misunderstanding about the terms of the agreement.</p> <p>In addition, we reviewed a sample of five current year contractual agreements.</p>

93.778 MEDICAL ASSISTANCE PROGRAM (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>A control procedure exists to identify the availability of funds for contractual services; however, contract documentation for four of our five sample items indicated that funds were not available and yet the contracts were processed. These same four contracts were missing documentation that evidences the establishment of the contractor in the accounting system for the receipt of payments. Subsequently, budget revisions were prepared to fund the \$268,000 contracted amounts.</p>
	<p>Per federal guidelines, DMA's procurement of services using federal funds should follow state policies and procedures for procurement with non-federal funds. Departmental policy provides that funds be available to meet contractual obligations.</p>
	<p><i>Federal Award Information:</i> This finding affects multiple open grants.</p>
	<p><i>Recommendation:</i> The Department should improve its control procedures for the procurement of contractual services to ensure compliance with applicable state and federal purchasing and contracting requirements. Contracting staff should adhere to controls for determining the availability of funds.</p>
	<p><i>Agency Response:</i> The Department agrees that it should improve its control procedures for the procurement of contractual services.</p>
	<p>The Department employs a substantial number of temporary employees. Through the various legislative sessions, the Department has sought permanent employee positions but sufficient positions have not been provided; thus the need for temporary employees. As indicated in the Performance Audit completed by the Office of the State Auditor which was published in January 2009, the Department seeks guidance and would be willing to participate in a work group with the Department of Administration in formulating a standard request for proposal that will become the basis for state-wide temporary staffing contracts. It would be difficult for this task to be accomplished at the Department level and would not ensure the entire State was operating under the same parameters. We agree change is needed in this process and will eagerly implement the process based on state wide guidance being provided.</p>
	<p>With regard to the finding of no contractual agreement between DMA and a law firm, the Department has identified that the Office of Medicaid Management Information Systems (OMMIS) does have a contract with the law firm in question. This contract is in compliance with the contractual requirements.</p>

93.778 MEDICAL ASSISTANCE PROGRAM (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-121	<p data-bbox="311 915 493 972"><u>Special Tests and Provisions:</u></p> <p data-bbox="342 993 506 1119">Material Weakness Material Noncompliance</p> <p data-bbox="537 915 1382 942"><u>Deficiencies In Controls Over the Provider Eligibility Enrollment Process</u></p> <p data-bbox="537 978 1468 1098">The Department failed to acquire and maintain all required information necessary to document the eligibility determination of provider-applicants. This increases the risk that ineligible providers may have been enrolled and participating in the Medicaid program.</p> <p data-bbox="537 1125 1468 1398">Our sample of 40 in-state providers identified six providers' files that were missing required documentation or evidence of supervisory approval. Existing providers were not required to periodically re-enroll, thereby providing an opportunity to detect changes in eligibility status. In addition, other than for physicians and practitioners, criminal background checks were not conducted for providers prior to enrollment. The lack of adequate internal control policies and procedures increases the risk that improper payments will be made to ineligible providers or that appropriate action may not be taken by the Division of Medical Assistance to recoup payments made in error.</p> <p data-bbox="537 1430 1468 1696">Similar deficiencies have been reported in prior year audits, and the Division of Medical Assistance's Provider Services section has been working to implement changes to bring the system into compliance with the applicable criteria. Provider Services updated several of its enrollment packages to include new enrollment applications that address the disclosure requirements. As part of the development of the new Medicaid Management Information System, providers will be re-enrolled and periodic re-enrollment or re-verification of credentials will be established to detect changes in eligibility status.</p> <p data-bbox="537 1728 1349 1755"><i>Federal Award Information:</i> This finding affects multiple open grants.</p> <p data-bbox="537 1822 1468 1879"><i>Recommendation:</i> The Department should continue with its efforts to improve and implement adequate internal controls over the provider enrollment</p>

93.778 MEDICAL ASSISTANCE PROGRAM (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>process to ensure that only eligible medical providers are allowed participation in the Medicaid program.</p> <p><i>Agency Response:</i> DHHS awarded a contract to Computer Sciences Corporation (CSC) to develop and implement a replacement Medicaid Management Information System (MMIS) in support of healthcare administration for multiple DHHS agencies. Early implementation of provider Enrollment, Verification and Credentialing (EVC) and related activities will be assumed by CSC in late April 2009. The EVC process requires that the fiscal agent perform imaging of all provider documents, contracts, agreements and attachments which are retrievable by State and fiscal agent staff. The fiscal agent will verify and credential all existing providers within the first year and thereafter complete re-credentialing procedures every three (3) years on all providers whose data indicates expiration of any license, accreditation, certification, or other authorizing agencies. At the direction of the State, the fiscal agent will implement suspension or termination action for providers whose licenses have been revoked or suspended by State licensing or accrediting bodies.</p>
<p>08-SA-122 <u>Special Tests and Provisions:</u> Significant Deficiency</p>	<p><u>Long-Term Care Facility Audits Not Completed Timely</u></p> <p>Long-term care facility audits were not completed in the timeframes prescribed by the Medicaid program state plan. As a result, the Department is not in compliance with the state plan and could experience delays in the recoupment of federal funds.</p> <p>Our tests identified that 39 of 486 long-term care facility audits were not completed within the timeframes established by the state plan. The most significant errors were noted with the Intermediate Care Facilities for the Mentally Retarded where 37 of a total of 52 facility audits were deficient. The audit had not been performed timely for 25 facilities, and the Notice of Program Reimbursement (NPR) had not been completed timely for all 37 of those facilities.</p> <p>Per state plan 4.19-D guidelines, cost reports are to be desk audited and NPRs issued in accordance to specifications of the plan. Settlements of those cost reports are also to be completed within established timeframes.</p> <p><i>Federal Award Information:</i> This finding affects multiple open grants.</p> <p><i>Recommendation:</i> The Department should improve its control procedures to ensure all long-term care facilities are audited in compliance with the state plan.</p>

93.778 MEDICAL ASSISTANCE PROGRAM (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p><i>Agency Response:</i> Of 434 nursing facility audits, only two were not completed on time. The Department does not dispute this finding. The delay on ICF-MR audits was a known decision by DMA Management, specifically to preclude double payment or overpayment of the providers. The NC General Assembly authorized an inflationary increase effective 1/1/2007. This increase was divided among multiple provider groups, of which ICF-MRs were one. The decision for which providers received how much of the \$12 million had a retroactive effect, such that claims already paid for dates of service January 1, 2007 through June, 30, 2007 needed to be recouped and repaid. Since ICF-MRs are cost settled, DMA Audit had to wait until this recoup / repay was complete; failing to wait until this recoup repay was complete would result in paying the inflationary increase to ICF-MRs twice - once through the recoup / repay and a second time through cost settlement. Therefore, the delay in audits actually prevented an overpayment to providers.</p>

93.917 HIV CARE FORMULA GRANTS**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-123	<u>Eligibility:</u> Significant Deficiency Questioned Cost Finding	<u>Deficiencies in the Eligibility Determination Process – HIV Care Formula Grants</u> We identified deficiencies in the eligibility determination process for participants of the HIV Care Formula Grants program. As a result, there is an increased risk of noncompliance with federal regulations that could result in allowing ineligible applicants to receive benefits. We believe that total questioned costs in the population are likely to exceed \$10,000. While performing data analysis and testing of case files, we identified deficiencies in the eligibility determination process including: <ol style="list-style-type: none"> a. The Department was able to provide a participation eligibility data file only as of the real-time date, not for the period under review. Errors were noted in correlating the provided data file and the actual data in the online eligibility system. b. The eligibility determination system does not deny an applicant if the diagnosis is incorrect or the applicant does not meet the state residency requirement, both key parameters for applicant eligibility. c. A quality control system does not exist to prevent data entry errors. We identified instances where information was either not properly entered into the system or was incorrectly entered into the system. d. The program manual does not sufficiently address all relevant eligibility determination procedures and requirements. e. Documentation is not maintained to support financial eligibility. Reliance is placed on interviewers/physicians in the field for ensuring the accuracy of application financial information. The Department verifies Medicaid eligibility for an applicant; however, a review of eligibility for other assistance programs is not performed. f. Our sample of 40 case files identified deficiencies including: one case file could not be located, one participant's state residency was not verified, seven cases had miskeyed data into the eligibility system, and one participant failed to reapply for the program before the established deadline. It appears that in the latter case, the required reapplication deadline was not enforced for several other participants as well.

93.917 HIV CARE FORMULA GRANTS (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>Federal and state regulations for the HIV program specify eligibility requirements including key criteria such as North Carolina residency and income documentation.</p> <p><i>Federal Award Information:</i> This finding affects grants #2X07HA00051-17 and #2X08HA00051-18.</p> <p><i>Recommendation:</i> The Department should enhance its eligibility determination processes to ensure proper documentation and verification of critical requirements of the HIV program.</p> <p><i>Agency Response:</i> The administrative rules of Chapter 45, Subchapter 45A, do not dictate that eligibility personnel verify and/or obtain documentation of income and/or residency from applicants to the AIDS Drug Assistance Program. However, management meetings within the Department are warranted to determine if federal and/or state regulations serve as controlling law and should supersede administrative rules and/or if any other actions, including revision of administrative rules, may be necessary regarding the reviewer's findings and recommendations. Furthermore, management meetings will be conducted to determine whether there is a need to develop more effective and appropriate administrative procedures and internal controls for all Purchase of Medical Care Services programs, including AIDS Drug Assistance.</p>
<p>08-SA-124 Matching, Level of Effort, Earmarking: Material Weakness Material Noncompliance</p>	<p><u>Noncompliance With Maintenance of Effort Requirement for the HIV Care Formula Grants Program</u></p> <p>The Department failed to comply with the maintenance of effort requirement related to the HIV Care Formula Grants program. Federal requirements provide that the State will maintain HIV-related activities at a level that is not less than the level of expenditures for the proceeding one-year period.</p> <p>The Department's calculation of the maintenance of effort requirement is incorrect, as it was based on the state fiscal year instead of the federal fiscal year expended amounts. As such, our recalculations identified a failure to meet the requirement by \$3.6 million.</p> <p><i>Federal Award Information:</i> This finding affects grants #2X07HA00051-17 and #2X08HA00051-18.</p>

93.917 HIV CARE FORMULA GRANTS (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p><i>Recommendation:</i> The Department should implement procedures to ensure compliance with the HIV Care Formula Grants program maintenance of effort requirements, including the filing of amended federal reports as necessary.</p>
	<p><i>Agency Response:</i> The Department has compensating controls in place to track maintenance of effort by both state and federal fiscal years to identify possible shortfalls. We believe these controls are operating effectively to prevent shortfalls.</p>
	<p>Our accounting records indicate that \$3.6 million less was spent during FFY 2007 than was spent during FFY 2006. However, the Department requested and was given written authorization from HRSA allowing the Department to use liquidations of FFY 2007 obligations paid during the first quarter of FFY 2008 to cover the shortfall. The Department can provide the written authorization and the accounting records to the federal agency, upon request, to support our assertion that the maintenance of effort requirement was met. In addition, the Department spends State funds for HIV-related activities that can be captured in the calculation of maintenance of effort that was not reviewed by the Auditor.</p>
	<p><i>Auditor Comment:</i> The Department concurs that the accounting records indicate a shortfall of \$3.6 million, which is the basis of the finding. As indicated in finding 08-SA-125, the Department's methodology for tracking state expenditures needs improvement to ensure compliance with both maintenance of effort and matching requirements.</p>
08-SA-125 Matching, Level of Effort, Earmarking:	<p><u>Deficiencies in the Calculation of the Match Requirement for the HIV Care Formula Grants Program</u></p>
Significant Deficiency	<p>We identified deficiencies in the methodology used by the Department in the calculation of the match requirement related to the HIV Care Formula Grants program. As a result, there is an increased risk of noncompliance that could result in the disallowance of costs and the payback of federal funds.</p>
<u>Reporting:</u>	<p>The Department identifies its matching state expenditures using one reporting code; however, there are multiple open HIV grants at any one time. State expenditures are grouped and not identified as matching expenditures for any one particular federal fiscal year. Therefore, it is difficult to determine if specific state expenditures have previously been reported as match for other open federal grants. This error directly affects the Department's reporting on the Financial Status Reports (SF-269). We were unable to agree the state match amount reported on the SF-269 to the supporting accounting records.</p>
Significant Deficiency	

93.917 HIV CARE FORMULA GRANTS (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-126	<p data-bbox="310 1224 492 1314"><u>Period of Availability of Federal Funds:</u></p> <p data-bbox="310 1331 444 1388">Material Weakness</p> <p data-bbox="310 1409 505 1465">Material Noncompliance</p> <p data-bbox="534 1224 1468 1283"><u>Noncompliance With Period of Availability Requirements for the HIV Care Formula Grants Program</u></p> <p data-bbox="534 1318 1468 1438">The Department failed to comply with the period of availability requirements related to the HIV Care Formula Grants program. Title 42 CFR 92.23(b) requires the liquidation of obligations incurred under an award not later than 90 days after the end of the funding period.</p> <p data-bbox="534 1465 1468 1644">The 2006 federal fiscal year (FFY) HIV grant should have been closed as of June 30, 2007. We noted that the Department expended \$1.5 million beyond the 90-day liquidation period for the grant. It appears that the Department was operating under a presumptive 15-month liquidation period due to regulations allowing for the adjustment of the grant final reporting within that same timeframe.</p> <p data-bbox="534 1671 1468 1728"><i>Federal Award Information:</i> This finding affects grants #2X07HA00051-17 and #2X08HA00051-18.</p> <p data-bbox="534 1755 1468 1875"><i>Recommendation:</i> The Department should make appropriate adjustments to its accounting records to ensure expenditures are accounted for in the proper period. Federal reporting to the oversight agency should reflect those adjustments.</p>

93.917 HIV CARE FORMULA GRANTS (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-127 Procurement and Suspension and Debarment: Significant Deficiency	<p><i>Agency Response:</i> The Auditor is correct in the assumption that the Department was operating under a presumptive 15-month liquidation period due to regulations allowing for the adjustment of the grant final reporting within that same timeframe for the FFY 2006 grant mentioned above. The Financial Status Report for FFY 2006 was submitted as "not final" and accepted by the federal agency. The Department no longer operates under that presumption, but has modified its reporting procedures to comply with CFR 92.23 for grants after FFY 2006. This regulation indicates that the Department should request that the deadline for the Financial Status Report be extended.</p> <p><u>Deficiencies in the HIV Care Formula Grants Program Procurement Processes</u></p> <p>We identified deficiencies in the Department's procurement processes for contracted services within the HIV Care Formula Grants program. As a result, there is an increased risk of noncompliance that could result in the disallowance of costs and the payback of federal funds.</p> <p>The Division of Public Health (DPH) procured personal services totaling \$56,000 from two temporary employment service agencies without entering into formal contractual agreements. Contractual agreements did not exist as the services being provided were considered to be personal services, which met one of the exemptions provided for in the Department of Administration Purchase and Contract guidelines. However, the exemption may not apply when using an employment service rather than hiring an individual directly. Furthermore, entering into a formal contract ensures that there is no misunderstanding about the terms of the agreement. In addition, the payments were for two temporary employees whose contracted employment exceeded a period longer than one year.</p> <p>Per federal guidelines, DPH's procurement of services using federal funds should follow the same state policies and procedures for procurement with non-federal funds. The state personnel manual provides that temporary employment be considered a limited term, but in no case shall the temporary employment period exceed twelve consecutive months.</p> <p><i>Federal Award Information:</i> This finding affects grants #2X07HA00051-17 and #2X08HA00051-18.</p> <p><i>Recommendation:</i> The Department should improve its control procedures for the procurement of contractual services to ensure compliance with applicable state and federal purchasing and contracting requirements.</p>

93.917 HIV CARE FORMULA GRANTS (continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/
Questioned
Costs

Findings and Recommendations

Agency Response: The Department acknowledges that the employment of the temporary employees in question had exceeded the twelve consecutive month limit and will take action to rectify the situation and prevent recurrence.

93.959 BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-128	Matching, Level of Effort, <u>Earmarking:</u> Significant Deficiency	<p><u>Noncompliance With Earmarking Requirements for the Block Grants for Prevention and Treatment of Substance Abuse Program</u></p> <p>The Department did not comply with the primary prevention earmarking requirements related to the Block Grants for Prevention and Treatment of Substance Abuse program. CFR 45 Section 96.124(b)(1) requires the expenditure of not less than 20% of program funds for individuals who do not require treatment from substance abuse.</p> <p>The Department originally reported this noncompliance to its funding agency in June 2008; however, a revised reporting in September 2008 indicated that the earmarking requirement had been met. The revised report included estimated expenditures, particularly personnel costs, that were not supported by sufficient documentation. We were unable to substantiate that the earmarking requirement was met, as actual costs were not determined.</p> <p><i>Federal Award Information:</i> This finding affects grant numbers #06B1NCSAPT-1 and #07B1NCSAPT-07.</p> <p><i>Recommendation:</i> The Department should establish and implement procedures to ensure compliance with the Block Grants for Prevention and Treatment of Substance Abuse program earmarking requirements.</p> <p><i>Agency Response:</i> The Department has initiated corrective measures to monitor service provided activities that will assure proper programmatic and fiscal monitoring of compliance requirements for Substance Abuse Prevention and Treatment Block Grant (SAPTBG) funds. The Department procedures for the earmarking of not less than 20% of the statewide SAPTBG funds will be modified to clearly distinguish activities and/or expenditures provided for prevention and substance abuse services. The contracts for each provider of service will reflect the type of services to be delivered within the State fiscal year.</p>
08-SA-129	Subrecipient <u>Monitoring:</u> Significant Deficiency	<p><u>Monitoring Procedures Need to Be Improved for the Block Grants for Prevention and Treatment of Substance Abuse Program</u></p> <p>We identified deficiencies in the monitoring procedures for the Block Grants for Prevention and Treatment of Substance Abuse program. As a result, there was an increased risk of noncompliance with federal requirements by subrecipients.</p> <p>The Department is responsible for monitoring the Local Management Entities (LMEs) and non-governmental units providing the program services. Our</p>

93.959 BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-130	<p data-bbox="310 1623 493 1682"><u>Special Tests and Provisions:</u></p> <p data-bbox="342 1703 467 1761">Significant Deficiency</p> <p data-bbox="534 1623 1474 1682"><u>Monitoring Procedures Failed to Document Compliance With Independent Peer Review Requirement</u></p> <p data-bbox="534 1713 1474 1864">The Department has not sufficiently documented its compliance with the independent peer review requirement for the Block Grants for Prevention and Treatment of Substance Abuse program. As a result, there was an increased risk of noncompliance with federal requirements by the Department and its subrecipients.</p>

review of monitoring procedures identified the following deficiencies:

- Monitoring activities had a historical perspective, focused primarily on prior year versus current year grant activities.
- Monitoring tools used in the annual system review process did not address all critical compliance requirements as identified in the state compliance supplement.
- Documentation of monitoring activities for submitted financial status reports was not available. Reliance is placed on subrecipients' certification as to the allowability of activities performed and costs incurred for program activities.

Federal and state guidelines require the monitoring of current year subrecipient activities to provide reasonable assurance that subrecipients comply with applicable laws and regulations.

Federal Award Information: This finding affects grant numbers #06B1NCSAPT-1 and #07B1NCSAPT-07.

Recommendation: The Department should enhance its procedures to ensure that sufficient documentation is maintained to support its monitoring efforts. Consideration should be given to the development of comprehensive policies that address all aspects of the monitoring efforts, from the initial plan, the expected outcomes, and the directives to be provided through the state compliance supplement.

Agency Response: The Department understands and supports the important role that monitoring has in program management. The Department has initiated corrective measures to review, monitor and record activities that will assure proper programmatic and fiscal monitoring of compliance requirements for Substance Abuse Prevention and Treatment Block Grant funds.

93.959 BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE (continued)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Health and Human Services

N.C. Department of Health and Human Services

For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
	<p>Federal guidelines state that independent peer reviews of service providers must be performed to assess the quality, appropriateness, and efficacy of treatment services provided to individuals. At least five percent of the entities providing services in the State shall be reviewed annually and the entities being reviewed must be representative of the entities providing the services.</p> <p>The Department was unable to provide a complete population of entities providing treatment services or a comprehensive listing of treatment services provided under the grant such that we could determine if the independent peer requirement had been met. The Department's current policy is to select one type of treatment program and perform peer reviews of at least five percent of that particular service. There is no summary information, such as an independent peer review plan, that identifies the population of providers to be reviewed, the methodology for their selection, or total providers monitored to meet the percentage requirement.</p> <p><i>Federal Award Information:</i> This finding affects grant numbers #06B1NCSAPT-1 and #07B1NCSAPT-07.</p> <p><i>Recommendation:</i> The Department should take appropriate action to ensure that an overall provider monitoring plan is developed to ensure compliance with the independent peer review requirement.</p> <p><i>Agency Response:</i> The Department implemented corrective measures to develop an enhanced Independent Peer Review Plan. The plan involves developing a process to determine the number and types of representative substance abuse treatment entities to be selected for review. The selection process will incorporate a report developed through the Integrated Payment and Reporting System to obtain a 5% representative sample of service providers of treatment programs. The Department will use this information as a part of the monitoring activities that will assure proper programmatic and fiscal monitoring of compliance requirements for the Substance Abuse Prevention and Treatment Block Grant funds.</p>

97.004 STATE DOMESTIC PREPAREDNESS EQUIPMENT SUPPORT PROGRAM**III. Federal Award Findings and Questioned Costs**

U.S. Department of Homeland Security

N.C. Department of Crime Control and Public Safety

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-131	Subrecipient <u>Monitoring:</u> Significant Deficiency	<p data-bbox="527 575 1128 606"><u>Subrecipient Monitoring Procedures Not Sufficient</u></p> <p data-bbox="527 638 1469 789">The Department's subrecipient monitoring of the Homeland Security Cluster did not include procedures to ensure subgrantees were in compliance with the program's procurement and suspension and debarment requirements. As a result, the Department was in noncompliance with the subrecipient monitoring requirement.</p> <p data-bbox="527 821 1469 1003">Under the federal compliance requirements, monitoring procedures should be in place to address all significant laws, regulations, and contract and grant provisions applicable to the program. The Department has monitoring procedures that address the other program requirements, but its procedures were not designed to cover procurement and suspension and debarment requirements.</p> <p data-bbox="527 1035 1469 1125"><i>Federal Award Information:</i> CFDA 97.004 grant agreement 2004-GE-T4-0014; CFDA 97.067 grant agreements 2005-GE-T5-0051, 2006-GE-T6-0010, and 2007-GE-T7-0048.</p> <p data-bbox="527 1157 1469 1247"><i>Recommendation:</i> The Department should implement procedures to ensure they monitor subgrantees for all compliance requirements, including the federal procurement and suspension and debarment requirements.</p> <p data-bbox="527 1278 1469 1404"><i>Agency Response:</i> The Department agrees with this finding. Procedures have been revised to require grants managers to document on each cost report their review of state and federal debarment lists to confirm the eligibility of vendors submitted by sub-grantees.</p>

97.036 DISASTER GRANTS – PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)**III. Federal Award Findings and Questioned Costs**

U.S. Department of Homeland Security

N.C. Department of Crime Control and Public Safety

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-132	Matching, Level of Effort, <u>Earmarking:</u> Significant Deficiency	<u>Inadequate Access and Program Change Controls for the Public Assistance Management System</u> The Department of Crime Control and Public Safety does not have adequate controls in place over access and program changes to the public assistance management system. As a result, there is an increased risk of noncompliance from accidental or unauthorized changes being made and not detected. However, no actual noncompliance was noted in our audit. See finding 08-SA-29 for a description.
08-SA-133	Procurement and Suspension and Debarment: Significant Deficiency <u>Subrecipient Monitoring:</u> Significant Deficiency	<u>Inadequate Controls to Ensure Compliance With the Suspension and Debarment Requirement</u> The Department does not have adequate controls in place to ensure that federal funds are not awarded or disbursed to parties that are debarred or suspended from receiving federal funds. As a result, there is an increased risk that the Department or one of its subgrantees could be in noncompliance with the federal suspension and debarment requirement. According to the federal program requirements in 44 CFR Part 13, the Department and its subgrantees must not make an award or permit an award to any party which is debarred or suspended from receiving federal funds. We identified the following deficiencies: <ul style="list-style-type: none"> • As part of the grant award process, the Department is to obtain a certification from the subgrantee attesting they are not suspended or debarred from receiving federal funds. In 46% of the grant files we reviewed, the Department did not have the required certification from the subgrantee. However, we did not identify any subgrantees that were suspended or debarred. • The Department did not have subrecipient monitoring procedures in place to ensure that subgrantees did not contract with or disburse funds to debarred or suspended parties. As a result, the Department was in noncompliance with subrecipient monitoring requirement. <i>Federal Award Information:</i> CFDA 97.036 disasters Hurricane Isabel (Disaster #1490), Tropical Storm Frances (Disaster #1546), Hurricane Ivan (Disaster #1553), Hurricane Katrina Evacuation (Disaster #3222), and Hurricane Ophelia (Disaster #1608 and Disaster #3254).

97.036 DISASTER GRANTS – PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)
(continued)

III. Federal Award Findings and Questioned Costs

U.S. Department of Homeland Security
N.C. Department of Crime Control and Public Safety
For the Fiscal Year Ended June 30, 2008

Type of Finding/ Questioned Costs	Findings and Recommendations
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Recommendation: The Department should enhance controls over awarding federal funds to ensure compliance with the suspension and debarment requirement. In addition, the Department should implement procedures to ensure that it monitors subgrantees for all compliance requirements, including the federal suspension and debarment requirement.

Agency Response: The Department agrees with this finding. Procedures have been developed to require each sub-grantee to certify their compliance with suspension and debarment requirements on a standard form that will be maintained in each applicant's folder. Additionally, grants managers will be required to document their review of sub-grantee certifications on each reimbursement approval form to certify that they are monitored and current.

97.067 HOMELAND SECURITY GRANT PROGRAM**III. Federal Award Findings and Questioned Costs**

U.S. Department of Homeland Security

N.C. Department of Crime Control and Public Safety

For the Fiscal Year Ended June 30, 2008

	Type of Finding/ Questioned Costs	Findings and Recommendations
08-SA-134	Subrecipient <u>Monitoring:</u> Significant Deficiency	<p data-bbox="519 575 1128 606"><u>Subrecipient Monitoring Procedures Not Sufficient</u></p> <p data-bbox="519 638 1481 793">The Department's subrecipient monitoring of the Homeland Security Cluster did not include procedures to ensure subgrantees were in compliance with the program's procurement and suspension and debarment requirements. As a result, the Department was in noncompliance with the subrecipient monitoring requirement. See finding 08-SA-131 for a description.</p>
08-SA-135	Special Tests <u>and Provisions:</u> Material Weakness Material Noncompliance	<p data-bbox="519 856 1274 888"><u>Homeland Security Funds Were Not Obligated Within 60 Days</u></p> <p data-bbox="519 919 1481 1041">The federal funds for the Homeland Security Grant Program were not obligated to subgrantees within the required 60-day timeframe. Under the program's requirements, states must establish a firm and unconditional commitment with a subgrantee within 60 days of the grant award.</p> <p data-bbox="519 1073 1177 1104">We identified the following noncompliance in our audit:</p> <ul data-bbox="519 1136 1481 1503" style="list-style-type: none"> <li data-bbox="519 1136 1481 1230">• Funds totaling \$10.61 million should have been obligated within 60 days of the grant award date for the State Homeland Security Program. At least \$9.81 million of the funds were not awarded within the 60-day period. <li data-bbox="519 1251 1481 1346">• Funds totaling \$4.97 million should have been obligated within 60 days of the grant award date for the Urban Areas Security Initiative. None of the funds were awarded within the 60-day period. <li data-bbox="519 1367 1481 1503">• Funds totaling \$7.58 million should have been obligated within 60 days of the grant award date for the Law Enforcement Terrorism Prevention Program. At least \$4.38 million of the funds were not awarded within the 60-day period. <p data-bbox="519 1524 1469 1556"><i>Federal Award Information:</i> CFDA 97.067 grant agreement 2007-GE-T7-0048.</p> <p data-bbox="519 1587 1481 1671"><i>Recommendation:</i> The Department should enhance internal controls to ensure compliance with the federal guidelines and execute subawards within the federally required timeframe.</p> <p data-bbox="519 1703 1481 1812"><i>Agency Response:</i> The Department agrees with this finding. We have modified the Homeland Security Grant Program Grant (HSGP) processes and procedures to ensure compliance by executing sub-awards within the federally mandated timeline.</p>

Summary of Findings and Questioned Costs

**Summary of Findings and Questioned Costs
By Federal Agency**

For the Fiscal Year Ended June 30, 2008

Federal Agency	CFDA	Finding Number	Finding	Questioned Costs
U.S. Department of Agriculture:	10.551	08-SA-1	Inadequate Control Over User Access to the Food Stamps Financial and Benefits Systems	\$ -
	10.557	08-SA-2	Inadequate Control Over User Access to the Aid to County Reimbursement System	-
		08-SA-3	Deficiencies in Cash Management Procedures	-
		08-SA-4	Documentation Lacking in County WIC Case Files	-
		08-SA-5	Deficiencies in Federal Financial Reporting	-
		08-SA-6	Monitoring of a Service Organization Needs Improvement	-
		08-SA-7	Deficiencies in the Monitoring Procedures for Predominately WIC Vendors	-
	10.558	08-SA-8	Corrective Action Plans Not Obtained for Subrecipients	-
				-
	10.561	08-SA-9	Improper Access to the County Administration Reimbursement System	-
		08-SA-10	Deficiencies in Cash Management Procedures	-
08-SA-11		Inadequate Control Over User Access to the Eligibility Computer System	-	
			-	
10.664	08-SA-12	Insufficient Documentation For Cooperative Forestry Assistance Program Payments	-	
	08-SA-13	Inadequate Supervisory Review of Federal Reports	-	
			-	
			-	
			Total Federal Agency	-
U.S. Department of Housing and Urban Development:	14.871	08-SA-14	Lost Interest Earnings on Program Reserve Funds	-
		08-SA-15	Inadequate Review Procedures and Internal Control Monitoring	-
		08-SA-16	Inappropriate Access to the Voucher Management System	-
		08-SA-17	Lack of Documentation to Support Annual Review of Utility Allowance Schedule	-
			-	
			Total Federal Agency	-

**Summary of Findings and Questioned Costs
By Federal Agency**

For the Fiscal Year Ended June 30, 2008

Federal Agency	CFDA	Finding Number	Finding	Questioned Costs
U.S. Department of Labor:	17.207	08-SA-18	Equipment Records Not in Compliance With Federal Requirements	-
		08-SA-19	Federal Debarment Status Verification Not Performed	-
		08-SA-20	Employment Services Program Reports Not Agreed to Underlying Data	-
				<hr/>
				-
	17.225	08-SA-21	Unemployment Insurance Program Reports Not Agreed to Underlying Data	-
				<hr/>
				-
	17.245	08-SA-22	Inadequate Controls Over Federal Reports in the Trade Adjustment Assistance Program	-
				<hr/>
				-
	17.801	08-SA-23	Federal Debarment Status Verification Not Performed	-
		08-SA-24	Employment Services Program Reports Not Agreed to Underlying Data	-
				<hr/>
				-
17.804	08-SA-25	Federal Debarment Status Verification Not Performed	-	
	08-SA-26	Employment Services Program Reports Not Agreed to Underlying Data	-	
			<hr/>	
			-	
			<hr/>	
			Total Federal Agency	-
U.S. Department of Transportation:	20.106	08-SA-27	Subrecipient Monitoring Visits Were Not Documented	-
				<hr/>
				-
20.205	08-SA-28	Testing Standards Were Not Met	-	
			<hr/>	
			-	
			<hr/>	
			Total Federal Agency	-
Federal Emergency Management Agency:	83.544	08-SA-29	Inadequate Access and Program Change Controls for the Public Assistance Management System	-
				<hr/>
			-	
			<hr/>	
			Total Federal Agency	-

**Summary of Findings and Questioned Costs
By Federal Agency**

For the Fiscal Year Ended June 30, 2008

Federal Agency	CFDA	Finding Number	Finding	Questioned Costs	
U.S. Department of Education:	84.007	08-SA-30	Inadequate Reconciliation of Student Financial Aid Awards	-	
		08-SA-31	Untimely Return of Federal Funds	-	
		08-SA-32	Inadequate Reconciliations of Student Financial Aid Awards	-	
		08-SA-33	Inappropriate System Access Rights To Financial Aid Data	-	
		08-SA-34	Weakness in the Student Financial Aid Application Verification Process	300	
		08-SA-35	Student Financial Aid Funds Not Returned to Providers as Required	312	
				612	
		84.011	08-SA-36	Failure to Monitor for the Participation of Private School Children Requirement	-
				-	
		84.027	08-SA-37	Inadequate Subrecipient Monitoring	-
				-	
		84.032	08-SA-38	Error in Schedule of Expenditures of Federal Awards	-
			08-SA-39	Inadequate Reconciliation of Student Financial Aid Awards	-
			08-SA-40	Federal Loan Funds Not Disbursed Timely	-
			08-SA-41	Untimely Return of Federal Funds	-
			08-SA-42	Untimely Notice to Lender of Changes in Students' Status	-
			08-SA-43	Inadequate Reconciliations of Student Financial Aid Awards	-
			08-SA-44	Inappropriate System Access Rights to Financial Aid Data	-
			08-SA-45	Incorrect Federal Aid Awards	20
			08-SA-46	Untimely Notice to Lender of Changes in Students' Status	-
			08-SA-47	Errors in the Return of Federal Funds	5,034
			08-SA-48	Student Financial Aid Over-Awards and Errors	15,158
			08-SA-49	Weakness in the Student Financial Aid Application Verification Process	19,039
				08-SA-50	Student Financial Aid Funds Not Returned to Providers as Required
				52,642	
		84.033	08-SA-51	Inadequate Reconciliation of Student Financial Aid Awards	-
			08-SA-52	Inadequate Reconciliations of Student Financial Aid Awards	-
			08-SA-53	Inappropriate System Access Rights to Financial Aid Data	-
			08-SA-54	Weakness in the Student Financial Aid Application Verification Process	1,512
				1,512	
		84.038	08-SA-55	Inadequate Reconciliation of Student Financial Aid Awards	-
			08-SA-56	Inadequate Reconciliations of Student Financial Aid Awards	-
			08-SA-57	Inappropriate System Access Rights to Financial Aid Data	-
			08-SA-58	Weakness in the Student Financial Aid Application Verification Process	2,000
				2,000	

**Summary of Findings and Questioned Costs
By Federal Agency**

For the Fiscal Year Ended June 30, 2008

Federal Agency	CFDA	Finding Number	Finding	Questioned Costs	
U.S. Department of Education: (continued)	84.063	08-SA-59	Inadequate Reconciliation of Student Financial Aid Awards	-	
		08-SA-60	Ineligible Federal Aid Recipients	965	
		08-SA-61	Untimely Return of Federal Funds	-	
		08-SA-62	Untimely Return of Federal Funds	-	
		08-SA-63	Inadequate Reconciliations of Student Financial Aid Awards	-	
		08-SA-64	Inappropriate System Access Rights to Financial Aid Data	-	
		08-SA-65	Incorrect Federal Aid Awards	1,100	
		08-SA-66	Errors in the Return of Federal Funds	596	
		08-SA-67	Weakness in the Student Financial Aid Application Verification Process	6,725	
		08-SA-68	Student Financial Aid Funds Not Returned to Providers as Required	5,715	
				<hr/>	15,101
		84.126	08-SA-69	Rehabilitation Services – Vocational Rehabilitation Grants to States Program Claims Were Not Properly Paid	17,706
	08-SA-70		Deficiencies in the Documentation of Client Eligibility	-	
	08-SA-71		Control Weaknesses Over Fixed Asset Inventory	-	
				<hr/>	17,706
		84.173	08-SA-72	Inadequate Subrecipient Monitoring	-
				<hr/>	-
		84.268	08-SA-73	Inadequate Reconciliation of Student Financial Aid Awards	-
	08-SA-74		Ineligible Federal Aid Recipients	3,496	
	08-SA-75		Financial Aid Over-Awards	14,616	
	08-SA-76		Schedule of Expenditures of Federal Awards Contained Misstatements	-	
				<hr/>	18,112
		84.365	08-SA-77	Failure to Comply With Federal Suspension and Debarment Requirements	-
	08-SA-78		Failure to Monitor for Federal Level of Effort Requirement	-	
				<hr/>	-
		84.366	08-SA-79	Failure to Comply With Federal Suspension and Debarment Requirements	-
	08-SA-80		Failure to Monitor for the Participation of Private School Children Requirement	-	
				<hr/>	-
		84.375	08-SA-81	Inadequate Reconciliation of Student Financial Aid Awards	-
	08-SA-82		Schedule of Expenditures of Federal Awards Contained Misstatements	-	
	08-SA-83		Inadequate Reconciliations of Student Financial Aid Awards	-	
	08-SA-84		Inappropriate System Access Rights to Financial Aid Data	-	
			<hr/>	-	

**Summary of Findings and Questioned Costs
By Federal Agency**

For the Fiscal Year Ended June 30, 2008

Federal Agency	CFDA	Finding Number	Finding	Questioned Costs
U.S. Department of Education: (continued)	84.376	08-SA-85	Inadequate Reconciliation of Student Financial Aid Awards	-
		08-SA-86	Schedule of Expenditures of Federal Awards Contained Misstatements	-
		08-SA-87	Inadequate Reconciliations of Student Financial Aid Awards	-
		08-SA-88	Inappropriate System Access Rights to Financial Aid Data	-
				Total Federal Agency
U. S. Department of Health and Human Services:	93.558	08-SA-89	Inadequate Control Over User Access to the County Administration Reimbursement System	-
		08-SA-90	Deficiencies in Cash Management Procedures	-
		08-SA-91	Deficiencies in County Eligibility Determination Process - Temporary Assistance for Needy Families Program	-
		08-SA-92	County Case File Not Located for Temporary Assistance for Needy Families Program	-
		08-SA-93	Inadequate Control Over User Access to Eligibility Computer Systems	-
	93.563	08-SA-94	Inadequate Control Over User Access to the County Administration Reimbursement System	-
		08-SA-95	Deficiencies in Cash Management Procedures	-
		08-SA-96	Appropriate Action Not Taken in Child Support Cases	-
		08-SA-97	Inadequate Control Over User Access to the Automated Collection Tracking System (ACTS)	-
		08-SA-98	Unallowable Costs Transferred to the Computing Services Fund	-
	93.568	08-SA-99	Inadequate Control Over User Access to the County Administration Reimbursement System	-
		08-SA-100	Deficiencies in Cash Management Procedures	-
	93.658	08-SA-101	Inadequate Control Over User Access to the Foster Care Financial Systems	-
		08-SA-102	Inadequate Control Over User Access to the County Administration Reimbursement System	-
08-SA-103		Deficiencies in Cash Management Procedures	-	
08-SA-104		Insufficient Monitoring Efforts for the Foster Care Program	-	

**Summary of Findings and Questioned Costs
By Federal Agency**

For the Fiscal Year Ended June 30, 2008

Federal Agency	CFDA	Finding Number	Finding	Questioned Costs
U. S. Department of Health and Human Services: (continued)	93.659	08-SA-105	Inadequate Control Over User Access to the Adoption Assistance Financial System	-
		08-SA-106	Inadequate Control Over User Access to the County Administration Reimbursement System	-
		08-SA-107	Deficiencies in County Eligibility Determination Process - Adoption Assistance Program	54,411
		08-SA-108	Improvements Needed With Adoption Assistance - Title IV-E Monitoring Efforts	-
				54,411
	93.667	08-SA-109	Inadequate Control Over User Access to the County Administration Reimbursement System	-
		08-SA-110	Deficiencies in the Social Services Block Grant Monitoring Procedures	-
				-
	93.767	08-SA-111	Deficiencies in County Eligibility Determination Process - State Children's Insurance Program	-
		08-SA-112	Inadequate Control Over User Access to the Eligibility Computer System	-
		08-SA-113	Incorrect Health Insurance Claims Paid	43,531
				43,531
	93.778	08-SA-114	Failure to Terminate User Access for the Medicaid Management Information System and Department Network	-
		08-SA-115	Deficiencies in Medicaid Provider Billing and Payment System	38,047
		08-SA-116	Deficiencies in Cash Management Procedures for the Medicaid Program	-
		08-SA-117	Deficiencies In County Eligibility Determination Process - Medicaid Program	-
		08-SA-118	Documentation Lacking in County Medicaid Case Files	-
		08-SA-119	Inadequate Control Over User Access to the Eligibility Computer System	-
		08-SA-120	Deficiencies in the Medicaid Program Procurement Processes	-
		08-SA-121	Deficiencies In Controls Over the Provider Eligibility Enrollment Process	-
		08-SA-122	Long-Term Care Facility Audits Not Completed Timely	-
				38,047
	93.917	08-SA-123	Deficiencies In the Eligibility Determination Process – HIV Care Formula Grants	-
		08-SA-124	Noncompliance With Maintenance of Effort Requirement for the HIV Care Formula Grants Program	-
		08-SA-125	Deficiencies in the Calculation of the Match Requirement for the HIV Care Formula Grants Program	-
		08-SA-126	Noncompliance With Period of Availability Requirements for the HIV Care Formula Grants Program	-
		08-SA-127	Deficiencies in the HIV Care Formula Grants Program Procurement Processes	-
			-	

**Summary of Findings and Questioned Costs
By Federal Agency**

For the Fiscal Year Ended June 30, 2008

Federal Agency	CFDA	Finding Number	Finding	Questioned Costs
U. S. Department of Health and Human Services: (continued)	93.959	08-SA-128	Noncompliance With Earmarking Requirements for the Block Grants for Prevention and Treatment of Substance Abuse Program	-
		08-SA-129	Monitoring Procedures Need to Be Improved for the Block Grants for Prevention and Treatment of Substance Abuse Program	-
		08-SA-130	Monitoring Procedures Failed to Document Compliance With Independent Peer Review Requirement	-
				Total Federal Agency
U.S. Department of Homeland Security:	97.004	08-SA-131	Subrecipient Monitoring Procedures Not Sufficient	-
				-
	97.036	08-SA-132	Inadequate Access and Program Change Controls for the Public Assistance Management System	-
		08-SA-133	Inadequate Controls to Ensure Compliance With the Suspension and Debarment Requirement	-
				-
	97.067	08-SA-134	Subrecipient Monitoring Procedures Not Sufficient	-
08-SA-135		Homeland Security Funds Were Not Obligated Within 60 Days	-	
			-	
			Total Federal Agency	<u>-</u>
Total Questioned Costs				\$ <u>243,674</u>

**Summary of Findings and Questioned Costs
By State Agency**

For the Fiscal Year Ended June 30, 2008

State Agency	Finding	Finding Numbers	Questioned Costs		
Administration:	1	Lost Interest Earnings on Program Reserve Funds	08-SA-14	\$ -	
	2	Inadequate Review Procedures and Internal Control Monitoring	08-SA-15	-	
	3	Inappropriate Access to the Voucher Management System	08-SA-16	-	
	4	Lack of Documentation to Support Annual Review of Utility Allowance Schedule	08-SA-17	-	
			Total State Agency	-	
Caldwell Community College & Technical Institute:	5	Error in Schedule of Expenditures of Federal Awards	08-SA-38	-	
			Total State Agency	-	
Crime Control and Public Safety:	6	Inadequate Access and Program Change Controls for the Public Assistance Management System	08-SA-29, 08-SA-132	-	
	7	Subrecipient Monitoring Procedures Not Sufficient	08-SA-131, 08-SA-134	-	
	8	Inadequate Controls to Ensure Compliance With the Suspension and Debarment Requirement	08-SA-133	-	
	9	Homeland Security Funds Were Not Obligated Within 60 Days	08-SA-135	-	
				Total State Agency	-
Elizabeth City State University:	10	Inadequate Reconciliation of Student Financial Aid Awards	08-SA-30, 08-SA-39, 08-SA-51, 08-SA-55, 08-SA-59, 08-SA-73, 08-SA-81, 08-SA-85	-	
	11	Federal Loan Funds Not Disbursed Timely	08-SA-40	-	
	12	Ineligible Federal Aid Recipients	08-SA-60, 08-SA-74	965 3,496	
				Total State Agency	4,461
	Employment Security Commission:	13	Equipment Records Not in Compliance With Federal Requirements	08-SA-18	-

**Summary of Findings and Questioned Costs
By State Agency**

For the Fiscal Year Ended June 30, 2008

State Agency	Finding	Finding Numbers	Questioned Costs	
Employment Security Commission: (continued)	14	Federal Debarment Status Verification Not Performed	08-SA-19, 08-SA-23, 08-SA-25	- - -
	15	Employment Services Program Reports Not Agreed to Underlying Data	08-SA-20, 08-SA-24, 08-SA-26	- - -
	16	Unemployment Insurance Program Reports Not Agreed to Underlying Data	08-SA-21	-
	17	Inadequate Controls Over Federal Reports in the Trade Adjustment Assistance Program	08-SA-22	-
			Total State Agency	-
Environment and Natural Resources:	18	Insufficient Documentation For Cooperative Forestry Assistance Program Payments	08-SA-12	-
	19	Inadequate Supervisory Review of Federal Reports	08-SA-13	-
			Total State Agency	-
Fayetteville State University:	20	Untimely Return of Federal Funds	08-SA-31, 08-SA-41, 08-SA-61	- - -
	21	Untimely Notice to Lender of Changes in Students' Status	08-SA-42	-
			Total State Agency	-
Health and Human Services:	22	Deficiencies in Financial Reporting Process	08-FS-1	-
	23	Inadequate Control Over User Access to the Food Stamps Financial and Benefits Systems	08-SA-1	-
	24	Inadequate Control Over User Access to the Aid to County Reimbursement System	08-SA-2	-
	25	Deficiencies in Cash Management Procedures	08-SA-3	-
	26	Documentation Lacking in County WIC Case Files	08-SA-4	-
	27	Deficiencies in Federal Financial Reporting	08-SA-5	-
	28	Monitoring of a Service Organization Needs Improvement	08-SA-6	-
	29	Deficiencies in the Monitoring Procedures for Predominately WIC Vendors	08-SA-7	-
	30	Corrective Action Plans Not Obtained for Subrecipients	08-SA-8	-
	31	Improper Access to the County Administration Reimbursement System	08-SA-9	-
	32	Deficiencies in Cash Management Procedures	08-SA-10	-
	33	Inadequate Control Over User Access to the Eligibility Computer System	08-SA-11	-
	34	Rehabilitation Services – Vocational Rehabilitation Grants to States Program Claims Were Not Properly Paid	08-SA-69	17,706

**Summary of Findings and Questioned Costs
By State Agency**

For the Fiscal Year Ended June 30, 2008

State Agency	Finding	Finding Numbers	Questioned Costs
Health and Human Services: (continued)	35 Deficiencies in the Documentation of Client Eligibility	08-SA-70	-
	36 Control Weaknesses Over Fixed Asset Inventory	08-SA-71	-
	37 Inadequate Control Over User Access to the County Administration Reimbursement System	08-SA-89	-
	38 Deficiencies in Cash Management Procedures	08-SA-90	-
	39 Deficiencies in County Eligibility Determination Process - Temporary Assistance for Needy Families Program	08-SA-91	-
	40 County Case File Not Located for Temporary Assistance for Needy Families Program	08-SA-92	-
	41 Inadequate Control Over User Access to Eligibility Computer Systems	08-SA-93	-
	42 Inadequate Control Over User Access to the County Administration Reimbursement System	08-SA-94	-
	43 Deficiencies in Cash Management Procedures	08-SA-95	-
	44 Appropriate Action Not Taken in Child Support Cases	08-SA-96	-
	45 Inadequate Control Over User Access to the Automated Collection Tracking System (ACTS)	08-SA-97	-
	46 Inadequate Control Over User Access to the County Administration Reimbursement System	08-SA-99	-
	47 Deficiencies in Cash Management Procedures	08-SA-100	-
	48 Inadequate Control Over User Access to the Foster Care Financial Systems	08-SA-101	-
	49 Inadequate Control Over User Access to the County Administration Reimbursement System	08-SA-102	-
	50 Deficiencies in Cash Management Procedures	08-SA-103	-
	51 Insufficient Monitoring Efforts for the Foster Care Program	08-SA-104	-
	52 Inadequate Control Over User Access to the Adoption Assistance Financial System	08-SA-105	-
	53 Inadequate Control Over User Access to the County Administration Reimbursement System	08-SA-106	-
	54 Deficiencies in County Eligibility Determination Process - Adoption Assistance Program	08-SA-107	54,411
	55 Improvements Needed With Adoption Assistance - Title IV-E Monitoring Efforts	08-SA-108	-
	56 Inadequate Control Over User Access to the County Administration Reimbursement System	08-SA-109	-
	57 Deficiencies in the Social Services Block Grant Monitoring Procedures	08-SA-110	-
	58 Deficiencies in County Eligibility Determination Process - State Children's Insurance Program	08-SA-111	-
	59 Inadequate Control Over User Access to the Eligibility Computer System	08-SA-112	-
	60 Failure to Terminate User Access for the Medicaid Management Information System and Department Network	08-SA-114	-
	61 Deficiencies in Medicaid Provider Billing and Payment System	08-SA-115	38,047
	62 Deficiencies in Cash Management Procedures for the Medicaid Program	08-SA-116	-
	63 Deficiencies In County Eligibility Determination Process - Medicaid Program	08-SA-117	-
	64 Documentation Lacking in County Medicaid Case Files	08-SA-118	-
	65 Inadequate Control Over User Access to the Eligibility Computer System	08-SA-119	-

**Summary of Findings and Questioned Costs
By State Agency**

For the Fiscal Year Ended June 30, 2008

State Agency	Finding	Finding Numbers	Questioned Costs
Health and Human Services: (continued)	66 Deficiencies in the Medicaid Program Procurement Processes	08-SA-120	-
	67 Deficiencies In Controls Over the Provider Eligibility Enrollment Process	08-SA-121	-
	68 Long-Term Care Facility Audits Not Completed Timely	08-SA-122	-
	69 Deficiencies in the Eligibility Determination Process – HIV Care Formula Grants	08-SA-123	-
	70 Noncompliance With Maintenance of Effort Requirement for the HIV Care Formula Grants Program	08-SA-124	-
	71 Deficiencies in the Calculation of the Match Requirement for the HIV Care Formula Grants Program	08-SA-125	-
	72 Noncompliance With Period of Availability Requirements for the HIV Care Formula Grants Program	08-SA-126	-
	73 Deficiencies in the HIV Care Formula Grants Program Procurement Processes	08-SA-127	-
	74 Noncompliance With Earmarking Requirements for the Block Grants for Prevention and Treatment of Substance Abuse Program	08-SA-128	-
	75 Monitoring Procedures Need to Be Improved for the Block Grants for Prevention and Treatment of Substance Abuse Program	08-SA-129	-
76 Monitoring Procedures Failed to Document Compliance With Independent Peer Review Requirement	08-SA-130	-	
		Total State Agency	<u>110,164</u>
Information Technology Services:	77 Unallowable Costs Transferred to the Computing Services Fund	08-SA-98	-
		Total State Agency	<u>-</u>
N.C. Agricultural and Technical State University:	78 Financial Aid Over-Awards	08-SA-75	14,616
	79 Schedule of Expenditures of Federal Awards Contained Misstatements	08-SA-76, 08-SA-82, 08-SA-86	-
			-
			-
		Total State Agency	<u>14,616</u>
Public Instruction:	80 Failure to Monitor for the Participation of Private School Children Requirement	08-SA-36, 08-SA-80	-
	81 Inadequate Subrecipient Monitoring	08-SA-37, 08-SA-72	-
	82 Failure to Comply With Federal Suspension and Debarment Requirements	08-SA-77, 08-SA-79	-
	83 Failure to Monitor for Federal Level of Effort Requirement	08-SA-78	-
			Total State Agency

**Summary of Findings and Questioned Costs
By State Agency**

For the Fiscal Year Ended June 30, 2008

State Agency	Finding	Finding Numbers	Questioned Costs
Roanoke-Chowan Community College:	84 Untimely Return of Federal Funds	08-SA-62	-
		Total State Agency	-
State Controller:	85 Payroll Disbursing Accounts Not Reconciled Timely	08-FS-3	-
		Total State Agency	-
Teachers' and State Employees' Comprehensive Major Medical Plan:	86 Deficiencies in Financial Reporting	08-FS-4	-
	87 Incorrect Health Insurance Claims Paid	08-FS-5, 08-SA-113	-
		Total State Agency	43,531
Transportation:	88 Year- End Financial Reporting Process Did Not Identify All Liabilities	08-FS-2	-
	89 Subrecipient Monitoring Visits Were Not Documented	08-SA-27	-
	90 Testing Standards Were Not Met	08-SA-28	-
		Total State Agency	-
University of North Carolina-Pembroke:	91 Inadequate Reconciliations of Student Financial Aid Awards	08-SA-32, 08-SA-43, 08-SA-52, 08-SA-56, 08-SA-63, 08-SA-83, 08-SA-87	-
	92 Inappropriate System Access Rights to Financial Aid Data	08-SA-33, 08-SA-44, 08-SA-53, 08-SA-57, 08-SA-64, 08-SA-84, 08-SA-88	-
	93 Incorrect Federal Aid Awards	08-SA-45, 08-SA-65	20
			1,100

**Summary of Findings and Questioned Costs
By State Agency**

For the Fiscal Year Ended June 30, 2008

State Agency	Finding	Finding Numbers	Questioned Costs
University of North Carolina-Pembroke: (continued)	94 Untimely Notice to Lender of Changes in Students' Status	08-SA-46	-
	95 Errors in the Return of Federal Funds	08-SA-47, 08-SA-66	5,034
			<u>596</u>
		Total State Agency	<u>6,750</u>
Winston-Salem State University:	96 Weakness in the Student Financial Aid Application Verification Process	08-SA-34,	300
		08-SA-49,	19,039
		08-SA-54,	1,512
		08-SA-58,	2,000
		08-SA-67	6,725
97 Student Financial Aid Funds Not Returned to Providers as Required	08-SA-35,	312	
	08-SA-50, 08-SA-68	13,391 5,715	
98 Student Financial Aid Over-Awards and Errors	08-SA-48	<u>15,158</u>	
		Total State Agency	<u>64,152</u>
Total Questioned Costs			<u>\$ 243,674</u>

AUDITEE'S SECTION

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**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008**

**Prepared by
Office of the State Controller**

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SUMMARY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Program Expenditures	CFDA Program Title or Cluster Title
AGEC	30,184,232	Aging Cluster
CCDF	274,262,419	CCDF Cluster
CDBG	197,671	CDBG-Entitlement and (HUD-Administered) Small Cities Cluster
CHNC	346,041,303	Child Nutrition Cluster
DISI	46,871,532	Disability Insurance/SSI Cluster
EFAC	7,867,263	Emergency Food Assistance Cluster
EMPS	33,306,465	Employment Service Cluster
F&WC	11,334,514	Fish and Wildlife Cluster
FDST	1,129,198,384	Food Stamp Cluster
FEDT	643,215	Federal Transit Cluster
FGSC	723,682	Foster Grandparent/Senior Companion Cluster
HLSC	30,890,947	Homeland Security Cluster
HPCC	858,854,689	Highway Planning and Construction Cluster
HWSC	12,583,248	Highway Safety Cluster
MEDC	6,597,581,998	Medicaid Cluster
NAET	221,592	Native American Employment and Training Cluster
PWED	1,615,928	Public Works and Economic Development Cluster
RD	663,404,622	Research and Development
SFAC	832,240,207	Student Financial Assistance Cluster
SPED	331,369,532	Special Education Cluster
TRIO	19,092,270	TRIO Cluster
TSPC	149,770	Transit Services Programs Cluster
WIAC	91,720,925	WIA Cluster
10	1,576,365	U.S. Department of Agriculture
10.001	20,285	Agricultural Research-Basic and Applied Research
10.025	3,012,308	Plant and Animal Disease, Pest Control, and Animal Care
10.028	75,000	Wildlife Services
10.069	131,020	Conservation Reserve Program
10.153	5,676	Market News
10.156	89,368	Federal-State Marketing Improvement Program
10.162	14,864	Inspection Grading and Standardization
10.163	47,116	Market Protection and Promotion
10.168	15,415	Farmers' Market Promotion Program
10.200	89	Grants for Agricultural Research, Special Research Grants
10.203	296,027	Payments to Agricultural Experiment Stations Under the Hatch Act
10.205	18,379	Payments to 1890 Land-Grant Colleges and Tuskegee University
10.206	2,225,641	Grants for Agricultural Research-Competitive Research Grants
10.210	221,544	Food and Agricultural Sciences National Needs Graduate Fellowship Grants
10.215	4,362	Sustainable Agriculture Research and Education
10.216	340,775	1890 Institution Capacity Building Grants
10.217	118,579	Higher Education Challenge Grants
10.250	422,760	Agricultural and Rural Economic Research
10.308	46,393	Resident Instruction Grants for Insular Area Activities
10.352	20,367	Value-Added Producer Grants
10.435	154,293	State Mediation Grants
10.441	21,213	Technical and Supervisory Assistance Grants
10.443	95,469	Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers
10.475	3,313,221	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection
10.500	19,083,328	Cooperative Extension Service
10.550	35,430,606	Food Donation
10.557	167,605,444	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	78,413,385	Child and Adult Care Food Program
10.560	6,869,289	State Administrative Expenses for Child Nutrition
10.565	344,997	Commodity Supplemental Food Program
10.567	292,963	Food Distribution Program on Indian Reservations
10.572	260,348	WIC Farmers' Market Nutrition Program (FMNP)
10.576	35,328	Senior Farmers Market Nutrition Program
10.579	21,456	Child Nutrition Discretionary Grants Limited Availability
10.582	914,414	Fresh Fruit and Vegetable Program
10.604	2,793	Technical Assistance for Specialty Crops Program

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SUMMARY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Program Expenditures	CFDA Program Title or Cluster Title
10.605	84,043	Quality Samples Program
10.652	1,011,656	Forestry Research
10.664	4,778,062	Cooperative Forestry Assistance
10.672	1,583	Rural Development, Forestry, and Communities
10.676	9,359	Forest Legacy Program
10.677	182,583	Forest Land Enhancement Program
10.678	20,692	Forest Stewardship Program
10.680	729,719	Forest Health Protection
10.766	150,000	Community Facilities Loans and Grants
10.912	360,468	Environmental Quality Incentives Program
11	261,969	U.S. Department of Commerce
11.112	183,122	Market Development Cooperator Program
11.303	338,988	Economic Development-Technical Assistance
11.400	844,223	Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)
11.431	631	Climate and Atmospheric Research
11.433	47,671	Marine Fisheries Initiative
11.440	58,384	Environmental Sciences, Applications, Data, and Education
11.450	143,884	Automated Flood Warning Systems (AFWS)
11.452	1,192	Unallied Industry Projects
11.467	1,999	Meteorologic and Hydrologic Modernization Development
11.469	22,569	Congressionally Identified Awards and Projects
11.472	50,000	Unallied Science Program
11.473	39,756	Coastal Services Center
11.477	273,621	Fisheries Disaster Relief
11.478	52,265	Center for Sponsored Coastal Ocean Research-Coastal Ocean Program
11.550	214,828	Public Telecommunications Facilities Planning and Construction
11.609	52,554	Measurement and Engineering Research and Standards
11.611	2,205,861	Manufacturing Extension Partnership
12	1,728,626	U.S. Department of Defense
12.002	442,418	Procurement Technical Assistance For Business Firms
12.300	2,476,417	Basic and Applied Scientific Research
12.400	10,019,457	Military Construction, National Guard
12.401	12,184,512	National Guard Military Operations and Maintenance (O&M) Projects
12.404	2,404,166	National Guard Civilian Youth Opportunities
12.420	417,970	Military Medical Research and Development
12.431	1,343,302	Basic Scientific Research
12.610	136	Community Economic Adjustment Planning Assistance for Joint Land Use Studies
12.800	24,896	Air Force Defense Research Sciences Program
12.901	100,018	Mathematical Sciences Grants Program
12.902	49,592	Information Security Grant Program
12.910	61,548	Research and Technology Development
14	161,886	U.S. Department of Housing and Urban Development
14.169	91,751	Housing Counseling Assistance Program
14.171	81,219	Manufactured Home Construction and Safety Standards
14.228	43,188,254	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
14.231	2,452,478	Emergency Shelter Grants Program
14.237	62,433	Historically Black Colleges and Universities Program
14.241	2,199,282	Housing Opportunities for Persons with AIDS
14.246	15,080	Community Development Block Grants/Brownfields Economic Development Initiative
14.401	352,483	Fair Housing Assistance Program-State and Local
14.408	43,847	Fair Housing Initiatives Program
14.511	-7,246	Community Outreach Partnership Center Program
14.512	33,198	Community Development Work-Study Program
14.520	148,873	Historically Black Colleges and Universities Program
14.871	3,384,264	Section 8 Housing Choice Vouchers
14.900	534,031	Lead-Based Paint Hazard Control in Privately-Owned Housing
15	480,831	U.S. Department of the Interior
15.608	11,007	Fish and Wildlife Management Assistance

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SUMMARY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Program Expenditures	CFDA Program Title or Cluster Title
15.614	1,205,579	Coastal Wetlands Planning, Protection and Restoration Act
15.615	307,943	Cooperative Endangered Species Conservation Fund
15.616	27	Clean Vessel Act
15.622	370,068	Sportfishing and Boating Safety Act
15.623	78,000	North American Wetlands Conservation Fund
15.630	45,000	Coastal Program
15.631	26,000	Partners for Fish and Wildlife
15.632	66,354	Conservation Grants Private Stewardship for Imperiled Species
15.633	99,283	Landowner Incentive Program
15.634	1,813,650	State Wildlife Grants
15.637	22,409	Migratory Bird Joint Ventures
15.650	8,278	Research Grants (Generic)
15.805	56,117	Assistance to State Water Resources Research Institutes
15.807	31,205	Earthquake Hazards Reduction Program
15.808	15,092	U.S. Geological Survey-Research and Data Collection
15.810	8,270	National Cooperative Geologic Mapping Program
15.904	718,348	Historic Preservation Fund Grants-In-Aid
15.916	2,914,037	Outdoor Recreation-Acquisition, Development and Planning
15.928	435,500	Civil War Battlefield Land Acquisition Grants
16	1,498	U.S. Department of Justice
16.202	7,579	Prisoner Reentry Initiative Demonstration (Offender Reentry)
16.220	257,587	Law Enforcement Assistance-Narcotics and Dangerous Drugs-Registration of Manufacturers, Distributors, and Dispensers of Controlled Substances
16.307	1,440,444	Combined DNA Index System
16.523	1,146,377	Juvenile Accountability Block Grants
16.540	1,539,192	Juvenile Justice and Delinquency Prevention-Allocation to States
16.541	58,692	Part E-Developing, Testing and Demonstrating Promising New Programs
16.543	169,769	Missing Children's Assistance
16.548	72,188	Title V-Delinquency Prevention Program
16.550	125,318	State Justice Statistics Program for Statistical Analysis Centers
16.554	170,424	National Criminal History Improvement Program (NCHIP)
16.560	256,375	National Institute of Justice Research, Evaluation, and Development Project Grants
16.572	9,568,319	State Criminal Alien Assistance Program
16.575	10,347,482	Crime Victim Assistance
16.576	515,915	Crime Victim Compensation
16.579	784,019	Edward Byrne Memorial Formula Grant Program
16.580	338,983	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program
16.585	460,387	Drug Court Discretionary Grant Program
16.586	4,089,449	Violent Offender Incarceration and Truth in Sentencing Incentive Grants
16.588	3,372,101	Violence Against Women Formula Grants
16.589	375,814	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Grant Program
16.590	197,491	Grants to Encourage Arrest Policies and Enforcement of Protection Orders
16.593	44,135	Residential Substance Abuse Treatment for State Prisoners
16.595	165,702	Community Capacity Development Office
16.601	348,061	Corrections-Training and Staff Development
16.607	32,081	Bulletproof Vest Partnership Program
16.609	445,939	Community Prosecution and Project Safe Neighborhoods
16.710	337,703	Public Safety Partnership and Community Policing Grants
16.712	212,812	Police Corps
16.727	374,114	Enforcing Underage Drinking Laws Program
16.738	6,238,116	Edward Byrne Memorial Justice Assistance Grant Program
16.740	67,893	Statewide Automated Victim Information Notification (SAVIN) Program
16.744	808,286	Anti-Gang Initiative
17	136,635	U.S. Department of Labor
17.002	1,932,761	Labor Force Statistics
17.005	131,681	Compensation and Working Conditions
17.225	1,144,547,773	Unemployment Insurance
17.235	2,360,292	Senior Community Service Employment Program
17.245	17,352,471	Trade Adjustment Assistance
17.249	265	Employment Services and Job Training Pilots-Demonstrations and Research

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SUMMARY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Program Expenditures	CFDA Program Title or Cluster Title
17.250	149,604	Job Training Partnership Act
17.261	3,055,807	WIA Pilots, Demonstrations, and Research Projects
17.267	32,475	Incentive Grants-WIA Section 503
17.269	2,486	Community Based Job Training Grants
17.503	5,281,373	Occupational Safety and Health-State Program
17.504	1,373,255	Consultation Agreements
17.600	144,273	Mine Health and Safety Grants
17.807	79,192	Transition Assistance Program
19.408	103,590	Educational Exchange-Teachers from Secondary and Postsecondary Levels and School Administrators
20	652,585	U.S. Department of Transportation
20.106	18,335,819	Airport Improvement Program
20.200	92,714	Highway Research and Development Program
20.218	7,444,316	National Motor Carrier Safety
20.219	971,892	Recreational Trails Program
20.232	28,540	Commercial Driver License State Programs
20.235	57,674	Commercial Motor Vehicle Operator Training Grants
20.312	595,892	High Speed Ground Transportation-Next Generation High Speed Rail Program
20.505	1,273,690	Federal Transit-Metropolitan Planning Grants
20.509	17,842,604	Formula Grants for Other Than Urbanized Areas
20.514	57,688	Public Transportation Research
20.700	171,333	Pipeline Safety Program Base Grants
20.701	10,584	University Transportation Centers Program
20.703	218,838	Interagency Hazardous Materials Public Sector Training and Planning Grants
23.001	6,499	Appalachian Regional Development (See Individual Appalachian Programs)
23.002	159,950	Appalachian Area Development
23.011	600,518	Appalachian Research, Technical Assistance, and Demonstration Projects
27.011	114,451	Intergovernmental Personnel Act (IPA) Mobility Program
30	22,041	Equal Employment Opportunity Commission
39.003	621,839	Donation of Federal Surplus Personal Property
42	486,146	Library of Congress
42.001	900	Books for the Blind and Physically Handicapped
43	361,385	National Aeronautics and Space Administration
43.001	32,807	Aerospace Education Services Program
43.002	17,199	Technology Transfer
45	9,921	National Foundation on the Arts and the Humanities
45.007	818,025	Promotion of the Arts-State and Regional Program
45.024	59,787	Promotion of the Arts-Grants to Organizations and Individuals
45.149	3,228	Promotion of the Humanities-Division of Preservation and Access
45.160	95,422	Promotion of the Humanities-Fellowships and Stipends
45.162	4	Promotion of the Humanities-Teaching and Learning Resources and Curriculum Development
45.163	79,313	Promotion of the Humanities-Professional Development
45.164	947	Promotion of the Humanities-Public Programs
45.169	18,096	Promotion of the Humanities-Office of Digital Humanities
45.301	1,685	Museums for America
45.310	4,431,855	Grants to States
45.313	249,000	Laura Bush 21st Century Librarian Program
47	157,382	National Science Foundation
47.041	1,181,224	Engineering Grants
47.049	993,650	Mathematical and Physical Sciences
47.050	520,417	Geosciences
47.070	1,428,766	Computer and Information Science and Engineering
47.074	1,498,441	Biological Sciences
47.075	505,680	Social, Behavioral, and Economic Sciences
47.076	9,165,272	Education and Human Resources
47.078	308,082	Polar Programs
47.079	65,028	International Science and Engineering (OISE)
47.080	295,178	Office of Cyberinfrastructure
59	2,357,936	Small Business Administration
59.037	674,082	Small Business Development Centers
64.124	364,982	All-Volunteer Force Educational Assistance

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SUMMARY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Program Expenditures	CFDA Program Title or Cluster Title
66	10,245	Environmental Protection Agency
66.034	170,218	Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act
66.202	926,693	Congressionally Mandated Projects
66.432	3,118,163	State Public Water System Supervision
66.433	80,665	State Underground Water Source Protection
66.436	8,028	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements- Section 104(b)(3) of the Clean Water Act
66.454	211,133	Water Quality Management Planning
66.456	614,962	National Estuary Program
66.458	35,957,080	Capitalization Grants for Clean Water State Revolving Funds
66.460	6,998,588	Nonpoint Source Implementation Grants
66.468	45,745,921	Capitalization Grants for Drinking Water State Revolving Funds
66.471	323,387	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs
66.472	240,388	Beach Monitoring and Notification Program Implementation Grants
66.474	183,772	Water Protection Grants to the States
66.479	317,099	Wetland Program Grants-State/Tribal Environmental Outcome Wetland Demonstration Program
66.500	871,462	Environmental Protection-Consolidated Research
66.509	98,072	Science To Achieve Results (STAR) Research Program
66.510	3,470	Surveys, Studies, Investigations and Special Purpose Grants within the Office of Research and Development
66.511	26,199	Office of Research and Development Consolidated Research/Training
66.514	17,474	Science To Achieve Results (STAR) Fellowship Program
66.516	96,116	P3 Award: National Student Design Competition for Sustainability
66.600	128,856	Environmental Protection Consolidated Grants-Program Support
66.607	29,952	Training and Fellowships for the Environmental Protection Agency
66.608	25,529	Environmental Information Exchange Network Grant Program and Related Assistance
66.701	79,336	Toxic Substances Compliance Monitoring Cooperative Agreements
66.707	421,997	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals
66.714	50,308	Pesticide Environmental Stewardship Regional Grants
66.716	21,018	Surveys, Studies, Investigations, Training Demonstrations and Educational Outreach
66.801	2,331,188	Hazardous Waste Management State Program Support
66.802	1,792,153	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements
66.804	274,709	State and Tribal Underground Storage Tanks Program
66.805	2,157,225	Leaking Underground Storage Tank Trust Fund Program
66.808	93,547	Solid Waste Management Assistance Grants
66.814	55,735	Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements
66.951	4,354	Environmental Education Grants
77	51,069	Nuclear Regulatory Commission
81	987,559	U.S. Department of Energy
81.041	4,281,493	State Energy Program
81.042	5,053,626	Weatherization Assistance for Low-Income Persons
81.049	642,560	Office of Science Financial Assistance Program
81.089	131,214	Fossil Energy Research and Development
81.117	2,637	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance
81.119	579,934	State Energy Program Special Projects
83.544	50,930	Public Assistance Grants
83.548	1,719,787	Hazard Mitigation Grant
84	9,769,387	U.S. Department of Education
84.002	15,816,105	Adult Education-Basic Grants to States
84.003	23,930	Bilingual Education
84.010	304,786,819	Title I Grants to Local Educational Agencies
84.011	5,466,414	Migrant Education-State Grant Program
84.013	861,966	Title I Program for Neglected and Delinquent Children
84.015	103,796	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program
84.016	97,812	Undergraduate International Studies and Foreign Language Programs
84.017	86,365	International Research and Studies
84.019	42,197	Overseas Programs-Faculty Research Abroad

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SUMMARY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Program Expenditures	CFDA Program Title or Cluster Title
84.021	35,111	Overseas Programs-Group Projects Abroad
84.029	-354	Special Education-Personnel Development and Parent Training
84.031	23,322,821	Higher Education-Institutional Aid
84.037	40,382	Perkins Loan Cancellations
84.048	35,459,905	Career and Technical Education-Basic Grants to States
84.051	44,255	Career and Technical Education-National Programs
84.116	540,494	Fund for the Improvement of Postsecondary Education
84.120	369,911	Minority Science and Engineering Improvement
84.126	90,626,854	Rehabilitation Services-Vocational Rehabilitation Grants to States
84.129	270,140	Rehabilitation Long-Term Training
84.133	46,900	National Institute on Disability and Rehabilitation Research
84.141	317,570	Migrant Education-High School Equivalency Program
84.153	44,681	Business and International Education Projects
84.161	312,617	Rehabilitation Services-Client Assistance Program
84.169	183,953	Independent Living-State Grants
84.170	27,098	Javits Fellowships
84.177	705,224	Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind
84.181	12,545,407	Special Education-Grants for Infants and Families
84.184	128,841	Safe and Drug-Free Schools and Communities-National Programs
84.185	1,016,750	Byrd Honors Scholarships
84.186	8,345,881	Safe and Drug-Free Schools and Communities-State Grants
84.187	722,004	Supported Employment Services for Individuals with Significant Disabilities
84.191	4,979	Adult Education-National Leadership Activities
84.195	82	Bilingual Education-Professional Development
84.196	1,505,020	Education for Homeless Children and Youth
84.200	665,298	Graduate Assistance in Areas of National Need
84.206	386,877	Javits Gifted and Talented Students Education Grant Program
84.213	2,139,296	Even Start-State Educational Agencies
84.214	393,555	Even Start-Migrant Education
84.215	317,769	Fund for the Improvement of Education
84.224	600,080	Assistive Technology
84.240	23,063	Program of Protection and Advocacy of Individual Rights
84.243	3,123,817	Tech-Prep Education
84.265	255,182	Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training
84.271	2,477	Faculty Development Fellowship
84.282	1,860,605	Charter Schools
84.287	15,796,207	Twenty-First Century Community Learning Centers
84.293	116,358	Foreign Language Assistance
84.298	3,065,210	State Grants for Innovative Programs
84.299	248,388	Indian Education-Special Programs
84.305	495,927	Education Research, Development and Dissemination
84.310	19,432	Parental Information and Resource Centers
84.315	218,594	Capacity Building for Traditionally Underserved Populations
84.318	8,685,736	Education Technology State Grants
84.323	1,088,801	Special Education-State Personnel Development
84.324	1,179,479	Research in Special Education
84.325	3,351,475	Special Education-Personnel Development to Improve Services and Results for Children with Disabilities
84.326	1,417,613	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities
84.330	561,328	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)
84.331	875,967	Grants to States for Incarcerated Youth Offenders
84.332	2,178,051	Comprehensive School Reform Demonstration
84.334	6,301,449	Gaining Early Awareness and Readiness for Undergraduate Programs
84.335	76,646	Child Care Access Means Parents in School
84.342	7,610	Preparing Tomorrow's Teachers to Use Technology
84.343	1,686	Assistive Technology-State Grants for Protection and Advocacy
84.346	106,165	Vocational Education-Occupational and Employment Information State Grants
84.349	50,951	Early Childhood Educator Professional Development
84.350	1,054,237	Transition to Teaching

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SUMMARY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Program Expenditures	CFDA Program Title or Cluster Title
84.357	28,679,197	Reading First State Grants
84.358	5,059,383	Rural Education
84.365	12,735,502	English Language Acquisition Grants
84.366	5,112,792	Mathematics and Science Partnerships
84.367	63,825,763	Improving Teacher Quality State Grants
84.368	372,836	Grants for Enhanced Assessment Instruments
84.369	10,777,462	Grants for State Assessments and Related Activities
84.377	177,943	School Improvement Grants
84.928	61,960	National Writing Project
89.003	94,513	National Historical Publications and Records Grants
90.401	8,875,571	Help America Vote Act Requirements Payments
93	322,320	U.S. Department of Health and Human Services
93.003	11,610,688	Public Health and Social Services Emergency Fund
93.004	12,989	Cooperative Agreements to Improve the Health Status of Minority Populations
93.006	136,552	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program
93.009	187,313	Compassion Capital Fund
93.041	154,436	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation
93.042	394,113	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals
93.043	603,618	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services
93.048	480,603	Special Programs for the Aging-Title IV-and Title II-Discretionary Projects
93.051	370,947	Alzheimer's Disease Demonstration Grants to States
93.052	4,351,975	National Family Caregiver Support, Title III, Part E
93.061	89,024	Innovations in Applied Public Health Research
93.069	15,484,672	Public Health Emergency Preparedness
93.086	561,550	Healthy Marriage Promotion and Responsible Fatherhood Grants
93.087	214,444	Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse
93.103	1,770	Food and Drug Administration-Research
93.110	798,459	Maternal and Child Health Federal Consolidated Programs
93.113	35,384	Environmental Health
93.115	42,877	Biometry and Risk Estimation-Health Risks from Environmental Exposures
93.116	2,029,797	Project Grants and Cooperative Agreements for Tuberculosis Control Programs
93.121	16,209	Oral Diseases and Disorders Research
93.124	50,150	Nurse Anesthetist Traineeships
93.127	131,677	Emergency Medical Services for Children
93.130	122,276	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices
93.136	1,741,584	Injury Prevention and Control Research and State and Community Based Programs
93.138	84,654	Protection and Advocacy for Individuals with Mental Illness
93.150	906,096	Projects for Assistance in Transition from Homelessness (PATH)
93.153	665,505	Coordinated Services and Access to Research for Women, Infants, Children, and Youth
93.161	33	Health Program for Toxic Substances and Disease Registry
93.173	61,867	Research Related to Deafness and Communication Disorders
93.178	17,856	Nursing Workforce Diversity
93.191	130,375	Allied Health Special Projects
93.197	520,718	Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children
93.204	72,596	Surveillance of Hazardous Substance Emergency Events
93.206	64,636	Human Health Studies-Applied Research and Development
93.213	10,053	Research and Training in Complementary and Alternative Medicine
93.217	7,924,500	Family Planning-Services
93.224	1,551,816	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)
93.226	-153	Research on Healthcare Costs, Quality and Outcomes
93.234	83,790	Traumatic Brain Injury State Demonstration Grant Program
93.235	1,129,158	Abstinence Education Program
93.236	81,680	Grants for Dental Public Health Residency Training
93.240	203,153	State Capacity Building

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SUMMARY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Program Expenditures	CFDA Program Title or Cluster Title
93.241	420,317	State Rural Hospital Flexibility Program
93.242	844,427	Mental Health Research Grants
93.243	2,443,805	Substance Abuse and Mental Health Services-Projects of Regional and National Significance
93.247	999,212	Advanced Education Nursing Grant Program
93.251	195,019	Universal Newborn Hearing Screening
93.260	456,857	Family Planning-Personnel Training
93.262	18,424	Occupational Safety and Health Program
93.265	179,150	Comprehensive Geriatric Education Program (CGEP)
93.268	108,318,473	Immunization Grants
93.273	302,911	Alcohol Research Programs
93.277	115,927	Career Development Awards
93.279	798,206	Drug Abuse and Addiction Research Programs
93.281	233,599	Mental Health Research Career/Scientist Development Awards
93.282	29,602	Mental Health National Research Service Awards for Research Training
93.283	19,201,747	Centers for Disease Control and Prevention-Investigations and Technical Assistance
93.286	90,826	Discovery and Applied Research for Technological Innovations to Improve Human Health
93.293	547,846	Improving Health and Educational Outcomes of Young People
93.301	201,374	Small Rural Hospital Improvement Grant Program
93.307	1,735,194	Minority Health and Health Disparities Research
93.358	306,249	Advanced Education Nursing Traineeships
93.359	45,786	Nurse Education, Practice and Retention Grants
93.361	145,682	Nursing Research
93.365	35,207	Sickle Cell Treatment Demonstration Program
93.375	327,880	Minority Biomedical Research Support
93.390	55,970	Academic Research Enhancement Award
93.393	240,999	Cancer Cause and Prevention Research
93.395	8,988	Cancer Treatment Research
93.397	43,320	Cancer Centers Support Grants
93.398	212,331	Cancer Research Manpower
93.556	11,446,874	Promoting Safe and Stable Families
93.558	239,930,005	Temporary Assistance for Needy Families
93.560	-114,808	Family Support Payments to States-Assistance Payments
93.563	84,362,808	Child Support Enforcement
93.566	3,339,101	Refugee and Entrant Assistance-State Administered Programs
93.568	51,054,238	Low-Income Home Energy Assistance
93.569	15,265,728	Community Services Block Grant
93.571	28,696	Community Services Block Grant Formula and Discretionary Awards Community Food and Nutrition Programs
93.576	371,667	Refugee and Entrant Assistance-Discretionary Grants
93.584	633,041	Refugee and Entrant Assistance-Targeted Assistance Grants
93.586	868,199	State Court Improvement Program
93.590	999,336	Community-Based Child Abuse Prevention Grants
93.597	231,754	Grants to States for Access and Visitation Programs
93.599	848,533	Chafee Education and Training Vouchers Program (ETV)
93.600	82,199	Head Start
93.617	186,444	Voting Access for Individuals with Disabilities-Grants to States
93.618	4	Voting Access for Individuals with Disabilities-Grants for Protection and Advocacy Systems
93.630	2,990,077	Developmental Disabilities Basic Support and Advocacy Grants
93.643	324,871	Children's Justice Grants to States
93.645	7,801,382	Child Welfare Services-State Grants
93.652	13,044	Adoption Opportunities
93.658	79,297,099	Foster Care-Title IV-E
93.659	33,207,744	Adoption Assistance
93.667	64,375,124	Social Services Block Grant
93.669	658,129	Child Abuse and Neglect State Grants
93.670	420,520	Child Abuse and Neglect Discretionary Activities
93.671	2,032,519	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes
93.674	2,513,974	Chafee Foster Care Independence Program
93.767	186,248,041	State Children's Insurance Program

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SUMMARY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Program Expenditures	CFDA Program Title or Cluster Title
93.768	440,166	Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities
93.773	6,839,473	Medicare-Hospital Insurance
93.779	2,030,121	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations
93.780	244,552	Grants to States for Operation of Qualified High-Risk Pools
93.786	-1,285	State Pharmaceutical Assistance Programs
93.822	45,112	Health Careers Opportunity Program
93.838	245,071	Lung Diseases Research
93.846	677,216	Arthritis, Musculoskeletal and Skin Diseases Research
93.847	213,718	Diabetes, Endocrinology and Metabolism Research
93.848	635,580	Digestive Diseases and Nutrition Research
93.849	13,123	Kidney Diseases, Urology and Hematology Research
93.853	468,243	Extramural Research Programs in the Neurosciences and Neurological Disorders
93.855	312,347	Allergy, Immunology and Transplantation Research
93.856	65,827	Microbiology and Infectious Diseases Research
93.859	2,093,666	Biomedical Research and Research Training
93.864	-160	Population Research
93.865	916,105	Child Health and Human Development Extramural Research
93.866	16,986	Aging Research
93.867	20,431	Vision Research
93.879	10,469	Medical Library Assistance
93.880	13	Minority Access to Research Careers
93.884	190,661	Grants for Training in Primary Care Medicine and Dentistry
93.910	214,445	Family and Community Violence Prevention Program
93.913	107,885	Grants to States for Operation of Offices of Rural Health
93.917	36,521,247	HIV Care Formula Grants
93.918	382,435	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease
93.926	2,759,039	Healthy Start Initiative
93.928	62,430	Special Projects of National Significance
93.940	4,537,196	HIV Prevention Activities-Health Department Based
93.941	117,727	HIV Demonstration, Research, Public and Professional Education Projects
93.944	1,404,027	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance
93.945	1,907,481	Assistance Programs for Chronic Disease Prevention and Control
93.958	11,230,154	Block Grants for Community Mental Health Services
93.959	44,888,223	Block Grants for Prevention and Treatment of Substance Abuse
93.974	268,750	Family Planning-Service Delivery Improvement Research Grants
93.977	3,392,770	Preventive Health Services-Sexually Transmitted Diseases Control Grants
93.988	960,502	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems
93.991	2,544,767	Preventive Health and Health Services Block Grant
93.994	16,256,356	Maternal and Child Health Services Block Grant to the States
94.002	355,832	Retired and Senior Volunteer Program
94.003	334,664	State Commissions
94.004	422,309	Learn and Serve America-School and Community Based Programs
94.005	11,749	Learn and Serve America-Higher Education
94.006	2,897,022	AmeriCorps
94.007	79,771	Planning and Program Development Grants
94.009	150,278	Training and Technical Assistance
96.007	10,030	Social Security-Research and Demonstration
96.008	241,955	Social Security-Work Incentives Planning and Assistance Program
96.009	23,472	Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries
97	85,255	U S Department of Homeland Security
97.001	80,000	Pilot Demonstration or Earmarked Projects
97.008	858,144	Urban Areas Security Initiative
97.012	2,025,449	Boating Safety Financial Assistance
97.017	1,397,297	Pre-Disaster Mitigation (PDM) Competitive Grants
97.018	20,084	National Fire Academy Training Assistance
97.023	144,122	Community Assistance Program State Support Services Element (CAP-SSSE)
97.029	960,083	Flood Mitigation Assistance
97.036	7,328,904	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.039	1,334,337	Hazard Mitigation Grant

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SUMMARY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Program Expenditures	CFDA Program Title or Cluster Title
97.041	113,260	National Dam Safety Program
97.042	4,826,640	Emergency Management Performance Grants
97.044	48,245	Assistance to Firefighters Grant
97.045	7,217,970	Cooperating Technical Partners
97.063	95,168	Pre-Disaster Mitigation Disaster Resistant Universities
97.070	305,408	Map Modernization Management Support
97.075	22,908	Rail and Transit Security Grant Program
97.077	23,415	Homeland Security Research Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Detection
97.078	1,347,201	Buffer Zone Protection Program (BZPP)
98	90,488	United States Agency for International Development
98.001	-1,385	USAID Foreign Assistance for Programs Overseas
98.012	1,930,246	USAID Development Partnerships for University Cooperation and Development
99	2,448,323	Other Federal Assistance
	<u>\$ 15,028,044,707</u>	Total Expenditures of Federal Awards

The accompanying notes are an integral part of this schedule.

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STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<i>Aging—Cluster:</i>					
<u>U. S. Department of Health and Human Services</u>					
93.044	D	13,527,153	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers		
93.045	D	13,595,536	Special Programs for the Aging-Title III, Part C-Nutrition Services		
93.053	D	3,061,543	Nutrition Services Incentive Program		
		<u>30,184,232</u>	Total — Aging-Cluster — U.S. Department of Health and Human Services		
		<u>30,184,232</u>	Total — Aging		
<i>CCDF—Cluster:</i>					
<u>U. S. Department of Health and Human Services</u>					
93.575	D	150,612,954	Child Care and Development Block Grant		
93.596	D	123,649,465	Child Care Mandatory and Matching Funds of the Child Care and Development Fund		
		<u>274,262,419</u>	Total — CCDF-Cluster — U.S. Department of Health and Human Services		
		<u>274,262,419</u>	Total — CCDF		
<i>CDBG—Cluster:</i>					
<u>U. S. Department of Housing and Urban Development</u>					
14.219	D	197,671	Community Development Block Grants/Small Cities Program		
		<u>197,671</u>	Total — CDBG-Entitlement and (HUD-Administered) Small Cities Cluster — U. S. Department of Housing and Urban Development		
		<u>197,671</u>	Total — CDBG		
<i>Child Nutrition—Cluster:</i>					
<u>U. S. Department of Agriculture</u>					
10.553	D	80,749,025	School Breakfast Program		
10.555	D	260,218,156	National School Lunch Program		
10.556	D	193,334	Special Milk Program for Children		
10.559	D	4,880,788	Summer Food Service Program for Children		
		<u>346,041,303</u>	Total — Child Nutrition Cluster — U. S. Department of Agriculture		
		<u>346,041,303</u>	Total — Child Nutrition		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<i>Disability Insurance/SSI—Cluster:</i>					
<u>Social Security Administration</u>					
96.001	D	46,871,532	Social Security-Disability Insurance		
		<u>46,871,532</u>	Total — Disability Insurance/SSI Cluster — Social Security Administration		
		<u>46,871,532</u>	Total — Disability Insurance/SSI		
<i>Emergency Food Assistance—Cluster:</i>					
<u>U. S. Department of Agriculture</u>					
10.568	D	1,409,557	Emergency Food Assistance Program (Administrative Costs)		
10.569	D	6,457,706	Emergency Food Assistance Program (Food Commodities)		
		<u>7,867,263</u>	Total — Emergency Food Assistance Cluster — U. S. Department of Agriculture		
		<u>7,867,263</u>	Total — Emergency Food Assistance		
<i>Employment Services—Cluster:</i>					
<u>U. S. Department of Labor</u>					
17.207	D	28,807,247	Employment Service/Wagner-Peyser Funded Activities		
17.801	D	1,192,966	Disabled Veterans' Outreach Program (DVOP)		
17.804	D	3,306,252	Local Veterans' Employment Representative Program		
		<u>33,306,465</u>	Total — Employment Service Cluster — U. S. Department of Labor		
		<u>33,306,465</u>	Total — Employment Services		
<i>Fish and Wildlife—Cluster:</i>					
<u>U. S. Department of Interior</u>					
15.605	D	5,848,114	Sport Fish Restoration Program		
15.611	D	5,418,727	Wildlife Restoration		
15.605	I	52,209	Sport Fish Restoration Program	2008-001322	Puerto Rico Dept. Nr
15.605	I	9,394	Sport Fish Restoration Program	133-05-000768	Puerto Rico Dept. Nr
15.611	I	6,070	Wildlife Restoration	133-06-000916	Puerto Rico Dept. Nr
		<u>11,334,514</u>	Total — Fish and Wildlife Cluster — U. S. Department of Interior		
		<u>11,334,514</u>	Total — Fish and Wildlife		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<i>Food Stamp—Cluster:</i>					
<u>U. S. Department of Agriculture</u>					
10.551	D	1,061,809,194	Food Stamps		
10.561	D	67,389,190	State Administrative Matching Grants for Food Stamp Program		
		<u>1,129,198,384</u>	Total — Food Stamp Cluster — U. S. Department of Agriculture		
		<u>1,129,198,384</u>	Total — Food Stamp		
<i>Federal Transit—Cluster:</i>					
<u>U. S. Department of Transportation</u>					
20.500	D	525,292	Federal Transit-Capital Investment Grants		
20.507	I	117,923	Federal Transit-Formula Grants	07-025	Triangle Trans. Auth
		<u>643,215</u>	Total — Federal Transit Cluster — U. S. Department of Transportation		
		<u>643,215</u>	Total — Federal Transit		
<i>Foster Grandparent/Senior Companion—Cluster:</i>					
<u>Corporation for National and Community Service</u>					
94.011	D	430,980	Foster Grandparent Program		
94.016	D	292,702	Senior Companion Program		
		<u>723,682</u>	Total — Foster Grandparent/Senior Companion Cluster — Corporation for National and Community Service		
		<u>723,682</u>	Total — Foster Grandparent/Senior Companion		
<i>Homeland Security—Cluster:</i>					
<u>U. S. Department of Homeland Security</u>					
97.004	D	6,533,633	State Domestic Preparedness Equipment Support Program		
97.067	D	24,357,314	Homeland Security Grant Program		
		<u>30,890,947</u>	Total — Homeland Security Cluster — U. S. Department of Homeland Security		
		<u>30,890,947</u>	Total — Homeland Security		
<i>Highway Planning and Construction—Cluster:</i>					
<u>U. S. Department of Transportation</u>					
20.205	D	853,575,132	Highway Planning and Construction		
20.205	I	18,760	Highway Planning and Construction	S070070	Texas A & M Research F
		<u>853,593,892</u>	Total — Highway Planning and Construction Cluster — U. S. Department of Transportation		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>U. S. Appalachian Regional Commission</u>					
23.003	D	5,260,797	Appalachian Development Highway System		
		<u>5,260,797</u>	Total — Highway Planning and Construction Cluster — U. S. Appalachian Regional Commission		
		<u>858,854,689</u>	Total — Highway Planning and Construction		
<i>Highway Safety—Cluster:</i>					
<u>U. S. Department of Transportation</u>					
20.600	D	6,205,537	State and Community Highway Safety		
20.601	D	2,580,935	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants		
20.602	D	465,434	Occupant Protection		
20.604	D	504,191	Safety Incentive Grants for Use of Seatbelts		
20.605	D	953,757	Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons		
20.609	D	1,052,088	Safety Belt Performance Grants		
20.610	D	653,799	State Traffic Safety Information System Improvement Grants		
20.612	D	24,058	Incentive Grant Program to Increase Motorcyclist Safety		
20.613	D	143,449	Child Safety and Child Booster Seats Incentive Grants		
		<u>12,583,248</u>	Total — Highway Safety Cluster — U. S. Department of Transportation		
		<u>12,583,248</u>	Total — Highway Safety		
<i>Medicaid—Cluster:</i>					
<u>U. S. Department of Health and Human Services</u>					
93.775	D	2,208,320	State Medicaid Fraud Control Units		
93.777	D	5,651,861	State Survey and Certification of Health Care Providers and Suppliers		
93.778	D	6,589,721,817	Medical Assistance Program		
		<u>6,597,581,998</u>	Total — Medicaid Cluster — U. S. Department of Health and Human Services		
		<u>6,597,581,998</u>	Total — Medicaid		
<i>Native American Employment and Training—Cluster:</i>					
<u>U. S. Department of Labor</u>					
17.251	D	221,592	Native American Employment and Training Programs		
		<u>221,592</u>	Total — Native American Employment and Training Cluster — U. S. Department of Labor		
		<u>221,592</u>	Total — Native American Employment and Training		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<i>Public Works and Economic Development—Cluster:</i>					
<u>U. S. Department of Commerce</u>					
11.300	D	897,077	Investments for Public Works and Economic Development Facilities		
11.307	D	718,851	Economic Adjustment Assistance		
		<u>1,615,928</u>	Total — Public Works and Economic Development Cluster — U. S. Department of Commerce		
		<u>1,615,928</u>	Total — Public Works and Economic Development		
<i>Research and Development—Cluster:</i>					
<u>U. S. Department of Agriculture</u>					
10	D	4,743,566	U.S. Department of Agriculture		
10	I	101,574	U.S. Department of Agriculture	N/A	American Egg Board
10	I	25,032	U.S. Department of Agriculture	N/A	American Egg Board
10	I	6,003	U.S. Department of Agriculture	2008-1871	Government of Camero
10	I	33,905	U.S. Department of Agriculture	412-30-40	Iowa State Univ.
10	I	2,944	U.S. Department of Agriculture	330544-080300-06	Mississippi State
10	I	16,643	U.S. Department of Agriculture	018000-320979	Mississippi State Univ
10	I	10,000	U.S. Department of Agriculture	N/A	National Honey Board
10	I	58,797	U.S. Department of Agriculture	8000001033-2	Purdue University
10	I	58,839	U.S. Department of Agriculture	8000001033-3	Purdue University
10	I	84,209	U.S. Department of Agriculture	8000008717-1	Purdue University
10	I	10,287	U.S. Department of Agriculture	332.77-05.008	Tennessee State
10	I	3,397	U.S. Department of Agriculture	TCE 450021	Texas A and M University
10	I	(18)	U.S. Department of Agriculture	6015-0000000261	Univ of Florida
10	I	3,338	U.S. Department of Agriculture	6015-0000000447	Univ of Florida
10	I	329	U.S. Department of Agriculture	6015-0000000448	Univ of Florida
10	I	153	U.S. Department of Agriculture	6015-0000000477	Univ of Florida
10	I	(71)	U.S. Department of Agriculture	6015-0000000497	Univ of Florida
10	I	2,662	U.S. Department of Agriculture	6015-0000000498	Univ of Florida
10	I	52,213	U.S. Department of Agriculture	RD309-097/3504648	Univ of Georgia
10	I	11,391	U.S. Department of Agriculture	FY08-2260-PO1	Univ Research Co LLC
10	I	16,568	U.S. Department of Agriculture	UF06044	University of Florida
10	I	456	U.S. Department of Agriculture	19070-425632	Virginia Polytechnic Institute and State University
10	I	(2,546)	U.S. Department of Agriculture	LG-14476	West Virginia State University
10.001	D	936,450	Agricultural Research-Basic and Applied Research		
10.001	I	(6,315)	Agricultural Research-Basic and Applied Research	61-4666A	Michigan State Univ.
10.001	I	11,537	Agricultural Research-Basic and Applied Research	V211654	Univ of Wisconsin

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
10.025	D	446,992	Plant and Animal Disease, Pest Control, and Animal Care		
10.200	D	1,488,414	Grants for Agricultural Research, Special Research Grants		
10.200	I	18,678	Grants for Agricultural Research, Special Research Grants	1015-7559-207-2004	Clemson University
10.200	I	2,110	Grants for Agricultural Research, Special Research Grants	46747-7588	Cornell University
10.200	I	18,030	Grants for Agricultural Research, Special Research Grants	51401-8272	Cornell University
10.200	I	11,163	Grants for Agricultural Research, Special Research Grants	N/A	SC Dept Natural Reso
10.200	I	26,533	Grants for Agricultural Research, Special Research Grants	N/A	Univ of Arkansas
10.200	I	13,705	Grants for Agricultural Research, Special Research Grants	6015-0000000684	Univ of Florida
10.200	I	6,817	Grants for Agricultural Research, Special Research Grants	6015-0000000685	Univ of Florida
10.200	I	15,191	Grants for Agricultural Research, Special Research Grants	6015-0000000703	Univ of Florida
10.200	I	2,124	Grants for Agricultural Research, Special Research Grants	6015-0000000724	Univ of Florida
10.200	I	2,934	Grants for Agricultural Research, Special Research Grants	6025-0000000780	Univ of Florida
10.200	I	18,051	Grants for Agricultural Research, Special Research Grants	UF IFAS 00062505	Univ of Florida
10.200	I	68,632	Grants for Agricultural Research, Special Research Grants	UF-IFAS 00062584	Univ of Florida
10.200	I	67,413	Grants for Agricultural Research, Special Research Grants	UF-IFAS 00068761	Univ of Florida
10.200	I	10,339	Grants for Agricultural Research, Special Research Grants	2003-1035-02	Univ of Georgia
10.200	I	39,502	Grants for Agricultural Research, Special Research Grants	RD309-049/6582527	Univ of Georgia
10.200	I	49,965	Grants for Agricultural Research, Special Research Grants	RD309-055/7877217	Univ of Georgia
10.200	I	396	Grants for Agricultural Research, Special Research Grants	RD309-055/9820117	Univ of Georgia
10.200	I	3,009	Grants for Agricultural Research, Special Research Grants	RD309-061/3504428	Univ of Georgia
10.200	I	82,578	Grants for Agricultural Research, Special Research Grants	RD309-061/8922627	Univ of Georgia
10.200	I	67,198	Grants for Agricultural Research, Special Research Grants	RD309-061/9039957	Univ of Georgia
10.200	I	5,000	Grants for Agricultural Research, Special Research Grants	RD309-061/9821287	Univ of Georgia
10.200	I	4,348	Grants for Agricultural Research, Special Research Grants	RD309-061/9822597	Univ of Georgia
10.200	I	4,362	Grants for Agricultural Research, Special Research Grants	RD309-067/3500938	Univ of Georgia
10.200	I	2,395	Grants for Agricultural Research, Special Research Grants	RD309-067/3500988	Univ of Georgia
10.200	I	16,918	Grants for Agricultural Research, Special Research Grants	RD309-067/3501828	Univ of Georgia
10.200	I	2,915	Grants for Agricultural Research, Special Research Grants	RD309-067/3840008	Univ of Georgia
10.200	I	14,022	Grants for Agricultural Research, Special Research Grants	RD309-067/9821727	Univ of Georgia
10.200	I	50,738	Grants for Agricultural Research, Special Research Grants	RD309-067/9822887	Univ of Georgia
10.200	I	1,491	Grants for Agricultural Research, Special Research Grants	UM-S622	Univ of Maine
10.200	I	6,525	Grants for Agricultural Research, Special Research Grants	CR-19071-428201	VA. Polytech. Inst.
10.200	I	7,200	Grants for Agricultural Research, Special Research Grants	CR-19071-428336	VA. Polytech. Inst.
10.200	I	1,040	Grants for Agricultural Research, Special Research Grants	CR-19071-428338	VA. Polytech. Inst.
10.200	I	67,265	Grants for Agricultural Research, Special Research Grants	CR-0333-0001	West Virginia State University
10.202	D	972,430	Cooperative Forestry Research		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
10.203	D	7,509,666	Payments to Agricultural Experiment Stations Under the Hatch Act		
10.205	D	3,638,893	Payments to 1890 Land-Grant Colleges and Tuskegee University		
10.206	D	8,278,826	Grants for Agricultural Research-Competitive Research Grants		
10.206	I	135	Grants for Agricultural Research-Competitive Research Grants	sub-2005-35618-15756-ncat	Alabama A&M University
10.206	I	10,326	Grants for Agricultural Research-Competitive Research Grants	927-7558-207-20046	Clemson University
10.206	I	14,146	Grants for Agricultural Research-Competitive Research Grants	G-1494-1	Colorado State Univ.
10.206	I	20,222	Grants for Agricultural Research-Competitive Research Grants	06-234B	Idaho State Univ
10.206	I	51,803	Grants for Agricultural Research-Competitive Research Grants	416-41-63	Iowa State Univ.
10.206	I	29,648	Grants for Agricultural Research-Competitive Research Grants	JCVI-07-009	J. Craig Venter Inst
10.206	I	7,920	Grants for Agricultural Research-Competitive Research Grants	5710002126	Mass. Inst. of Tech.
10.206	I	45,633	Grants for Agricultural Research-Competitive Research Grants	RF01092664 60011	Ohio State Univ.
10.206	I	29,072	Grants for Agricultural Research-Competitive Research Grants	2902-NCSU-USDA-539	Pennsylvania State University
10.206	I	(1,050)	Grants for Agricultural Research-Competitive Research Grants	agreement dated 11/15/05	Tennessee State
10.206	I	75,699	Grants for Agricultural Research-Competitive Research Grants	Y452467	Univ of Arizona
10.206	I	12,571	Grants for Agricultural Research-Competitive Research Grants	014301-01	Univ of Cal - Davis
10.206	I	9,947	Grants for Agricultural Research-Competitive Research Grants	II RA014534-01	Univ of Cal - Davis
10.206	I	24,551	Grants for Agricultural Research-Competitive Research Grants	SUB07-000752-05	Univ of Cal - Davis
10.206	I	56,245	Grants for Agricultural Research-Competitive Research Grants	2005-06543-01	Univ of Illinois
10.206	I	30,279	Grants for Agricultural Research-Competitive Research Grants	O6706392283	Univ of Minnesota
10.206	I	26,927	Grants for Agricultural Research-Competitive Research Grants	F041300	Univ Wisconsin
10.206	I	1,017	Grants for Agricultural Research-Competitive Research Grants	CR-19071-428157	VA. Polytech. Inst.
10.207	D	207,541	Animal Health and Disease Research		
10.212	I	9,980	Small Business Innovation Research	2007-0916	Embrex, Inc.
10.212	I	8,856	Small Business Innovation Research	NCSU 1	Phytomyco Research C
10.216	D	187,780	1890 Institution Capacity Building Grants		
10.217	D	170,027	Higher Education Challenge Grants		
10.217	I	704	Higher Education Challenge Grants	416-43-24 A	Iowa State Univ.
10.219	D	172,825	Biotechnology Risk Assessment Research		
10.250	D	41,377	Agricultural and Rural Economic Research		
10.250	I	(153)	Agricultural and Rural Economic Research	F184542	Univ of Wisconsin
10.302	D	(134)	Initiative for Future Agriculture and Food Systems		
10.303	D	2,947,214	Integrated Programs		
10.303	I	33,940	Integrated Programs	955-7557-207-20049	Clemson University
10.303	I	4,488	Integrated Programs	44387-7362	Cornell University
10.303	I	956	Integrated Programs	48228-7941	Cornell University
10.303	I	47,294	Integrated Programs	61-4152A	Michigan State Univ.

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
10.303	I	13,779	Integrated Programs	012000-322287-02	Mississippi State
10.303	I	2,958	Integrated Programs	60011419 PO: RF01	Ohio State Univ.
10.303	I	39,300	Integrated Programs	RF00972641	Ohio State Univ.
10.303	I	60,756	Integrated Programs	RF00972641 74591	Ohio State Univ.
10.303	I	111,194	Integrated Programs	450005	Texas A & M Univ.
10.303	I	7,773	Integrated Programs	TCE 450032	Texas A & M Univ.
10.303	I	21,214	Integrated Programs	RC299-338/8920807	Univ of Georgia
10.303	I	1,681	Integrated Programs	RR188-221/3504798	Univ of Georgia
10.303	I	1,249	Integrated Programs	Z - 5060101	Univ of Maryland
10.303	I	924	Integrated Programs	25-6321-0113-002	Univ of Nebraska
10.303	I	2,199	Integrated Programs	BFK500-SB-003	University of Idaho
10.304	I	3,144	Homeland Security-Agricultural	SC02062150-1-10	Univ of Florida
10.304	I	26,271	Homeland Security-Agricultural	UF IFAS 00069562	Univ of Florida
10.305	D	75,741	International Science and Education Grants		
10.456	D	42,459	Partnership Agreements to Develop Non-Insurance Risk Management Tools for Producers (Farmers)		
10.500	I	1,978	Cooperative Extension Service	622181	Texas A&M
10.652	D	794,792	Forestry Research		
10.652	I	8,753	Forestry Research	N/A	NCASI
10.664	D	90,437	Cooperative Forestry Assistance		
10.673	D	(1,168)	Wood In Transportation Program		
10.674	D	95,554	Forest Products Lab: Technology Marketing Unit (TMU)		
10.680	D	18,167	Forest Health Protection		
10.960	D	45,335	Technical Agricultural Assistance		
10.961	D	5,797	Scientific Cooperation and Research		
10.962	D	20,409	Cochran Fellowship Program-International Training-Foreign Participant		
		<u>34,993,633</u>	Total — Research and Development Cluster — U. S. Department of Agriculture		

U. S. Department of Commerce

11	D	39,709	U.S. Department of Commerce		
11	I	27,221	U.S. Department of Commerce	N/A	Greene Cty NC
11	I	6,805	U.S. Department of Commerce	RU 3234/4-21463	Rutgers
11	I	2,189	U.S. Department of Commerce	S105	SC Sea Grant Consortium
11	I	15,713	U.S. Department of Commerce	S106	SC Sea Grant Consortium
11	I	105,280	U.S. Department of Commerce	S351	SC Sea Grant Consortium
11	I	3,665	U.S. Department of Commerce	PO# Z758028-01	Univ of Hawaii
11	I	93,968	U.S. Department of Commerce	07-10-029	Univ of Mississippi

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
11.113	D	358,530	ITA Special Projects		
11.113	I	(1,230)	ITA Special Projects	ADMIN	Clemson University
11.113	I	(66)	ITA Special Projects	C02-PH03	Clemson University
11.113	I	513	ITA Special Projects	C04-NS07 YR1	Clemson University
11.113	I	2,138	ITA Special Projects	CO4-NS11 YR1	Clemson University
11.113	I	(1,329)	ITA Special Projects	F03-043004	Clemson University
11.113	I	(68,486)	ITA Special Projects	F04-NS26	Clemson University
11.113	I	180	ITA Special Projects	F04-NS26 YR1	Clemson University
11.113	I	123	ITA Special Projects	M02-NS01	Clemson University
11.113	I	(11)	ITA Special Projects	NTC subagreement/10	Clemson University
11.113	I	201	ITA Special Projects	Year 1 - 02-07400	Clemson University
11.113	I	4,033	ITA Special Projects	NTC Grant ITA-08-0	NTC-Clemson
11.312	D	1,105	Research and Evaluation Program		
11.400	D	139,736	Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)		
11.405	D	5,542	Anadromous Fish Conservation Act Program		
11.407	D	104,659	Interjurisdictional Fisheries Act of 1986		
11.417	D	2,591,914	Sea Grant Support		
11.417	I	45,065	Sea Grant Support	2226JC-A-UNCW	Dauphin Island Sea Lab
11.417	I	29,346	Sea Grant Support	S103/NA05NOS4731148	South Carolina Sea Grant Consortium
11.417	I	15,385	Sea Grant Support	RR746-024/3505658	Univ of Georgia
11.417	I	378	Sea Grant Support	5000031053	University of Maine
11.417	I	5,080	Sea Grant Support	R-122-1-04	University of Puerto Rico
11.417	I	3,592	Sea Grant Support	R-UNCW-6-05	University of Puerto Rico
11.419	D	2,710,736	Coastal Zone Management Administration Awards		
11.419	I	88,035	Coastal Zone Management Administration Awards	07-093	Univ of New Hampshire
11.419	I	185,181	Coastal Zone Management Administration Awards	07-094	Univ of New Hampshire
11.419	I	21,576	Coastal Zone Management Administration Awards	08-053	Univ of New Hampshire
11.419	I	20,070	Coastal Zone Management Administration Awards	712640	Virginia Institute of Marine Science
11.420	D	781,852	Coastal Zone Management Estuarine Research Reserves		
11.428	I	54,439	Intergovernmental Climate - Program (NESDIS)	Z759501	Univ of Maryland
11.429	D	20,951	Marine Sanctuary Program		
11.430	D	2,492,781	Undersea Research		
11.430	I	(141)	Undersea Research	05-09-022	Univ of Mississippi
11.430	I	22,352	Undersea Research	06-08-015	Univ of Mississippi
11.430	I	610	Undersea Research	06-09-021	Univ of Mississippi
11.430	I	45,178	Undersea Research	07-01-071	Univ of Mississippi

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
11.430	I	11,493	Undersea Research	08-11-047	Univ of Mississippi
11.430	I	76,558	Undersea Research	USM-GR02804-001	University of Southern Mississippi
11.431	D	81,984	Climate and Atmospheric Research		
11.431	I	34,095	Climate and Atmospheric Research	08-1474	Univ of S Carolina
11.432	I	865	Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	658629/658847	The Research Corporation of the University of Hawaii
11.433	D	7,241	Marine Fisheries Initiative		
11.434	D	125,620	Cooperative Fishery Statistics		
11.439	D	104,421	Marine Mammal Data Program		
11.439	I	7,024	Marine Mammal Data Program	VAQS2007	The Virginia Aquarium Foundation, Inc
11.440	D	68,281	Environmental Sciences, Applications, Data, and Education		
11.454	D	38,916	Unallied Management Projects		
11.455	I	3,276	Cooperative Science and Education Program	2137	Rutgers State Univ
11.455	I	9,852	Cooperative Science and Education Program	3061	Rutgers State Univ
11.455	I	31,010	Cooperative Science and Education Program	3276	Rutgers State Univ
11.455	I	9,000	Cooperative Science and Education Program	3054	Rutgers University
11.455	I	22,285	Cooperative Science and Education Program	3277	Rutgers University
11.455	I	56,815	Cooperative Science and Education Program	06-0124	University of New Hampshire
11.457	I	39,238	Chesapeake Bay Studies	SC03-27565D	Univ of Maryland
11.457	I	4,906	Chesapeake Bay Studies	SC035-27565D	Univ of Maryland
11.457	I	18,233	Chesapeake Bay Studies	SC035-27576D	Univ of Maryland
11.457	I	301	Chesapeake Bay Studies	SC03527583D	Univ of Maryland
11.457	I	25,182	Chesapeake Bay Studies	710221/01	VA Inst of Marine Science
11.460	D	1,152,004	Special Oceanic and Atmospheric Projects		
11.460	I	19,913	Special Oceanic and Atmospheric Projects	F014525	Univ of Michigan
11.460	I	669,397	Special Oceanic and Atmospheric Projects	03-741/22146J	Univ of S. Carolina
11.460	I	(4,076)	Special Oceanic and Atmospheric Projects	usc no. 07-1330 (21600 FA2)	University of South Carolina
11.467	I	21,735	Meteorologic and Hydrologic Modernization Development	S07-66810	Univ Corp Atmospheric
11.468	D	91,195	Applied Meteorological Research		
11.472	I	581	Unallied Science Program	A100402	Woods Hole Oceanographic Institution
11.473	D	359,653	Coastal Services Center		
11.473	I	152,841	Coastal Services Center	2007-402	SURA (SE Univ Rsch)
11.473	I	40,290	Coastal Services Center	UF-EIES-0704029-NC	Univ of Florida
11.473	I	949	Coastal Services Center	UF-EIES-0704031-UNC	Univ of Florida
11.473	I	30	Coastal Services Center	A100574	Woods Hole Oceanographic Institution
11.474	D	420,851	Atlantic Coastal Fisheries Cooperative Management Act		
11.478	D	827,422	Center for Sponsored Coastal Ocean Research-Coastal Ocean Program		
11.478	I	21,499	Center for Sponsored Coastal Ocean Research-Coastal Ocean Program	MML-106390A	Mote Marine Laboratory
11.478	I	49,844	Center for Sponsored Coastal Ocean Research-Coastal Ocean Program	A100517 / 24024502	Woods Hole Oceanographic Institution
11.481	D	2,170,570	Educational Partnership Program		
		<u>16,745,862</u>	Total — Research and Development Cluster — U. S. Department of Commerce		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>U. S. Department of Defense</u>					
12	D	7,341,128	U.S. Department of Defense		
12	I	182	U.S. Department of Defense	05-3005-NCAT	3 Phoenix Incorporated
12	I	164	U.S. Department of Defense	06-3010-NCAT	3 Phoenix Incorporated
12	I	115,843	U.S. Department of Defense	06-3011-001-NCAT	3 Phoenix Incorporated
12	I	(12)	U.S. Department of Defense	06-NCST-001	3 Phoenix, Inc.
12	I	96,297	U.S. Department of Defense	ABNDTRA-0507-03	Advanced Bionutritio
12	I	37,841	U.S. Department of Defense	07-S530-0047-03-C1	Air Force Research Laboratory
12	I	189	U.S. Department of Defense	PO# 6004.005.01-1	Alion Science and Technology
12	I	21,449	U.S. Department of Defense	2007-1556	Ambalux Corporation
12	I	(1,337)	U.S. Department of Defense	2005-1941	AP Solutions, Inc.
12	I	77,671	U.S. Department of Defense	2007-0909	Apjet, Inc.
12	I	188,909	U.S. Department of Defense	S-29000.39	Appl'd Res. Assoc. I
12	I	164,504	U.S. Department of Defense	TS00003	Ascend Intel LLC
12	I	234,813	U.S. Department of Defense	206168	BAE Systems
12	I	(220)	U.S. Department of Defense	206005	Battelle Mem. Instl.
12	I	83,553	U.S. Department of Defense	13508	BBN Technologies
12	I	(2,960)	U.S. Department of Defense	3000936	Bechtel Bettis, Inc.
12	I	15,353	U.S. Department of Defense	132G106096-C	Boise State University
12	I	112,233	U.S. Department of Defense	N/A	Boulder Nonlinear Sy
12	I	29,820	U.S. Department of Defense	1150060-99245	Carnegie-Mellon Univ
12	I	4,718	U.S. Department of Defense	CAS SC381-07	CAS, Inc.
12	I	44,631	U.S. Department of Defense	765	CFD Research Corp
12	I	5,030	U.S. Department of Defense	826	CFD Research Corp
12	I	2	U.S. Department of Defense	907308	CH2M Hill
12	I	137,490	U.S. Department of Defense	19823 056011	Children's Hosp/Pittsburgh
12	I	204,927	U.S. Department of Defense	06-S567-06-C2	Clarkson Aerospace
12	I	93,084	U.S. Department of Defense	NCAT 06-S001-[2]-C2	Clarkson Aerospace
12	I	53,216	U.S. Department of Defense	80300030	Concurrent Tech Corp
12	I	5,542	U.S. Department of Defense	48767	Creare, Incorporated
12	I	44,450	U.S. Department of Defense	05-002	Cree Research, Inc.
12	I	24,408	U.S. Department of Defense	06-004	Cree Research, Inc.
12	I	19,143	U.S. Department of Defense	08-001	Cree Research, Inc.
12	I	2,249	U.S. Department of Defense	2007-1159	Crystal Is, Inc.
12	I	21,068	U.S. Department of Defense	27204-3300	Ensco Inc
12	I	44,264	U.S. Department of Defense	05C0165	Etrema Products, Inc
12	I	53,079	U.S. Department of Defense	2007-0247	Firebird Advanced MA

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
12	I	42,732	U.S. Department of Defense	2006-0733	Flexsys, Inc.
12	I	(23,219)	U.S. Department of Defense	B-12-M06-S6	GA. Inst. of Tech.
12	I	240,135	U.S. Department of Defense	R7776-S1	GA. Inst. of Tech.
12	I	46,107	U.S. Department of Defense	ICA-05-03-004	General Dynamics Information Technology
12	I	44,463	U.S. Department of Defense	sub# USAF-3446-23-SC-0001	General Dynamics Information Technology
12	I	25,112	U.S. Department of Defense	200-10-14U36201	General Electric Company
12	I	(1,049)	U.S. Department of Defense	700151404	General Electric Company
12	I	338,624	U.S. Department of Defense	2007-1115	Hanesbrands, Inc.
12	I	61,129	U.S. Department of Defense	00000128246	Henry M Jackson Fdn
12	I	85,061	U.S. Department of Defense	0000153438	Henry M Jackson Fdn
12	I	12,591	U.S. Department of Defense	1196-1S1	Infoscitex Corporation
12	I	246,666	U.S. Department of Defense	N/A	Int'l Technology Cen
12	I	119,783	U.S. Department of Defense	23898	Irvine Sensors Corporation
12	I	42,401	U.S. Department of Defense	24074	Irvine Sensors Corporation
12	I	9,092	U.S. Department of Defense	2007-0357	Knowledge Systems
12	I	(24,743)	U.S. Department of Defense	2005-0538	Kyma Technologies, I
12	I	36,854	U.S. Department of Defense	2008-0362	Kyma Technologies, I
12	I	40,367	U.S. Department of Defense	2008-1078	Kyma Technologies, I
12	I	264,093	U.S. Department of Defense	Prime # - 7100014878	Lockheed Martin Corporation
12	I	10,329	U.S. Department of Defense	purchase order #7146615	Lockheed Martin Corporation
12	I	3,381	U.S. Department of Defense	0509/SP0103-04-5-000	Logistics Manage Ins
12	I	68,910	U.S. Department of Defense	NR-0020	Nekton Research, LLC
12	I	15,471	U.S. Department of Defense	Q01166	New Mexico State Uni
12	I	(317)	U.S. Department of Defense	2006-1712	Nitronex Corporation
12	I	7,173	U.S. Department of Defense	75846QRS5S	Northrop Grumman
12	I	(349)	U.S. Department of Defense	NWRA-06-S-093	NWRA
12	I	45,659	U.S. Department of Defense	NWRA-07-S-102	NWRA
12	I	(138)	U.S. Department of Defense	0062	Optical Research Ass
12	I	27,204	U.S. Department of Defense	PO 13552	Opra Inc.
12	I	(45)	U.S. Department of Defense	PO# 13000	Opra Inc.
12	I	441,528	U.S. Department of Defense	EP51257	Parametric Tech. Corp
12	I	(2,763)	U.S. Department of Defense	00014-4-0115	Pennsylvania State University
12	I	(1,137)	U.S. Department of Defense	7014-4-0117	Pennsylvania State University
12	I	1,028	U.S. Department of Defense	DTRA0006.01	Pennsylvania State University
12	I	86,804	U.S. Department of Defense	DTRA0006.01	Pennsylvania State University
12	I	22,414	U.S. Department of Defense	subconS03-34ITO DTRA0001	Pennsylvania State University
12	I	78,541	U.S. Department of Defense	FY05-06NCAT-CCMR	Pittsburgh State

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
12	I	2,051	U.S. Department of Defense	FY2005-2006NCA&T-CAMSS	Pittsburgh State
12	I	54,521	U.S. Department of Defense	P.O. number 4400217107	Raytheon Corporation
12	I	(344)	U.S. Department of Defense	PO#4400076192	Raytheon Corporation
12	I	4,352	U.S. Department of Defense	N/A	Renaissance Computing
12	I	26,463	U.S. Department of Defense	P1107	Renaissance Science
12	I	28,154	U.S. Department of Defense	P1111	Renaissance Science
12	I	71	U.S. Department of Defense	DAAL01-96-2-0003	Rockwell Int
12	I	424,280	U.S. Department of Defense	1-321-0210294	RTI International
12	I	63,396	U.S. Department of Defense	2-321-0210294	RTI International
12	I	13,651	U.S. Department of Defense	4400128244	Science Applications
12	I	93,618	U.S. Department of Defense	PO# ML05000858	Serco-N America
12	I	103,305	U.S. Department of Defense	02-32-941-840-906U	Shaw University
12	I	1,110	U.S. Department of Defense	SURA-2006-302	SURA (SE Univ Rsch)
12	I	64,959	U.S. Department of Defense	718-21241	SVT Associates
12	I	972	U.S. Department of Defense	172648	The Boeing Company
12	I	17,984	U.S. Department of Defense	KT3408	The Boeing Company
12	I	1,344	U.S. Department of Defense	N00014-06-M-0339	Triangle Polymer Technologies
12	I	(7,571)	U.S. Department of Defense	441186C	United Negro College Fund
12	I	14,685	U.S. Department of Defense	05-S555-0006-C3	United Technologies Corporation
12	I	65,148	U.S. Department of Defense	S00000199	Univ of Cal-Riverside
12	I	105,865	U.S. Department of Defense	S-000269	Univ of Cal-Riverside
12	I	127,797	U.S. Department of Defense	C00005071-5	Univ of Missouri
12	I	50,829	U.S. Department of Defense	GG10800-125437	Univ of Virginia
12	I	131,268	U.S. Department of Defense	243142	Univ of Wash-Seattle
12	I	182,117	U.S. Department of Defense	18824-S2	Vanderbilt U Med C
12	I	428,864	U.S. Department of Defense	17529-S2	Vanderbilt University
12	I	1,295	U.S. Department of Defense	05-326-NCSU	West Virginia Univ.
12	I	89,339	U.S. Department of Defense	N/A	Woolpert Inc.
12	I	(254)	U.S. Department of Defense	N/A	Xintek, Inc
12	I	1,765	U.S. Department of Defense	N/A	Zellcomp, Inc.
12.100	D	95,633	Aquatic Plant Control		
12.109	D	237,063	Protection, Clearing and Straightening Channels		
12.300	D	3,036,352	Basic and Applied Scientific Research		
12.300	I	35,550	Basic and Applied Scientific Research	B-01-6A6-G3	GA. Inst. of Tech.
12.300	I	49,572	Basic and Applied Scientific Research	E-21-6-RU-G9	GA. Inst. of Tech.
12.300	I	102,218	Basic and Applied Scientific Research	3030	Rutgers University
12.300	I	82,964	Basic and Applied Scientific Research	KK5151	Univ of Cal-Santa Barbara

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
12.300	I	33,294	Basic and Applied Scientific Research	S0149517	Univ of Cal-Santa Cruz
12.300	I	61,303	Basic and Applied Scientific Research	66057G/PO#777399	Univ of Miami
12.300	I	53,207	Basic and Applied Scientific Research	R9106000111	Univ of Minnesota
12.300	I	27,183	Basic and Applied Scientific Research	200978	Univ of Notre Dame
12.300	I	28,296	Basic and Applied Scientific Research	N00014-07-1-1010	University of Mississippi
12.351	D	51,131	Basic Scientific Research - Combating Weapons of Mass Destruction		
12.420	D	4,884,947	Military Medical Research and Development		
12.420	I	130,234	Military Medical Research and Development	19823 056337	Children's Hosp/Pittsburgh
12.420	I	17,164	Military Medical Research and Development	128327	Duke University
12.420	I	1,958	Military Medical Research and Development	313-2074	Duke University
12.420	I	160,180	Military Medical Research and Development	12-12990-01-01-C3	H Lee Moffitt Cancer
12.420	I	3,279	Military Medical Research and Development	PO# 8001-21024-X	Johns Hopkins Univ
12.420	I	152	Military Medical Research and Development	0258-2931-4609	Mt Sinai Sch of Med
12.420	I	3,984	Military Medical Research and Development	1-46U-9054	RTI International
12.431	D	6,045,856	Basic Scientific Research		
12.431	I	(153)	Basic Scientific Research	318-7034-201200222	Clemson University
12.431	I	(4,729)	Basic Scientific Research	04-SC-ARO-1020	Duke University
12.431	I	46,089	Basic Scientific Research	04-SC-ARO-1076	Duke University
12.431	I	55,399	Basic Scientific Research	N/A	L.C. Pegasus Corp.
12.431	I	31,546	Basic Scientific Research	55-000862	SRI International
12.431	I	50,213	Basic Scientific Research	353-1638 S01	Syracuse University
12.431	I	157,202	Basic Scientific Research	C00006389-1	Univ of Missouri
12.431	I	73,473	Basic Scientific Research	GG10829-126150	Univ of Virginia
12.431	I	109,955	Basic Scientific Research	Z859301	University of Maryland
12.630	D	715,562	Basic, Applied, and Advanced Research in Science and Engineering		
12.630	I	96,396	Basic, Applied, and Advanced Research in Science and Engineering	06-SC-AFOSR-1018	Duke University
12.800	D	3,046,065	Air Force Defense Research Sciences Program		
12.800	I	111,657	Air Force Defense Research Sciences Program	UF-EIES-0602037-NC	Univ of Florida
12.800	I	115,593	Air Force Defense Research Sciences Program	18131-S3	Vanderbilt University
12.901	D	330,264	Mathematical Sciences Grants Program		
12.910	D	140,204	Research and Technology Development		
12.910	I	60,724	Research and Technology Development	00001110	Princeton Univ
12.910	I	(14,538)	Research and Technology Development	531-0226-1	Purdue University
12.910	I	140,922	Research and Technology Development	10270482	Univ of Cal-San Diego
12.910	I	110,533	Research and Technology Development	UF07127 / 00068318	Univ of Florida
12.910	I	191,709	Research and Technology Development	130379	Univ of Wash-Seattle
		<u>34,479,253</u>	Total — Research and Development Cluster — U. S. Department of Defense		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>U. S. Department of Housing and Urban Development</u>					
14	D	224	U.S. Department of Housing and Urban Development		
14	I	31,924	U.S. Department of Housing and Urban Development	N/A	Durham Housing Authority
14.516	D	8,124	Doctoral Dissertation Research Grants		
14.520	D	(184)	Historically Black Colleges and Universities Program		
		40,088	Total — Research and Development Cluster — U. S. Department of Housing and Urban Development		
<u>U. S. Department of Interior</u>					
15	D	779,930	U.S. Department of the Interior		
15	I	43,261	U.S. Department of the Interior	N/A	Assoc of Rsch Library
15	I	25,195	U.S. Department of the Interior	0001	URS Corp
15	I	(6)	U.S. Department of the Interior	2007-9986	VA. Dept of Game
15.225	D	17,402	Recreation Resource Management		
15.608	D	7,177	Fish and Wildlife Management Assistance		
15.608	I	18,374	Fish and Wildlife Management Assistance	T-4-1 & T-13-1 R	SC Dept of Natural Resources
15.615	D	18,691	Cooperative Endangered Species Conservation Fund		
15.616	D	17,102	Clean Vessel Act		
15.628	D	2,668	Multi-State Conservation Grant Program		
15.630	D	2,527	Coastal Program		
15.634	I	27,435	State Wildlife Grants	0077053073	SC Dept Natural Resources
15.807	I	42,152	Earthquake Hazards Reduction Program	PO119509	Univ Southern California
15.808	D	1,034,826	U.S. Geological Survey- Research and Data Collection		
15.808	I	(833)	U.S. Geological Survey- Research and Data Collection	4000516990	Univ of Iowa
15.809	D	525,572	National Spatial Data Infrastructure Cooperative Agreements Program		
15.812	D	869,594	Cooperative Research Units Program		
15.904	D	50,698	Historic Preservation Fund Grants-In-Aid		
15.921	D	18,368	Rivers, Trails and Conservation Assistance		
15.929	D	24,309	Save America's Treasures		
		3,524,442	Total — Research and Development Cluster — U. S. Department of Interior		
<u>U. S. Department of Justice</u>					
16	D	51,000	U.S. Department of Justice		
16	I	3,517	U.S. Department of Justice	N/A	Ame Colle Emerg Phys
16	I	125,524	U.S. Department of Justice	0209237 Girls Stud	RTI International
16	I	9,220	U.S. Department of Justice	WFUHS 12077	Wake Forest Univ Sch Med

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
16.560	D	39,297	National Institute of Justice Research, Evaluation, and Development Project Grants		
16.560	I	35,122	National Institute of Justice Research, Evaluation, and Development Project Grants	08-SC-NIJ-1007	Duke University
16.589	I	4,853	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Grant Program	2005-10	NCJFCJ
		<u>268,533</u>	Total — Research and Development Cluster — U. S. Department of Justice		
<u>U. S. Department of State</u>					
19	D	227,385	U.S. Department of State		
19	I	(2,620)	U.S. Department of State	S-NEAPI-04-CA-115	SE Consort Intl Dev
19.300	I	(5,827)	Program for Study of Eastern Europe and the Independent States of the Former Soviet Union	820-9	Natl Cncl Eurasian
		<u>218,938</u>	Total — Research and Development Cluster — U. S. Department of State		
<u>U. S. Department of Transportation</u>					
20	D	1,583,168	U.S. Department of Transportation		
20	I	1,427	U.S. Department of Transportation	37769.00	Bellomo-Mcgee, Inc
20	I	3,247	U.S. Department of Transportation	Task BMISG05B025	Bellomo-Mcgee, Inc
20	I	7,468	U.S. Department of Transportation	2007-1799	CVSA
20	I	6,193	U.S. Department of Transportation	N/A	EI Pueblo, Inc.
20	I	(7,614)	U.S. Department of Transportation	437-25-46	Iowa University
20	I	25,554	U.S. Department of Transportation	SA-1911-08/SP-1900-0	Kansas Dept Transpor
20	I	17,127	U.S. Department of Transportation	5710002033	MA Instli Technology
20	I	12,826	U.S. Department of Transportation	5710002072	MA Instli Technology
20	I	86,222	U.S. Department of Transportation	5710002208	MA Instli Technology
20	I	70,900	U.S. Department of Transportation	N/A	Motorcycle Safety Fd
20	I	653	U.S. Department of Transportation	2007-0197	Mulkey, Inc.
20	I	56	U.S. Department of Transportation	HR 3-62	Natl Acad of Science
20	I	84,656	U.S. Department of Transportation	HR17-25	Natl Acad of Science
20	I	159,727	U.S. Department of Transportation	HR17-35/DOT-6505-099	Natl Acad of Science
20	I	31,261	U.S. Department of Transportation	HR20-07(212)	Natl Acad of Science
20	I	59,430	U.S. Department of Transportation	SHRP-S 01(D)	Natl Acad of Science
20	I	211,709	U.S. Department of Transportation	HR 03-78A	Natl Acad of Science
20	I	(8,534)	U.S. Department of Transportation	N/A	Natl Safety Council
20	I	19,223	U.S. Department of Transportation	N/A	Natl Safety Council
20	I	41,666	U.S. Department of Transportation	Task Ord#10-FHWA L	Nichols Consulting
20	I	10,457	U.S. Department of Transportation	2155.114A	Performtech Inc
20	I	19,722	U.S. Department of Transportation	2155.115A	Performtech Inc
20	I	41,546	U.S. Department of Transportation	2155.513A	Performtech Inc
20	I	4,148	U.S. Department of Transportation	S040043	Texas A&M Rsch Fdn
20	I	34,185	U.S. Department of Transportation	S060062	Texas A&M Rsch Fdn

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
20	I	118,834	U.S. Department of Transportation	DTNH22-05-D-05043	Transanalytics
20	I	17,888	U.S. Department of Transportation	N/A	Transanalytics
20	I	7,349	U.S. Department of Transportation	07-NCSU-E1	Univ of Tennessee
20	I	19,862	U.S. Department of Transportation	07-NCSU-S3	Univ of Tennessee
20	I	6,586	U.S. Department of Transportation	07-UNCCH-E1	Univ of Tennessee
20	I	13,226	U.S. Department of Transportation	07-UNCCH-R-S5/DTRS99	Univ of Tennessee
20	I	222,526	U.S. Department of Transportation	PO#0000133976/250602	Univ of Utah
20	I	35,908	U.S. Department of Transportation	367769	Vanasse Hangen Brust
20	I	115,133	U.S. Department of Transportation	37769.00	Vanasse Hangen Brust
20	I	30,706	U.S. Department of Transportation	Alt IntrscIT Trmnt	Vanasse Hangen Brust
20	I	17,997	U.S. Department of Transportation	N/A	Vanasse Hangen Brust
20.200	D	379,085	Highway Research and Development Program		
20.515	I	6,000	State Planning and Research	3049003200-07-470	Univ of Kentucky
20.515	I	9,904	State Planning and Research	UKRF3049022337-08-20	Univ of Kentucky
20.701	D	2,570	University Transportation Centers Program		
20.701	I	46,896	University Transportation Centers Program	RES-05-001	Alaska DOT
20.701	I	86,076	University Transportation Centers Program	99-NCSU-E1	Univ of Tennessee
20.761	I	35,121	Biobased Transportation Research	101568	Univ of Tennessee
20.761	I	33,991	Biobased Transportation Research	101571	Univ of Tennessee
20.761	I	3,771	Biobased Transportation Research	102406	Univ of Tennessee
		<u>3,725,852</u>	Total — Research and Development Cluster — U. S. Department of Transportation		
<u>Library of Congress</u>					
42	I	127,477	Library of Congress	C08-085837	CACI-ISS Inc.
42	I	172,047	Library of Congress	F011777	Univ of Michigan
		<u>299,524</u>	Total — Research and Development Cluster — Library of Congress		
<u>National Aeronautics and Space Administration</u>					
43	D	2,800,154	National Aeronautics and Space Administration		
43	I	(1,214)	National Aeronautics and Space Administration	N/A	2020 Company, LLC
43	I	30,001	National Aeronautics and Space Administration	P.O. # 2020-071707	2020 Company, LLC
43	I	29,995	National Aeronautics and Space Administration	0448-1377	Aplima, Inc.
43	I	12,409	National Aeronautics and Space Administration	5H07563	Boeing Company
43	I	52,810	National Aeronautics and Space Administration	1307958	Calif Inst Technolog
43	I	615	National Aeronautics and Space Administration	1264893	California Inst.

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
43	I	7,381	National Aeronautics and Space Administration	1276736	California Inst.
43	I	112	National Aeronautics and Space Administration	1276758	California Inst.
43	I	14,208	National Aeronautics and Space Administration	1288057	California Inst.
43	I	27,395	National Aeronautics and Space Administration	1294541	California Inst.
43	I	4,414	National Aeronautics and Space Administration	CSGF 002-034-03	California Space Gra
43	I	(1,030)	National Aeronautics and Space Administration	04-002	Hampton University
43	I	88,841	National Aeronautics and Space Administration	2006-1249	Kalscott Engineering
43	I	3,649	National Aeronautics and Space Administration	PO#21179	Marine Biological La
43	I	(3,136)	National Aeronautics and Space Administration	642731	Michigan State Univ.
43	I	22,025	National Aeronautics and Space Administration	91978/NAS13-99030	Mississippi Space Ser
43	I	186,345	National Aeronautics and Space Administration	NCAT-03-01	National Institute of Aerospace
43	I	102,244	National Aeronautics and Space Administration	X07-7019-NCAT	National Institute of Aerospace
43	I	56,653	National Aeronautics and Space Administration	2005-0372-02	Nat'l Inst. of Aeros
43	I	80,673	National Aeronautics and Space Administration	NCSU-03-01-2598-NC	Nat'l Inst. of Aeros
43	I	108,511	National Aeronautics and Space Administration	NCSU-03-01-3520	Nat'l Inst. of Aeros
43	I	(12)	National Aeronautics and Space Administration	NCSU-03-01-4815-NC	Nat'l Inst. of Aeros
43	I	12,621	National Aeronautics and Space Administration	NCSU-03-01-4825-NC	Nat'l Inst. of Aeros
43	I	13,681	National Aeronautics and Space Administration	NCSU-03-01-4827-NC	Nat'l Inst. of Aeros
43	I	7,344	National Aeronautics and Space Administration	NCSU-03-01-4832-NC	Nat'l Inst. of Aeros
43	I	39,376	National Aeronautics and Space Administration	NCSU-03-01-4837-NC	Nat'l Inst. of Aeros
43	I	43,421	National Aeronautics and Space Administration	NCSU-03-01-4838-NC	Nat'l Inst. of Aeros
43	I	40,008	National Aeronautics and Space Administration	NCSU-03-01-4844-NC	Nat'l Inst. of Aeros
43	I	32,212	National Aeronautics and Space Administration	NCSU-03-01-4848-NC	Nat'l Inst. of Aeros
43	I	57,773	National Aeronautics and Space Administration	NCSU-03-01-4856-NC	Nat'l Inst. of Aeros
43	I	41,959	National Aeronautics and Space Administration	NCSU-05-JPL	Nat'l Inst. of Aeros
43	I	48,222	National Aeronautics and Space Administration	T05-6000-6024-NC	Nat'l Inst. of Aeros
43	I	3,391	National Aeronautics and Space Administration	T05-6000-6113-NC	Nat'l Inst. of Aeros
43	I	50,043	National Aeronautics and Space Administration	X06-9016-NC	Nat'l Inst. of Aeros
43	I	95,834	National Aeronautics and Space Administration	00000534	Princeton Univ
43	I	28,294	National Aeronautics and Space Administration	GO6-7059X	Smithsonian Astrophysics
43	I	2,573	National Aeronautics and Space Administration	115326	Smithsonian Astrophysics
43	I	(7,609)	National Aeronautics and Space Administration	GO5-6051A	Smithsonian Astrophysics
43	I	3,674	National Aeronautics and Space Administration	GO5-6053A	Smithsonian Astrophysics
43	I	22,661	National Aeronautics and Space Administration	Letter Dated 7/15/2006	United Negro College Fund
43	I	10,102	National Aeronautics and Space Administration	UCF01-0000148240	Univ of Central Flor
43	I	27,913	National Aeronautics and Space Administration	UF-EIES-0702038-NC	Univ of Florida
43	I	12,231	National Aeronautics and Space Administration	1996-1305-04	Univ of Hawaii

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
43	I	76,186	National Aeronautics and Space Administration	ACK774	Univ of Idaho
43	I	752	National Aeronautics and Space Administration	177298	Univ of Washington
43	I	14,345	National Aeronautics and Space Administration	UF-EIES-0202006-NCAT	University of Florida
43	I	141,020	National Aeronautics and Space Administration	Z689201	University of Maryland
43	I	(8,491)	National Aeronautics and Space Administration	07605-003-052	USRA
43	I	(26,623)	National Aeronautics and Space Administration	NCAT-03-01	Virginia Polytechnic Institute and State University
43.001	D	619,399	Aerospace Education Services Program		
43.001	I	3,102	Aerospace Education Services Program	1265236	California Inst.
43.001	I	97,299	Aerospace Education Services Program	200/536969.571	Dartmouth College
43.001	I	20,197	Aerospace Education Services Program	NCSU-03-01-2536-NC	Nat'l Inst. of Aeros
43.001	I	280,386	Aerospace Education Services Program	NCSU-03-01-3520-NC	Nat'l Inst. of Aeros
43.001	I	18,333	Aerospace Education Services Program	NCSU-03-01-4806-NC	Nat'l Inst. of Aeros
43.001	I	30,720	Aerospace Education Services Program	16228099	Univ of Central FL
43.001	I	15,593	Aerospace Education Services Program	0000003524	University of Maryland
43.001	I	4,985	Aerospace Education Services Program	Sub Award #Z634017	University of Maryland
43.002	I	(24)	Technology Transfer	072402/535842	Univ of Rhode Island
		<u>5,495,946</u>	Total — Research and Development Cluster — National Aeronautics and Space Administration		

National Endowment for the Arts and Humanities

45	D	20,069	National Foundation on the Arts and the Humanities		
45.024	D	(2,336)	Promotion of the Arts-Grants to Organizations and Individuals		
45.024	I	5,000	Promotion of the Arts-Grants to Organizations and Individuals	27799	Arts Midwest
45.129	I	9,057	Promotion of the Humanities-Federal/State Partnership	W07-01	NC Humanities Council
45.129	I	3,998	Promotion of the Humanities-Federal/State Partnership	S07-20	NC Humanities Council
45.149	D	162,191	Promotion of the Humanities-Division of Preservation and Access		
45.161	D	181,190	Promotion of the Humanities-Research		
45.169	D	16,282	Promotion of the Humanities-Office of Digital Humanities		
45.301	D	3,195	Museums for America		
45.301	I	458	Museums for America	R00237	Florida State
45.312	D	207,359	National Leadership Grants		
45.313	D	764,046	Laura Bush 21st Century Librarian Program		
		<u>1,370,509</u>	Total — Research and Development Cluster — National Endowment for the Arts and Humanities		

National Science Foundation

47	D	2,235,618	National Science Foundation		
47	I	28,376	National Science Foundation	N/A	Assoc. for Inst. Res
47	I	1	National Science Foundation	N/A	Conference Board Mathematical Science

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
47	I	4,276	National Science Foundation	N/A	Consort Ocean Leader
47	I	122,997	National Science Foundation	Subcontract No.. 2	Hampton University
47	I	1,611	National Science Foundation	62205	Natl Center for Engineering and Technology Education
47	I	195,061	National Science Foundation	04-308;grant code: A6735	National Science Foundation
47	I	4,351	National Science Foundation	DMI - 0419218	Performance Polymer Solutions, Inc
47	I	139,862	National Science Foundation	R38719-73900004	Rice University
47	I	(3)	National Science Foundation	C101	South Carolina Sea Grant
47	I	11,135	National Science Foundation	C201	South Carolina Sea Grant
47	I	28,741	National Science Foundation	C301	South Carolina Sea Grant
47	I	163,984	National Science Foundation	S08-40265	Univ Corp Atmos Res
47	I	106,501	National Science Foundation	2003-01685-1/A6734	Univ of Ill Champaign
47	I	67,052	National Science Foundation	2007-0911	Valencell Inc.
47	I	5,084	National Science Foundation	26-0299058-01/0634	Valparaiso University
47	I	6,007	National Science Foundation	CR-19070-527756	Virginia Polytechnic Institute and State University
47	I	62	National Science Foundation	N/A	Virginia Polytechnic Institute and State University
47.041	D	6,201,299	Engineering Grants		
47.041	I	18,123	Engineering Grants	N/A	3F, LLC
47.041	I	(3,414)	Engineering Grants	02-093	Arizona State Univ
47.041	I	88,972	Engineering Grants	2004-0272	Barr-Mullin, Inc.
47.041	I	74,812	Engineering Grants	01-061004	Bluerisc
47.041	I	50,643	Engineering Grants	1159-7558-206-200628	Clemson University
47.041	I	1,987	Engineering Grants	2007-1119	Firebird Advanced
47.041	I	61,233	Engineering Grants	5710001766	Mass. Inst. of Tech.
47.041	I	(3,037)	Engineering Grants	PO#RF00946953/741493	Ohio State U Res Fdn
47.041	I	(70)	Engineering Grants	N/A	Orobridge, Inc.
47.041	I	101,916	Engineering Grants	2006-1305	SISU Chemical, LLC
47.041	I	9,806	Engineering Grants	prime#cms0527387poZ805179	The Research Corp. of the University of Hawaii
47.041	I	48,628	Engineering Grants	8306	Univ of Delaware
47.041	I	67,739	Engineering Grants	H31506	Univ of Southern California
47.041	I	50,877	Engineering Grants	F010310	University of Michigan
47.041	I	281,156	Engineering Grants	EEC-0540834	University of Minnesota
47.041	I	32,725	Engineering Grants	UTA06-820	University of Texas at Austin
47.041	I	124,733	Engineering Grants	CR-19070-427756	Virginia Polytechnic Institute and State University
47.049	D	15,873,673	Mathematical and Physical Sciences		
47.049	I	20,878	Mathematical and Physical Sciences	520739	College of Charleston
47.049	I	722	Mathematical and Physical Sciences	45499-7678	Cornell University
47.049	I	366,021	Mathematical and Physical Sciences	03-SC-NSF-1008	Duke University

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
47.049	I	296,932	Mathematical and Physical Sciences	03-SC-NSF-1009	Duke University
47.049	I	172,877	Mathematical and Physical Sciences	08-SC-NIH-1026	Duke University
47.049	I	(290)	Mathematical and Physical Sciences	TUL153-03/04	Tulane University
47.049	I	9,175	Mathematical and Physical Sciences	RR551-209/6330977	Univ of Georgia
47.049	I	2,485	Mathematical and Physical Sciences	GA10153-121489	Univ of Virginia
47.049	I	93,184	Mathematical and Physical Sciences	431140	Univ of Wash-Seattle
47.049	I	27,497	Mathematical and Physical Sciences	919690	Univ of Wash-Seattle
47.049	I	180,904	Mathematical and Physical Sciences	647F275	Univ Wisconsin-Madison
47.050	D	3,836,455	Geosciences		
47.050	I	16,827	Geosciences	SUB# 16-2002	Amer Museum of Natural History
47.050	I	30,300	Geosciences	202601552-02	Florida International
47.050	I	40,681	Geosciences	9201902	Princeton University
47.050	I	29,655	Geosciences	UF-EIES-0810013-UNC	Univ of Florida
47.050	I	1,750	Geosciences	RR100-508/3506528	Univ of Georgia
47.050	I	286	Geosciences	05-652	Univ of Texas-Austin
47.050	I	10,344	Geosciences	10228241	University of California at San Diego
47.050	I	32,636	Geosciences	OCE-0603790-21131	University of California, Merced
47.050	I	7,052	Geosciences	P127756	University of Miami
47.070	D	6,234,844	Computer and Information Science and Engineering		
47.070	I	9,846	Computer and Information Science and Engineering	1153-7558-206-2006-152	Clemson University
47.070	I	12,004	Computer and Information Science and Engineering	235388	Drexel Univ
47.070	I	(1)	Computer and Information Science and Engineering	01-SC-NSF-1010	Duke University
47.070	I	754	Computer and Information Science and Engineering	04-SC-NSF-1033	Duke University
47.070	I	(36,337)	Computer and Information Science and Engineering	04-SC-NSF-1034	Duke University
47.070	I	42,510	Computer and Information Science and Engineering	0830 310 A644 1488	Northwestern Univ.
47.070	I	14,425	Computer and Information Science and Engineering	501-1409-1	Purdue University
47.070	I	407	Computer and Information Science and Engineering	SA5874-10808PG	Univ Calif-Berkeley
47.070	I	59,938	Computer and Information Science and Engineering	PO# 10267787	Univ of California
47.070	I	202,396	Computer and Information Science and Engineering	30085-J	Univ of Chicago
47.070	I	(18,080)	Computer and Information Science and Engineering	UF-EIES-0305006NCS	Univ of Florida
47.070	I	298,107	Computer and Information Science and Engineering	A6118/2005-06198-03	Univ of Ill Champaign
47.070	I	(105)	Computer and Information Science and Engineering	UTA06-262	Univ of Texas-Austin
47.070	I	582	Computer and Information Science and Engineering	0R11000-01.01	Univ Tennessee/Knoxville
47.074	D	12,538,662	Biological Sciences		
47.074	I	(3,019)	Biological Sciences	G-3194-1-Recreated	Colorado State Univ.
47.074	I	12,076	Biological Sciences	51200-8396	Cornell University
47.074	I	26,752	Biological Sciences	5-34028.5710	Dartmouth College

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
47.074	I	53,699	Biological Sciences	04-SC-NSF-1032	Duke University
47.074	I	210,323	Biological Sciences	05-SC-NSF-1041	Duke University
47.074	I	220,361	Biological Sciences	06-SC-NSF-1070	Duke University
47.074	I	91,246	Biological Sciences	07-SC-NSF-1051	Duke University
47.074	I	58,758	Biological Sciences	50105-2	Field Museum
47.074	I	47,845	Biological Sciences	2919/200200632	Inst Ecosystem Studies
47.074	I	12,925	Biological Sciences	420-40-29	Iowa State Univ.
47.074	I	52,491	Biological Sciences	5710001924	Mass. Inst. of Tech.
47.074	I	4,632	Biological Sciences	532700	Northeastern Univ
47.074	I	17,989	Biological Sciences	02-0285	Univ Louisiana @ Lafayette
47.074	I	117,703	Biological Sciences	II-RR 014195-NCST	Univ of Cal - Davis
47.074	I	68,838	Biological Sciences	S-000208	Univ of Cal-Riverside
47.074	I	4,573	Biological Sciences	30602	Univ of Chicago
47.074	I	14,513	Biological Sciences	FRS #524639 PSA #6	Univ of Connecticut
47.074	I	1,571	Biological Sciences	FY2003-028	Univ of Kansas
47.074	I	(2,682)	Biological Sciences	T4146359201	Univ of Minnesota
47.074	I	(832)	Biological Sciences	10167-112940	Univ of Virginia
47.074	I	76,169	Biological Sciences	GA10618-127098	Univ of Virginia
47.074	I	149,132	Biological Sciences	646G203	Univ of Wisconsin
47.074	I	129,700	Biological Sciences	USD-07-07	Univ South Dakota
47.074	I	211,295	Biological Sciences	X105335	Univ Wisconsin-Madison
47.074	I	11,895	Biological Sciences	Y483309	University of Arizona
47.074	I	3,500	Biological Sciences	II-RR 014195-NCST	University of California
47.074	I	15,925	Biological Sciences	02-0285	University of Louisiana Lafayette
47.074	I	109,040	Biological Sciences	19071-477392	VA. Polytech. Inst.
47.074	I	3,197	Biological Sciences	CR-19071-477208	VA. Polytech. Inst.
47.074	I	64,128	Biological Sciences	G001594-001	Washington St Univ
47.075	D	2,145,039	Social, Behavioral, and Economic Sciences		
47.075	I	45,327	Social, Behavioral, and Economic Sciences	N/A	American Bar Foundation
47.075	I	9,616	Social, Behavioral, and Economic Sciences	05-599	Arizona State Univ.
47.075	I	132,866	Social, Behavioral, and Economic Sciences	07-823	Arizona State Univ.
47.075	I	41,807	Social, Behavioral, and Economic Sciences	07-SC-NSF-1045	Duke University
47.075	I	16,390	Social, Behavioral, and Economic Sciences	2958/200200735	Inst Ecosystem Studies
47.075	I	34,768	Social, Behavioral, and Economic Sciences	2005-01042-01	Univ of Ill Champaign
47.075	I	9,301	Social, Behavioral, and Economic Sciences	2007-01334-01/A4650	Univ of Ill Champaign
47.075	I	36,230	Social, Behavioral, and Economic Sciences	3000595881	Univ of Michigan
47.076	D	6,911,130	Education and Human Resources		
47.076	I	21,026	Education and Human Resources	2005-1507-02	AAAS

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
47.076	I	23,874	Education and Human Resources	2005-1507-03	AAAS
47.076	I	33,443	Education and Human Resources	N/A	AAAS
47.076	I	38,020	Education and Human Resources	2003-0919	Bay Area Discovery M
47.076	I	5,505	Education and Human Resources	N/A	Carleton College
47.076	I	2,124	Education and Human Resources	05-SC-NSF-1059	Duke University
47.076	I	18,792	Education and Human Resources	08-SC-NSF-1031	Duke University
47.076	I	62,672	Education and Human Resources	ERD63	Florida Atlantic Univ
47.076	I	14,422	Education and Human Resources	108023-5011219	Harvard University
47.076	I	20,844	Education and Human Resources	501965	Maricopa Community College
47.076	I	(773)	Education and Human Resources	PM105603	Michigan St Univ
47.076	I	250	Education and Human Resources	agreement no.: RSC02014	National Science Foundation
47.076	I	6,445	Education and Human Resources	745421	Ohio State Univ.
47.076	I	4,795	Education and Human Resources	501-2400-01	Purdue University
47.076	I	78,611	Education and Human Resources	21827-561402-01075	Syracuse University
47.078	D	278,462	Polar Programs		
47.079	D	121,758	International Science and Engineering (OISE)		
47.079	I	21,947	International Science and Engineering (OISE)	B10537	Rensselaer Polytechn
47.079	I	14,844	International Science and Engineering (OISE)	3000835643	Univ of Michigan
47.079	I	21,426	International Science and Engineering (OISE)	C00014827-1	Univ of Missouri-Col
47.080	D	187,078	Office of Cyberinfrastructure		
47.080	I	35,690	Office of Cyberinfrastructure	48-124-31/PO 347117	Indiana Univ
		<u>62,916,312</u>	Total — Research and Development Cluster — National Science Foundation		

U. S. Department of Veterans Affairs

64	D	19,532	U.S. Department of Veterans Affairs		
		<u>19,532</u>	Total — Research and Development Cluster — U. S. Department of Veterans Affairs		

U. S. Environmental Protection Agency

66	D	2,609,917	Environmental Protection Agency		
66	I	585	Environmental Protection Agency	2579	AWWA Research Fdn
66	I	1,565	Environmental Protection Agency	2666/2741	AWWA Research Fdn
66	I	2,719	Environmental Protection Agency	3177	AWWA Research Fdn
66	I	(7,407)	Environmental Protection Agency	S1003215	Computer Science Cor
66	I	91,105	Environmental Protection Agency	106016-UNC-01	Constella Clinical
66	I	126,300	Environmental Protection Agency	106029-UNC-02	Constella Clinical
66	I	(15,497)	Environmental Protection Agency	01-3	Health Effects Inst
66	I	66,805	Environmental Protection Agency	PO#200706639	Mactec Federal Prog
66	I	73,561	Environmental Protection Agency	N/A	Miox Corporation

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
66	I	66,130	Environmental Protection Agency	4-321-0210288 / MO	RTI International
66	I	6,837	Environmental Protection Agency	71731	So Calif Metrop Wate
66	I	32,670	Environmental Protection Agency	236H994	Univ of Wisconsin
66.001	D	2,012,090	Air Pollution Control Program Support		
66.032	D	212,440	State Indoor Radon Grants		
66.419	D	8,639,413	Water Pollution Control State, Interstate, and Tribal Program Support		
66.436	D	54,951	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act		
66.439	D	69,425	Targeted Watersheds Grants		
66.460	I	5,937	Nonpoint Source Implementation Grants	2007-1532	Southwestern NC R C
66.460	I	13,578	Nonpoint Source Implementation Grants	2007-0665	Upper Neuse River Basin
66.461	D	441,970	Regional Wetland Program Development Grants		
66.463	I	2,122	Water Quality Cooperative Agreements	042G106066-A	Boise State Univ
66.480	D	12,626	Assessment and Watershed Protection Program Grants		
66.500	D	1,055,006	Environmental Protection-Consolidated Research		
66.500	I	(267)	Environmental Protection-Consolidated Research	00ECUEPA8401	Pennsylvania State Univ
66.509	D	2,611,429	Science To Achieve Results (STAR) Research Program		
66.509	I	568	Science To Achieve Results (STAR) Research Program	751U9185	Research Triangle Institute
66.509	I	22,432	Science To Achieve Results (STAR) Research Program	4915 - 523792	Univ of Connecticut
66.510	D	7,417	Surveys, Studies, Investigations and Special Purpose Grants within the Office of Research and Development		
66.511	D	3,338,620	Office of Research and Development Consolidated Research/Training		
66.511	I	23,453	Office of Research and Development Consolidated Research/Training	2-340-0210384	RTI International
66.511	I	9,099	Office of Research and Development Consolidated Research/Training	06-HHE-5PP	Water Environ Rsch
66.514	D	104,337	Science To Achieve Results (STAR) Fellowship Program		
66.516	D	5,017	P3 Award: National Student Design Competition for Sustainability		
66.606	D	277,757	Surveys, Studies, Investigations and Special Purpose Grants		
66.606	I	26,249	Surveys, Studies, Investigations and Special Purpose Grants	20-23016-UNC0707	Houston Adv Res Ctr
66.606	I	21,783	Surveys, Studies, Investigations and Special Purpose Grants	080600-331712-19	Mississippi State
66.606	I	30,381	Surveys, Studies, Investigations and Special Purpose Grants	TCE 427011	Texas A & M Univ.
66.606	I	14,851	Surveys, Studies, Investigations and Special Purpose Grants	TCE 428003	Texas A & M Univ.
66.606	I	55,753	Surveys, Studies, Investigations and Special Purpose Grants	03-CTS-16T	WERF
66.611	D	10,507	Environmental Policy and Innovation Grants		
66.708	D	191,460	Pollution Prevention Grants Program		
66.809	D	419,281	Superfund State and Indian Tribe Core Program Cooperative Agreements		
		<u>22,744,975</u>	Total — Research and Development Cluster — U. S. Environmental Protection Agency		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>U. S. Department of Energy</u>					
81	D	6,166,933	U.S. Department of Energy		
81	I	7,503	U.S. Department of Energy	N/A	Alcorn State University
81	I	77,637	U.S. Department of Energy	4300055471	B&W Y-12, LLC
81	I	8,123	U.S. Department of Energy	63244	Battelle Energy Alliance
81	I	22,740	U.S. Department of Energy	00042959 #00001	Battelle Energy Alliance
81	I	83,380	U.S. Department of Energy	00042959 #00001 #5	Battelle Energy Alliance
81	I	11,714	U.S. Department of Energy	00042959 #10	Battelle Energy Alliance
81	I	(11,436)	U.S. Department of Energy	00042959 #3	Battelle Energy Alliance
81	I	7,730	U.S. Department of Energy	00042959 #3 MOD #4	Battelle Energy Alliance
81	I	(8,306)	U.S. Department of Energy	00042959 #6	Battelle Energy Alliance
81	I	45,000	U.S. Department of Energy	00042959 #6 AMEND	Battelle Energy Alliance
81	I	15,560	U.S. Department of Energy	00042959 #8	Battelle Energy Alliance
81	I	32,348	U.S. Department of Energy	00042959 #9	Battelle Energy Alliance
81	I	50,023	U.S. Department of Energy	68393-01	Battelle Energy Alliance
81	I	30,081	U.S. Department of Energy	2006-1763	Calabazas Creek Rese
81	I	157,673	U.S. Department of Energy	2006-2115	Cleantech Partners,
81	I	47,470	U.S. Department of Energy	2007-1722	Enernex Corporation
81	I	36,267	U.S. Department of Energy	633254-192522	Howard University
81	I	(124)	U.S. Department of Energy	03-03/23/05	Instrumentation Assoc
81	I	55,384	U.S. Department of Energy	634758	Jackson State University
81	I	38,375	U.S. Department of Energy	N/A	Krell Institute
81	I	(2,275)	U.S. Department of Energy	6464866	L. Berkeley Nat'l Lab
81	I	(5,036)	U.S. Department of Energy	6720489	L. Berkeley Nat'l Lab
81	I	2,830	U.S. Department of Energy	B563988	Lawrence Livermore N
81	I	24,966	U.S. Department of Energy	B573133	Lawrence Livermore N
81	I	99,060	U.S. Department of Energy	37696-001-06	Los Alamos Nat'l Lab
81	I	155,801	U.S. Department of Energy	55547-0001-07	Los Alamos Nat'l Lab
81	I	(6,998)	U.S. Department of Energy	57831-001-02 97	Los Alamos Nat'l Lab
81	I	29,637	U.S. Department of Energy	60426-001-08 F3	Los Alamos Nat'l Lab
81	I	18,513	U.S. Department of Energy	62250-001-08	Los Alamos Nat'l Lab
81	I	2,448	U.S. Department of Energy	63039-001-08	Los Alamos Nat'l Lab
81	I	(28,515)	U.S. Department of Energy	7665-001-05	Los Alamos Nat'l Lab
81	I	34,470	U.S. Department of Energy	AAT-2-31605-05	MRI-NREL
81	I	(3,271)	U.S. Department of Energy	XAK-8-17619-11	Nat Rnl Enrg Lab/MRI
81	I	12,303	U.S. Department of Energy	STAC-Agreement	National Association of State Energy Officials
81	I	16,616	U.S. Department of Energy	ACQ-4-33623-07	National Renewable Energy Lab

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
81	I	1,381	U.S. Department of Energy	XCX-2-31214-01	National Renewable Energy Lab
81	I	29,776	U.S. Department of Energy	PO# 5-17171	Oak Ridge Assoc Univ
81	I	(7,046)	U.S. Department of Energy	4000050221	Oak Ridge Nat'l Labs
81	I	(502)	U.S. Department of Energy	4000050690	Oak Ridge Nat'l Labs
81	I	(4,144)	U.S. Department of Energy	2006-2210	Orbit Energy, Inc.
81	I	19,418	U.S. Department of Energy	SC10041	Prairie View A&M University
81	I	(1,340)	U.S. Department of Energy	R7A12J/R7B12J	Rice University
81	I	141,841	U.S. Department of Energy	726318	Sandia National Lab
81	I	14,130	U.S. Department of Energy	545794	Sandia Nat'l Labs
81	I	48,855	U.S. Department of Energy	07-731003-UTC-NCA&T-NC	South Carolina State University
81	I	2,420	U.S. Department of Energy	483139	South Dakota State Univ
81	I	348	U.S. Department of Energy	SURA-02-C0004	Southeastern Universities Research Association
81	I	807	U.S. Department of Energy	B542708	U Cal Lawrence Livermore
81	I	34,037	U.S. Department of Energy	B571062	U Cal Lawrence Livermore
81	I	23,269	U.S. Department of Energy	5F-00428	U Chicago Argonne LLC
81	I	(446)	U.S. Department of Energy	2003-02379-1/A8555	Univ of Ill Champaign
81	I	14,298	U.S. Department of Energy	412781-G	Univ of Rochester
81	I	3,362	U.S. Department of Energy	100543	Univ of Tennessee
81	I	8,052	U.S. Department of Energy	OR10986-001.01	Univ of Tennessee
81	I	30,797	U.S. Department of Energy	4000020229	UT-Battelle LLC
81	I	19,968	U.S. Department of Energy	4000062889	UT-Battelle LLC
81	I	21,455	U.S. Department of Energy	4000003388	UT-Battelle LLC
81	I	33,943	U.S. Department of Energy	4000006079	UT-Battelle LLC
81	I	(20)	U.S. Department of Energy	4000018765	UT-Battelle LLC
81	I	65,030	U.S. Department of Energy	4000028105	UT-Battelle LLC
81	I	35,170	U.S. Department of Energy	4000029406	UT-Battelle LLC
81	I	67,572	U.S. Department of Energy	4000040729	UT-Battelle LLC
81	I	46,428	U.S. Department of Energy	4000047024	UT-Battelle LLC
81	I	2,983	U.S. Department of Energy	4000048326	UT-Battelle LLC
81	I	50,404	U.S. Department of Energy	4000056870	UT-Battelle LLC
81	I	9,183	U.S. Department of Energy	4000057155	UT-Battelle LLC
81	I	54,409	U.S. Department of Energy	4000058620	UT-Battelle LLC
81	I	74,380	U.S. Department of Energy	4000059924	UT-Battelle LLC
81	I	28,728	U.S. Department of Energy	4000061675	UT-Battelle LLC
81	I	108,690	U.S. Department of Energy	4000063401	UT-Battelle LLC
81	I	23,854	U.S. Department of Energy	4000065691	UT-Battelle LLC
81	I	347,349	U.S. Department of Energy	4000063955	UT-Battelle LLC
81	I	84	U.S. Department of Energy	4000016791	UT-Battelle/OML

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
81	I	14,134	U.S. Department of Energy	4000036179	UT-Battelle/OML
81	I	53,380	U.S. Department of Energy	AC634860	Washington Savannah
81.036	I	122,024	Inventions and Innovations	4000032096	UT-Battelle LLC
81.041	I	16,033	State Energy Program	C05-6061	Virginia Dmme
81.049	D	2,386,892	Office of Science Financial Assistance Program		
81.049	I	53,264	Office of Science Financial Assistance Program	06-SC-DOE-1051	Duke University
81.049	I	71,268	Office of Science Financial Assistance Program	07-SC-NICCR-1057	Duke University
81.049	I	37,424	Office of Science Financial Assistance Program	5710001893	Mass. Inst. of Tech.
81.049	I	(1,271)	Office of Science Financial Assistance Program	G0081A-A	Oregon State Univ.
81.049	I	28,974	Office of Science Financial Assistance Program	2007-2004	Soltronics, LLC
81.049	I	89,405	Office of Science Financial Assistance Program	TUL-536-06/07	Tulane University
81.049	I	79,161	Office of Science Financial Assistance Program	371979	Univ of Wash-Seattle
81.049	I	54,876	Office of Science Financial Assistance Program	19071-429224	VA. Polytech. Inst.
81.086	D	99,183	Conservation Research and Development		
81.087	D	53,994	Renewable Energy Research and Development		
81.087	I	5,623	Renewable Energy Research and Development	GO12026-199	CPBR, Inc.
81.087	I	616	Renewable Energy Research and Development	GO12026-213	CPBR, Inc.
81.087	I	37,151	Renewable Energy Research and Development	GO12026-225	CPBR, Inc.
81.089	D	133,250	Fossil Energy Research and Development		
81.112	D	267,048	Stewardship Science Grant Program		
81.112	I	10,255	Stewardship Science Grant Program	414089-G/ 5-23730	Univ of Rochester
81.114	D	1,010,722	University Reactor Infrastructure and Education Support		
81.117	D	2,954	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance		
81.117	I	20,063	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	2007-0339	TGI-USA
81.117	I	46,345	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	2007-0550	TGI-USA
81.121	D	547,162	Nuclear Energy Research, Development and Demonstration		
81.121	I	155,976	Nuclear Energy Research, Development and Demonstration	C00017079-2	Univ of Missouri
81.121	I	136,822	Nuclear Energy Research, Development and Demonstration	OR10531-001.01	Univ of Tennessee
81.121	I	39,714	Nuclear Energy Research, Development and Demonstration	108880-G002297	Washington State University
81.122	I	98,312	Electricity Delivery and Energy Reliability, Research, Development and Analysis	704114	Silicon Power Corporation
		<u>14,244,301</u>	Total — Research and Development Cluster — U. S. Department of Energy		
Federal Emergency Management Agency					
83	I	175	Federal Emergency Management Agency	68469/75355	URS Corp
		<u>175</u>	Total — Research and Development Cluster — Federal Emergency Management Agency		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>U. S. Department of Education</u>					
84	D	651,335	U.S. Department of Education		
84	I	42,578	U.S. Department of Education	N/A	Comm Campus Partners
84	I	25,939	U.S. Department of Education	N/A	Wake Co Pub Sch Syst
84	I	6,768	U.S. Department of Education	ED-01-CO-0120	Westat
84.015	D	1,116,432	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program		
84.015	I	4,911	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	04-SC-DED-1010	Duke University
84.015	I	13,970	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	06-SC-DED-1061	Duke University
84.015	I	106,680	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	06-SC-DED-1069	Duke University
84.015	I	97,343	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	06-SC-DED-1081	Duke University
84.015	I	9,772	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	06-SC-DED-1082	Duke University
84.015	I	9,840	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	07-SC-DED-1001	Duke University
84.015	I	1,563	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	07-SC-DED-1002	Duke University
84.015	I	129,286	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	07-SC-DED-1044	Duke University
84.015	I	203,015	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	07-SC-DED-1046	Duke University

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.015	I	148,316	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	07-SC-DED-1064	Duke University
84.017	D	43,031	International Research and Studies		
84.022	D	17,009	Overseas Programs - Doctoral Dissertation Research Abroad		
84.051	D	7,281	Career and Technical Education -- National Programs		
84.087	D	873	Indian Education - Fellowships for Indian Students		
84.116	D	66,643	Fund for the Improvement of Postsecondary Education		
84.120	D	8,352	Minority Science and Engineering Improvement		
84.133	D	92,192	National Institute on Disability and Rehabilitation Research		
84.133	I	5,193	National Institute on Disability and Rehabilitation Research	2007-0928	RAF Models, Inc.
84.170	D	5,812	Javits Fellowships		
84.181	I	15,187	Special Education-Grants for Infants and Families	3208-33	Nevada St Hlth Div
84.184	D	150,079	Safe and Drug-Free Schools and Communities-National Programs		
84.200	D	355,747	Graduate Assistance in Areas of National Need		
84.206	D	487,183	Javits Gifted and Talented Students Education Grant Program		
84.220	D	420,572	Centers for International Business Education		
84.295	I	96,415	Ready-To-Learn Television	N/A	Michael Cohen Group
84.305	D	4,527,045	Education Research, Development and Dissemination		
84.305	I	114,351	Education Research, Development and Dissemination	GM10087-126361	Univ of Virginia
84.324	D	1,090,171	Research in Special Education		
84.324	I	237,203	Research in Special Education	51-000476	SRI International
84.324	I	80,826	Research in Special Education	51-000949	SRI International
84.324	I	53,580	Research in Special Education	5468	Univ of Connecticut
84.325	D	1,831,155	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		
84.326	D	3,010,410	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities		
84.326	I	929	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	51-000681	SRI International
84.326	I	16,144	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	51-000682	SRI International
84.326	I	4,931	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	UKRF 3046824700-08-3	Univ of Kentucky

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.326	I	57,196	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	282101D	Univ of Oregon
84.327	D	132,475	Special Education-Technology and Media Services for Individuals with Disabilities		
84.349	I	144,386	Early Childhood Educator Professional Development	N/A	Zero To Three
84.350	D	70,693	Transition to Teaching		
84.359	I	99,469	Early Reading First	N/A	Richmond Co School
84.373	D	263,380	Special Education-Technical Assistance on State Data Collection		
		<u>16,073,661</u>	Total — Research and Development Cluster — U. S. Department of Education		

National Archives and Records Administration

89.003	D	78,786	National Historical Publications and Records Grants		
		<u>78,786</u>	Total — Research and Development Cluster — National Archives and Records Administration		

United States Institute of Peace

91.002	D	20,144	Solicited Grant Program		
		<u>20,144</u>	Total — Research and Development Cluster — United States Institute of Peace		

U. S. Department of Health and Human Services

93	D	16,028,356	U.S. Department of Health and Human Services		
93	I	173,133	U.S. Department of Health and Human Services	N/A	Academyhealth
93	I	2,545	U.S. Department of Health and Human Services	N/A	Am Med Stud Assoc Fd
93	I	78,356	U.S. Department of Health and Human Services	6666	Amer Coll Radiology
93	I	13,831	U.S. Department of Health and Human Services	CA80098-S1	Amer Coll Radiology
93	I	(783)	U.S. Department of Health and Human Services	N/A	Amer Coll Radiology
93	I	1,480	U.S. Department of Health and Human Services	N/A	Amer Coll Radiology
93	I	24,005	U.S. Department of Health and Human Services	N/A	Amer Coll Radiology
93	I	8,677	U.S. Department of Health and Human Services	N/A	APTIV Inc.
93	I	37,489	U.S. Department of Health and Human Services	N/A	Assn State & Territ Pu
93	I	(149)	U.S. Department of Health and Human Services	S3253-23/24	Assoc Sch Pub Health
93	I	(113)	U.S. Department of Health and Human Services	S3521-24/24	Assoc Sch Pub Health
93	I	39,131	U.S. Department of Health and Human Services	S3754-25/25	Assoc Sch Pub Health
93	I	16,773	U.S. Department of Health and Human Services	79184CBS36	Booz Allen & Hamilton
93	I	11,107	U.S. Department of Health and Human Services	79184CBS36/TO1:Task1	Booz Allen & Hamilton
93	I	4,742	U.S. Department of Health and Human Services	79184CBS36/TO1:Task2	Booz Allen & Hamilton
93	I	2,720	U.S. Department of Health and Human Services	79184CBS36/TO1:Task3	Booz Allen & Hamilton
93	I	100,188	U.S. Department of Health and Human Services	N/A	CALGB Fdn

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93	I	46,925	U.S. Department of Health and Human Services	N/A	CALGB/Univ Chicago
93	I	44,775	U.S. Department of Health and Human Services	N/A	Carolina Donor Svcs
93	I	82,136	U.S. Department of Health and Human Services	N/A	Case Western Reserve
93	I	73,034	U.S. Department of Health and Human Services	RES421126	Case Western Reserve
93	I	5,805	U.S. Department of Health and Human Services	20728-01-04	Children's Hosp Phil
93	I	2,518	U.S. Department of Health and Human Services	0000137702	Children's Hosp Phil
93	I	(14,064)	U.S. Department of Health and Human Services	413390300101.076S5	Children's Hosp Reg Med
93	I	10,290	U.S. Department of Health and Human Services	N/A	Columbia Univ
93	I	20,905	U.S. Department of Health and Human Services	680430119	Consortium for Chldr
93	I	18,852	U.S. Department of Health and Human Services	N/A	Courtesy Assoc. Inc.
93	I	2,249	U.S. Department of Health and Human Services	5-30621	Dartmouth College
93	I	46,581	U.S. Department of Health and Human Services	5-32014	Dartmouth College
93	I	137,735	U.S. Department of Health and Human Services	N/A	Dir Hlth Prom & Educ
93	I	8,892	U.S. Department of Health and Human Services	117161	Duke University
93	I	76,909	U.S. Department of Health and Human Services	125466	Duke Univ Med Ctr
93	I	13,983	U.S. Department of Health and Human Services	3036656/131860	Duke Univ Med Ctr
93	I	3,113	U.S. Department of Health and Human Services	DS 443	Duke Univ Med Ctr
93	I	875	U.S. Department of Health and Human Services	HL07069	Duke Univ Med Ctr
93	I	22,965	U.S. Department of Health and Human Services	N/A	Duke Univ Med Ctr
93	I	(10,362)	U.S. Department of Health and Human Services	UNC-CH-COHEN-01	Duke Univ Med Ctr
93	I	1,930	U.S. Department of Health and Human Services	125466	Duke University
93	I	2,024	U.S. Department of Health and Human Services	303.7374.73870	Duke University
93	I	153,207	U.S. Department of Health and Human Services	303-8546/129578	Duke University
93	I	11,283	U.S. Department of Health and Human Services	DS603/100528	Duke University
93	I	(5,202)	U.S. Department of Health and Human Services	N/A	Duke University
93	I	27,031	U.S. Department of Health and Human Services	N/A	Duke University
93	I	10,942	U.S. Department of Health and Human Services	N/A	Emmes Corporation
93	I	56,040	U.S. Department of Health and Human Services	PO 1568 P HB330	Emmes Corporation
93	I	7	U.S. Department of Health and Human Services	5-23356-G2	Emory University
93	I	7,118	U.S. Department of Health and Human Services	N/A	Emory University
93	I	(57,074)	U.S. Department of Health and Human Services	N/A	Ercole Biotech, Inc.
93	I	(7,270)	U.S. Department of Health and Human Services	630-4	Family Health Intl
93	I	25,254	U.S. Department of Health and Human Services	861	Family Health Intl
93	I	17,122	U.S. Department of Health and Human Services	0000644233	Fred Hutchinsn Cancer Research Center
93	I	194,830	U.S. Department of Health and Human Services	N/A	Global Vaccines Inc
93	I	331,625	U.S. Department of Health and Human Services	10-14025-02-06/05-C1	H Lee Moffit Cancer
93	I	16,400	U.S. Department of Health and Human Services	N/A	H Lee Moffit Cancer

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93	I	(9,580)	U.S. Department of Health and Human Services	2005-013	H Lee Moffitt Cancer
93	I	4,702	U.S. Department of Health and Human Services	HHSN261200622008C	H Lee Moffitt Cancer
93	I	12,628	U.S. Department of Health and Human Services	N/A	Ho-Chunk Nation
93	I	13,861	U.S. Department of Health and Human Services	N/A	Icoria, Inc
93	I	15,231	U.S. Department of Health and Human Services	N/A	Indiana Univ
93	I	(2,317)	U.S. Department of Health and Human Services	PO #39206-0165	Indiana Univ
93	I	29,237	U.S. Department of Health and Human Services	PO#199931	Indiana Univ
93	I	39,036	U.S. Department of Health and Human Services	2005-9090-3	ISED Solutions
93	I	82,278	U.S. Department of Health and Human Services	PO#P0007321/N01-HC-9	Jackson State Univ
93	I	11,128	U.S. Department of Health and Human Services	EY14231	Jaeb Ctr for Hlth Re
93	I	21,610	U.S. Department of Health and Human Services	8502-90010-6	Johns Hopkins Univ
93	I	(25)	U.S. Department of Health and Human Services	N/A	Johns Hopkins Univ
93	I	36,815	U.S. Department of Health and Human Services	N/A	Johns Hopkins Univ
93	I	55,811	U.S. Department of Health and Human Services	PO# 7810-96242	Johns Hopkins Univ
93	I	(89,008)	U.S. Department of Health and Human Services	PO#8011-39050-0	Johns Hopkins Univ
93	I	951,955	U.S. Department of Health and Human Services	U01-AI46749	Johns Hopkins Univ
93	I	5,185	U.S. Department of Health and Human Services	N/A	Joslin Diabetes Ctr
93	I	79,669	U.S. Department of Health and Human Services	N/A	Kitware Inc
93	I	9,249	U.S. Department of Health and Human Services	SPH07-E1065	Louisiana State Univ
93	I	1,153	U.S. Department of Health and Human Services	N/A	Maryland Med Res Ins
93	I	74,001	U.S. Department of Health and Human Services	N/A	Mass Gen Hosp
93	I	369	U.S. Department of Health and Human Services	N/A	Mayo Clinic Rochester
93	I	220,851	U.S. Department of Health and Human Services	2010-115	Mcking Consult Corp
93	I	8,477	U.S. Department of Health and Human Services	N/A	McLean Hospital
93	I	108,093	U.S. Department of Health and Human Services	N/A	McLean Hospital
93	I	427,818	U.S. Department of Health and Human Services	N/A	ME College of Wi
93	I	48,022	U.S. Department of Health and Human Services	N/A	Med Univ of SC
93	I	7,770	U.S. Department of Health and Human Services	94253601	Medical College Ohio
93	I	32,725	U.S. Department of Health and Human Services	N/A	Metrolina Aids Project
93	I	(1,799)	U.S. Department of Health and Human Services	HHSN261200422010C-00	MI-Corporation
93	I	6,860	U.S. Department of Health and Human Services	PO# 1104	MI-Corporation
93	I	3,061	U.S. Department of Health and Human Services	N/A	Mt Sinai Sch of Med
93	I	198,292	U.S. Department of Health and Human Services	N/A	Napa Cnty Office Edu
93	I	10,154	U.S. Department of Health and Human Services	16641	Natl Chldhd Cncr Fdn
93	I	80,814	U.S. Department of Health and Human Services	98543-1067	Natl Chldhd Cncr Fdn
93	I	13,587	U.S. Department of Health and Human Services	N/A	NERI
93	I	68,430	U.S. Department of Health and Human Services	N/A	New Hanover Reg Med
93	I	2,397	U.S. Department of Health and Human Services	N/A	Northwestern Univ

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93		54,785	U.S. Department of Health and Human Services	TFED36-117	NSABP Foundation
93		(630)	U.S. Department of Health and Human Services	7-6295 Release 2	Oak Ridge Inst Science
93		(1,905)	U.S. Department of Health and Human Services	7-6295 Release 3	Oak Ridge Inst Science
93		(1,878)	U.S. Department of Health and Human Services	7-6295 Release 5	Oak Ridge Inst Science
93		3,861	U.S. Department of Health and Human Services	N/A	Oak Ridge Inst Science
93		641	U.S. Department of Health and Human Services	N/A	Ohio State Univ
93		46,899	U.S. Department of Health and Human Services	3409010335	Oklahoma St Dept Hlt
93		42,253	U.S. Department of Health and Human Services	N/A	Organix, Inc.
93		52,859	U.S. Department of Health and Human Services	0081.01.01	Pacific Inst Resch
93		55,141	U.S. Department of Health and Human Services	CHGME PP; G-37	Quality Resource Sys
93		6,199	U.S. Department of Health and Human Services	1-312-0207901	RTI International
93		110,394	U.S. Department of Health and Human Services	1-312-0208290	RTI International
93		113,351	U.S. Department of Health and Human Services	1-312-0208452/290-02	RTI International
93		106,268	U.S. Department of Health and Human Services	1-312-0209322/GS-10F	RTI International
93		64,074	U.S. Department of Health and Human Services	1-312-0209783	RTI International
93		170,291	U.S. Department of Health and Human Services	1-312-0210088	RTI International
93		81,796	U.S. Department of Health and Human Services	2-312-0210358	RTI International
93		71,066	U.S. Department of Health and Human Services	3-312-0209686	RTI International
93		7,269	U.S. Department of Health and Human Services	4-312-0207897	RTI International
93		80,146	U.S. Department of Health and Human Services	N/A	RTI International
93		26,236	U.S. Department of Health and Human Services	N/A	Science Lrng Res Inc
93		13,673	U.S. Department of Health and Human Services	5-20797	Scripps Resch Inst
93		13,769	U.S. Department of Health and Human Services	5-20882	Scripps Resch Inst
93		100,093	U.S. Department of Health and Human Services	5-22123	Scripps Resch Inst
93		22,672	U.S. Department of Health and Human Services	5-22694	Scripps Resch Inst
93		158,324	U.S. Department of Health and Human Services	PO#5-22602	Scripps Resch Inst
93		654,174	U.S. Department of Health and Human Services	BRS-ACURE-Q-06-00160	Social & Scientific
93		636,210	U.S. Department of Health and Human Services	BRS-IMPCT-Q-06-00102	Social & Scientific
93		33,131	U.S. Department of Health and Human Services	OSP-02-8300-2008-0041	Southern University A & M College
93		(46,178)	U.S. Department of Health and Human Services	120039010	St Jude Chldrn Rsch
93		74,754	U.S. Department of Health and Human Services	120039020	St Jude Chldrn Rsch
93		234,653	U.S. Department of Health and Human Services	N/A	St Louis Univ
93		5,236	U.S. Department of Health and Human Services	N/A	Tohomo O'Adham Nation
93		4,830	U.S. Department of Health and Human Services	N/A	U Med & Dentstry NJ
93		20,187	U.S. Department of Health and Human Services	PO#P0303760/P0242352	U Med & Dentstry NJ
93		3,796	U.S. Department of Health and Human Services	2-5-80344	Univ Colorado Hlth
93		890	U.S. Department of Health and Human Services	N/A	Univ Health Network

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93	I	1,563	U.S. Department of Health and Human Services	N/A	Univ MD-Baltimore
93	I	14,474	U.S. Department of Health and Human Services	PO SR00000171	Univ MD-Baltimore
93	I	(16)	U.S. Department of Health and Human Services	N/A	Univ of Alabama
93	I	106,585	U.S. Department of Health and Human Services	N/A	Univ of Alabama-Birm
93	I	206,664	U.S. Department of Health and Human Services	N/A	Univ of Alabama-Birm
93	I	(45,683)	U.S. Department of Health and Human Services	N/A	Univ of Florida
93	I	332,047	U.S. Department of Health and Human Services	PO Z836156	Univ of Hawaii
93	I	(569)	U.S. Department of Health and Human Services	P.O.#S01117	Univ of Maryland
93	I	924	U.S. Department of Health and Human Services	R01AR47711-01/S0210	Univ of Maryland
93	I	59,515	U.S. Department of Health and Human Services	66242L/ PO M117862	Univ of Miami
93	I	(14,338)	U.S. Department of Health and Human Services	B6367251103	Univ of Minnesota
93	I	(18,321)	U.S. Department of Health and Human Services	S6656567101	Univ of Minnesota
93	I	106	U.S. Department of Health and Human Services	104407	Univ of Pittsburgh
93	I	6,045	U.S. Department of Health and Human Services	106908	Univ of Pittsburgh
93	I	49,025	U.S. Department of Health and Human Services	N/A	Univ of Utah
93	I	24,101	U.S. Department of Health and Human Services	GC11451.126448	Univ of Virginia
93	I	17,844	U.S. Department of Health and Human Services	GC11451.126451	Univ of Virginia
93	I	34,880	U.S. Department of Health and Human Services	GC11451.126454	Univ of Virginia
93	I	249,432	U.S. Department of Health and Human Services	GC11572.128516	Univ of Virginia
93	I	60,684	U.S. Department of Health and Human Services	GC11572.128520	Univ of Virginia
93	I	230,221	U.S. Department of Health and Human Services	GC11572.128523	Univ of Virginia
93	I	3,624	U.S. Department of Health and Human Services	04-8132	Univ Wisconsin
93	I	5,400	U.S. Department of Health and Human Services	N/A	Univ Wisconsin
93	I	24,427	U.S. Department of Health and Human Services	P844060	Univ Wisconsin
93	I	(10,381)	U.S. Department of Health and Human Services	N/A	Universidad Metropol
93	I	54,149	U.S. Department of Health and Human Services	07417-014-000-00-UNC	Urban Institute
93	I	(309)	U.S. Department of Health and Human Services	GMO-010108/N01MH900	UT Southwest Med Ctr
93	I	97,624	U.S. Department of Health and Human Services	GMO010108/N01MH90003	UT Southwest Med Ctr
93	I	16,192	U.S. Department of Health and Human Services	GMO-010137	UT Southwest Med Ctr
93	I	3,425	U.S. Department of Health and Human Services	GMO-010171	UT Southwest Med Ctr
93	I	5,819	U.S. Department of Health and Human Services	GMO-500206	UT Southwest Med Ctr
93	I	6,906	U.S. Department of Health and Human Services	NCSU-001/1 R43 HD0	Vortant Technologies
93	I	249,689	U.S. Department of Health and Human Services	N/A	Wake Forest Univ Sch Med
93	I	(161)	U.S. Department of Health and Human Services	31184 WHIMS MRI-UNCC	Wake Forest University
93	I	28,873	U.S. Department of Health and Human Services	N01-WH-4-4221	Wake Forest University
93	I	107,459	U.S. Department of Health and Human Services	0665-08428	Wash Dept Soc & Hlth
93	I	18,451	U.S. Department of Health and Human Services	2905791A/ WU-08-104	Wash Univ-St Louis
93	I	(534)	U.S. Department of Health and Human Services	PO 29006Q/WU-04-211/	Wash Univ-St Louis

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93	I	13,554	U.S. Department of Health and Human Services	N/A	White Mtn Apache Nation
93	I	81,322	U.S. Department of Health and Human Services	N/A	Wits Health Consort.
93	I	2,280	U.S. Department of Health and Human Services	N/A	Yale University
93	I	53,375	U.S. Department of Health and Human Services	N/A	YMCA Young Men Christian Assoc.
93.061	D	352,395	Innovations in Applied Public Health Research		
93.061	I	24,297	Innovations in Applied Public Health Research	1-312-0209362	RTI International
93.061	I	(1,412)	Innovations in Applied Public Health Research	1-46U-9362	RTI International
93.061	I	13,753	Innovations in Applied Public Health Research	PO# 29525P	Wash Univ-St Louis
93.063	D	104,510	Centers for Genomics and Public Health		
93.086	D	471,866	Healthy Marriage Promotion and Responsible Fatherhood Grants		
93.103	I	2,100	Food and Drug Administration-Research	Z-179903	Univ Md College Park
93.103	I	24,093	Food and Drug Administration-Research	Z-179902	Univ of Maryland
93.107	D	842,904	Model State-Supported Area Health Education Centers		
93.110	D	2,913,631	Maternal and Child Health Federal Consolidated Programs		
93.110	I	(85)	Maternal and Child Health Federal Consolidated Programs	N/A	Southeast Reg Genet
93.113	D	9,649,772	Environmental Health		
93.113	I	122,168	Environmental Health	P119381/ Acct No:6	Univ of Miami
93.113	I	2,484	Environmental Health	PG-4013-01	Univ of Montana
93.113	I	6,726	Environmental Health	2007-1363	Valencell Inc.
93.114	D	389,987	Applied Toxicological Research and Testing		
93.115	D	96,908	Biometry and Risk Estimation - Health Risks from Environmental Exposures		
93.117	D	177,301	Grants for Preventive Medicine		
93.121	D	10,706,917	Oral Diseases and Disorders Research		
93.121	I	41,234	Oral Diseases and Disorders Research	MOA# P50MH080272	Beth Israel Deacon M
93.121	I	1,632	Oral Diseases and Disorders Research	06WVOLL-02-M2	Kaiser Fdn Res Insti
93.121	I	17,956	Oral Diseases and Disorders Research	N/A	Kaiser Fdn Res Insti
93.121	I	46,539	Oral Diseases and Disorders Research	F5629-01	New York University
93.121	I	179,365	Oral Diseases and Disorders Research	HS2356	Tufts University
93.121	I	(718)	Oral Diseases and Disorders Research	2963SC	Univ Calif-San Francisco
93.121	I	19,820	Oral Diseases and Disorders Research	5 U01 DE016747-03/00	Univ of Alabama-Birm
93.121	I	26	Oral Diseases and Disorders Research	N/A	Univ of Alabama-Birm
93.121	I	26	Oral Diseases and Disorders Research	F011314	Univ of Michigan
93.121	I	12,511	Oral Diseases and Disorders Research	549852	Univ of Pennsylvania
93.121	I	(24,390)	Oral Diseases and Disorders Research	PO#1757416/1566158	Univ of Pennsylvania
93.121	I	(9,091)	Oral Diseases and Disorders Research	892504	Univ of Wash-Seattle
93.127	D	135,297	Emergency Medical Services for Children		
93.134	I	(1,618)	Grants to Increase Organ Donations	N/A	Carolina Donor Svcs

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.134	I	1,056	Grants to Increase Organ Donations	11	National Kidney Foundation
93.135	D	5,187,527	Centers for Research and Demonstration for Health Promotion and Disease Prevention		
93.136	D	2,033,940	Injury Prevention and Control Research and State and Community Based Programs		
93.136	I	2,698	Injury Prevention and Control Research and State and Community Based Programs	N/A	Savir Soc for Advance
93.143	D	2,957,142	NIEHS Superfund Hazardous Substances-Basic Research and Education		
93.155	D	901,789	Rural Health Research Centers		
93.172	D	4,504,069	Human Genome Research		
93.172	I	330,588	Human Genome Research	146500	Duke University
93.172	I	176,863	Human Genome Research	5710002181	Mass. Inst. of Tech.
93.172	I	57,656	Human Genome Research	SA5763-11790	Univ Calif-Berkeley
93.172	I	18,764	Human Genome Research	66374P	Univ of Miami
93.172	I	17,079	Human Genome Research	0006055A	Univ of Tex Houston
93.172	I	646	Human Genome Research	N/A	Univ of Tex Houston
93.172	I	(3,767)	Human Genome Research	UTA05-116	Univ of Texas-Austin
93.173	D	2,637,772	Research Related to Deafness and Communication Disorders		
93.173	I	42,248	Research Related to Deafness and Communication Disorders	N/A	Jackson Lab
93.173	I	76,456	Research Related to Deafness and Communication Disorders	2000184642	Johns Hopkins Univ
93.173	I	20,103	Research Related to Deafness and Communication Disorders	2005-2832-1	Univ of Illinois
93.178	D	208,111	Nursing Workforce Diversity		
93.185	D	64,168	Immunization Research, Demonstration, Public Information and Education-Training and Clinical Skills Improvement Projects		
93.186	D	339,236	National Research Service Award in Primary Care Medicine		
93.191	D	(2,960)	Allied Health Special Projects		
93.192	D	(1,665)	Quentin N. Burdick Program for Rural Interdisciplinary Training		
93.194	I	8,917	Community Prevention Coalitions (Partnership)	#00011	National Kidney Foundation
93.213	D	2,190,580	Research and Training in Complementary and Alternative Medicine		
93.213	I	2,244	Research and Training in Complementary and Alternative Medicine	145529	Duke Univ Med Ctr
93.213	I	103,788	Research and Training in Complementary and Alternative Medicine	764267	Univ of Miami
93.217	I	95,628	Family Planning-Services	6 FPHPA046005-02-01	Planned Parenthood
93.225	D	338,917	National Research Service Awards-Health Services Research Training		
93.226	D	1,034,226	Research on Healthcare Costs, Quality and Outcomes		
93.226	I	2,168	Research on Healthcare Costs, Quality and Outcomes	N/A	Nat Init Chld Hlthcr
93.226	I	47,406	Research on Healthcare Costs, Quality and Outcomes	004	Shaw University
93.226	I	11,951	Research on Healthcare Costs, Quality and Outcomes	004A	Shaw University
93.226	I	15,391	Research on Healthcare Costs, Quality and Outcomes	006	Shaw University
93.230	I	3,451	Consolidated Knowledge Development and Application (KD&A) Program	P.O.#0038020	Nat Dev Rsch Institu
93.236	D	3,961	Grants for Dental Public Health Residency Training		
93.239	I	99	Policy Research and Evaluation Grants	UKRF 3046947400-07-0	Univ of Kentucky

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.239	I	11,993	Policy Research and Evaluation Grants	UKRF 3048058900-07-1	Univ of Kentucky
93.239	I	465	Policy Research and Evaluation Grants	UKRF 3048104033-08-2	Univ of Kentucky
93.241	I	89,966	State Rural Hospital Flexibility Program	S6659053104	Univ of Minnesota
93.241	I	278,554	State Rural Hospital Flexibility Program	S6659053105	Univ of Minnesota
93.242	D	15,132,704	Mental Health Research Grants		
93.242	I	69,960	Mental Health Research Grants	68E-1080101	Calif Inst Technolog
93.242	I	(3,449)	Mental Health Research Grants	8	Columbia Univ
93.242	I	(10,461)	Mental Health Research Grants	303-7231/DS805	Duke University
93.242	I	36,095	Mental Health Research Grants	303-7424/DS803	Duke University
93.242	I	43,334	Mental Health Research Grants	137293/303-7153	Duke University
93.242	I	9,389	Mental Health Research Grants	147050	Duke University
93.242	I	(457)	Mental Health Research Grants	8602-61118-1	Johns Hopkins Univ
93.242	I	15,006	Mental Health Research Grants	PO#69409	Johns Hopkins Univ
93.242	I	42,229	Mental Health Research Grants	205283	Mass Gen Hosp
93.242	I	99,747	Mental Health Research Grants	0255-7432-4609	Mt Sinai Sch of Med
93.242	I	70,083	Mental Health Research Grants	N/A	Organix, Inc.
93.242	I	2,082	Mental Health Research Grants	403968	Salk Insitute
93.242	I	20,999	Mental Health Research Grants	1557 G JB758	U Cal Los Angelos
93.242	I	16,201	Mental Health Research Grants	N/A	Univ of Alabama-Birm
93.242	I	15,085	Mental Health Research Grants	UF06106	Univ of Florida
93.242	I	(1)	Mental Health Research Grants	F008906	Univ of Michigan
93.242	I	16,747	Mental Health Research Grants	3R30V/330V0	Univ of New Mexico
93.242	I	9,305	Mental Health Research Grants	110726-05	Univ of Pittsburgh
93.242	I	93,923	Mental Health Research Grants	K083633/144-PL12	Univ Wisconsin-Milwa
93.242	I	16,260	Mental Health Research Grants	RR274-2658920947	University of Georgia
93.242	I	4,336	Mental Health Research Grants	WFOHS 51509	Wake Forest Univ Sch Med
93.243	D	76,872	Substance Abuse and Mental Health Services-Projects of Regional and National Significance		
93.243	I	50,385	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	07-SC-SAMSHA-1029	Duke University
93.243	I	100,056	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	08-SC-SAMHSA-1045	Duke University
93.247	D	125,357	Advanced Education Nursing Grant Program		
93.249	D	368,379	Public Health Training Centers Grant Program		
93.262	D	2,217,073	Occupational Safety and Health Program		
93.262	I	8,182	Occupational Safety and Health Program	G-4606-5 (Formally G	Colorado State Univ
93.262	I	(219)	Occupational Safety and Health Program	PO# 4000520249	Univ of Iowa
93.263	D	(98)	Occupational Safety and Health - Training Grants		
93.264	D	179,997	Nurse Faculty Loan Program (NFLP)		
93.265	D	198,473	Comprehensive Geriatric Education Program(CGEP)		
93.271	D	427,777	Alcohol Research Career Development Awards for Scientists and Clinicians		
93.272	D	414,378	Alcohol National Research Service Awards for Research Training		
93.273	D	6,883,030	Alcohol Research Programs		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.273	I	3,176	Alcohol Research Programs	303-7239/DS823	Duke University
93.273	I	11,833	Alcohol Research Programs	05-SC-NIH-1055	Duke University
93.273	I	215,173	Alcohol Research Programs	150453.0004	Harvard Univ
93.273	I	42,814	Alcohol Research Programs	108942	Loyola Univ-Chicago
93.273	I	7,084	Alcohol Research Programs	GBNEU0169BL	Oregon Hlth Sciences
93.273	I	110,182	Alcohol Research Programs	1-48U-9621	RTI International
93.273	I	18,274	Alcohol Research Programs	WFUHS 52260	Wake Forest Univ Sch Med
93.277	D	117,057	Career Development Awards		
93.278	D	119,885	Drug Abuse National Research Service Awards for Research Training		
93.279	D	5,076,039	Drug Abuse and Addiction Research Programs		
93.279	I	31,972	Drug Abuse and Addiction Research Programs	139881/133050	Duke University
93.279	I	69,362	Drug Abuse and Addiction Research Programs	145929	Duke University
93.279	I	55,563	Drug Abuse and Addiction Research Programs	2R44DA020217-02	Flying Bridge Techno
93.279	I	6,622	Drug Abuse and Addiction Research Programs	0367.01.01	Pacific Inst Resch
93.279	I	12,649	Drug Abuse and Addiction Research Programs	PIRE	Pacific Inst Resch
93.279	I	103,404	Drug Abuse and Addiction Research Programs	3110-UNC-DHHS-0075	Penn State Univ
93.279	I	25,201	Drug Abuse and Addiction Research Programs	2R42DA017994-02	Prevention Strategies
93.279	I	153,065	Drug Abuse and Addiction Research Programs	N/A	St Jude Childrn Rsch
93.279	I	57,293	Drug Abuse and Addiction Research Programs	F014699	Univ of Michigan
93.281	D	1,020,478	Mental Health Research Career/Scientist Development Awards		
93.282	D	763,696	Mental Health National Research Service Awards for Research Training		
93.283	D	4,802,575	Centers for Disease Control and Prevention-Investigations and Technical Assistance		
93.283	I	45,275	Centers for Disease Control and Prevention-Investigations and Technical Assistance	N/A	AAMC
93.283	I	33,510	Centers for Disease Control and Prevention-Investigations and Technical Assistance	MM-0645-04/04	Assc Amer Medical
93.283	I	196,893	Centers for Disease Control and Prevention-Investigations and Technical Assistance	MM-0975-07/07	Assc Amer Medical
93.283	I	162	Centers for Disease Control and Prevention-Investigations and Technical Assistance	MM-644-04/04	Assc Amer Medical
93.283	I	1	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3407-23/24	Assoc Sch Pub Health
93.283	I	17,532	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3453-23/23	Assoc Sch Pub Health
93.283	I	(75)	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3460-23/23	Assoc Sch Pub Health
93.283	I	286,785	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3486-23/24	Assoc Sch Pub Health
93.283	I	246,260	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3493-23/24	Assoc Sch Pub Health
93.283	I	105,710	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3521-24/25	Assoc Sch Pub Health
93.283	I	127,415	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3521-24/26	Assoc Sch Pub Health
93.283	I	219,638	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3554-24/25	Assoc Sch Pub Health
93.283	I	154,224	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3554-24/26	Assoc Sch Pub Health
93.283	I	135,969	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3665-24/26	Assoc Sch Pub Health
93.283	I	38,491	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3665-25/25	Assoc Sch Pub Health
93.283	I	24,703	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3698-25/25	Assoc Sch Pub Health

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.283	I	105,893	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3698-25/26	Assoc Sch Pub Health
93.283	I	139,011	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3715-25/25	Assoc Sch Pub Health
93.283	I	133,587	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3715-25-26	Assoc Sch Pub Health
93.283	I	3,039	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3753-25/25	Assoc Sch Pub Health
93.283	I	562,595	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3810-26/26	Assoc Sch Pub Health
93.283	I	4,640	Centers for Disease Control and Prevention-Investigations and Technical Assistance	2006-0197	Emory University
93.283	I	19,237	Centers for Disease Control and Prevention-Investigations and Technical Assistance	15910	Natl Childhd Cncr Fdn
93.283	I	69,585	Centers for Disease Control and Prevention-Investigations and Technical Assistance	17-312-0208235	RTI International
93.286	D	3,491,819	Discovery and Applied Research for Technological Innovations to Improve Human Health		
93.286	I	67,258	Discovery and Applied Research for Technological Innovations to Improve Human Health	9-526-2184	Albert Einstein Coll
93.286	I	76,140	Discovery and Applied Research for Technological Innovations to Improve Human Health	149881	Brigham Women's Hosp
93.286	I	54,715	Discovery and Applied Research for Technological Innovations to Improve Human Health	N/A	Brigham Women's Hosp
93.286	I	21,429	Discovery and Applied Research for Technological Innovations to Improve Human Health	2006-0346	Bruce Technologies,
93.286	I	1,210	Discovery and Applied Research for Technological Innovations to Improve Human Health	04-SC-NIH-1019	Duke University
93.286	I	274	Discovery and Applied Research for Technological Innovations to Improve Human Health	2007-1924	Univ of Cal - Irvine
93.286	I	26,285	Discovery and Applied Research for Technological Innovations to Improve Human Health	1543214	Univ of Colorado
93.307	D	3,300,206	Minority Health and Health Disparities Research		
93.310	D	465,762	Trans-NIH Research Support		
93.310	I	26,823	Trans-NIH Research Support	23931-02-355	Wistar Institute
93.358	D	102,720	Advanced Education Nursing Traineeships		
93.359	D	128,081	Nurse Education, Practice and Retention Grants		
93.361	D	4,752,617	Nursing Research		
93.361	I	378	Nursing Research	5 RO1NR0490	Univ of Arkansas
93.361	I	14,680	Nursing Research	0004257/111754-2	Univ of Pittsburgh
93.375	D	71,079	Minority Biomedical Research Support		
93.389	D	15,259,524	National Center for Research Resources		
93.389	I	21,202	National Center for Research Resources	2006-0345	Bruce Technologies
93.389	I	80,795	National Center for Research Resources	CHMC 103824	Children's Hosp/Cinn
93.389	I	58,572	National Center for Research Resources	UT13177	Ohio Univ
93.389	I	4,378	National Center for Research Resources	2006-1719	Univ Calif-Irvine
93.390	D	2,433,214	Academic Research Enhancement Award		
93.392	I	7,110	Cancer Construction	H3155-01	Georgia State Univ
93.393	D	8,498,604	Cancer Cause and Prevention Research		
93.393	I	5,999	Cancer Cause and Prevention Research	20728-02-04	Children's Hosp Phil
93.393	I	14,811	Cancer Cause and Prevention Research	Subaward 1	Columbia Univ
93.393	I	45,895	Cancer Cause and Prevention Research	132702	Duke Clinical Rsch
93.393	I	7,821	Cancer Cause and Prevention Research	153192/132702	Duke Clinical Rsch

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.393	I	76,848	Cancer Cause and Prevention Research	303-2189/DS836	Duke University
93.393	I	1,356	Cancer Cause and Prevention Research	303-2501/DS494	Duke University
93.393	I	1,377	Cancer Cause and Prevention Research	303-2551/DS494	Duke University
93.393	I	4,050	Cancer Cause and Prevention Research	303-2795/DS494	Duke University
93.393	I	365	Cancer Cause and Prevention Research	5-40635-G4	Emory University
93.393	I	8,064	Cancer Cause and Prevention Research	R00884	Florida State
93.393	I	15,063	Cancer Cause and Prevention Research	PO#39506 0048	Indiana Univ
93.393	I	19,734	Cancer Cause and Prevention Research	0255-1051-4609	Mt Sinai Sch of Med
93.393	I	182,163	Cancer Cause and Prevention Research	570363	Texas A & M Univ.
93.393	I	273	Cancer Cause and Prevention Research	Y433337	Univ of Arizona
93.393	I	28,738	Cancer Cause and Prevention Research	POZ743595,POZ799958	Univ of Hawaii
93.393	I	29,910	Cancer Cause and Prevention Research	QG840220	Univ of Kansas
93.393	I	6,177	Cancer Cause and Prevention Research	66294Y/POM114522	Univ of Miami
93.393	I	61,900	Cancer Cause and Prevention Research	F011807	Univ of Michigan
93.393	I	11,384	Cancer Cause and Prevention Research	N/A	Univ of Michigan
93.393	I	39,334	Cancer Cause and Prevention Research	883402	Univ of Wash-Seattle
93.393	I	(464)	Cancer Cause and Prevention Research	H32720	Univ Southern California
93.393	I	255,966	Cancer Cause and Prevention Research	H35332	Univ Southern California
93.393	I	87,131	Cancer Cause and Prevention Research	X086170/144-PY41	Univ Wisconsin
93.393	I	2,622	Cancer Cause and Prevention Research	22402-98012664	Univ. of Texas Mdacc
93.393	I	12,640	Cancer Cause and Prevention Research	UNCCH/CA119069/50901	Wake Forest Univ Sch Med
93.394	D	2,605,568	Cancer Detection and Diagnosis Research		
93.394	I	16,970	Cancer Detection and Diagnosis Research	0210603	Boston University
93.394	I	19,547	Cancer Detection and Diagnosis Research	5710002271	MA Insti Technology
93.394	I	40	Cancer Detection and Diagnosis Research	5-37816/PO#926417	Univ of Pennsylvania
93.394	I	(1,365)	Cancer Detection and Diagnosis Research	2112042/PO0000121538	Univ of Utah
93.394	I	(1,169)	Cancer Detection and Diagnosis Research	WU-06-23/PO#29631J	Univ of Wash-Seattle
93.394	I	243,364	Cancer Detection and Diagnosis Research	PO#2904076A	Wash Univ-St Louis
93.394	I	11,724	Cancer Detection and Diagnosis Research	WU-07-37/PO29574N	Wash Univ-St Louis
93.395	D	4,015,088	Cancer Treatment Research		
93.395	I	1,424	Cancer Treatment Research	RTOG 0521	Amer Coll of Radiology
93.395	I	1,829	Cancer Treatment Research	RTOG0212	Amer Coll of Radiology
93.395	I	1,582	Cancer Treatment Research	RTOG0247	Amer Coll of Radiology
93.395	I	77	Cancer Treatment Research	RTOG8704	Amer Coll of Radiology
93.395	I	592	Cancer Treatment Research	RTOG9408	Amer Coll of Radiology
93.395	I	155	Cancer Treatment Research	RTOG9413	Amer Coll of Radiology
93.395	I	25	Cancer Treatment Research	RTOG9804	Amer Coll of Radiology

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.395		1	Cancer Treatment Research	130039	Duke University
93.395		16,958	Cancer Treatment Research	132944 FC 303-3346	Duke University
93.395		224,417	Cancer Treatment Research	140750/130039	Duke University
93.395		300,026	Cancer Treatment Research	147695/140750/1300	Duke University
93.395		(2)	Cancer Treatment Research	130039	Duke University
93.395		937	Cancer Treatment Research	E1697	Eastern Cooperative Oncology Group
93.395		8,092	Cancer Treatment Research	E2603	Eastern Cooperative Oncology Group
93.395		207	Cancer Treatment Research	ECOG 40101	Eastern Cooperative Oncology Group
93.395		1,093	Cancer Treatment Research	ECOG 80101	Eastern Cooperative Oncology Group
93.395		53	Cancer Treatment Research	ECOG S0012	Eastern Cooperative Oncology Group
93.395		1,902	Cancer Treatment Research	NCIC MA 27	Eastern Cooperative Oncology Group
93.395		3,549	Cancer Treatment Research	PACCT-1	Eastern Cooperative Oncology Group
93.395		3,396	Cancer Treatment Research	0000614936	Fred Hutchinsn Cancer Research Center
93.395		44,828	Cancer Treatment Research	0000634582	Fred Hutchinsn Cancer Research Center
93.395		137,328	Cancer Treatment Research	N/A	Gynecologic Oncology
93.395		6,446	Cancer Treatment Research	CA27469-24	Gynecologic Oncology Group
93.395		14,235	Cancer Treatment Research	CA27469-25	Gynecologic Oncology Group
93.395		(40,048)	Cancer Treatment Research	10-14025-02-06/05-C1	H Lee Moffitt Cancer
93.395		(5,561)	Cancer Treatment Research	1 U56CA 105329-01	Health Sciences Foundation
93.395		(10,047)	Cancer Treatment Research	1U56CA 105329-01	Health Sciences Foundation
93.395		(15,990)	Cancer Treatment Research	1U56CA10532901	Health Sciences Foundation
93.395		(1,030)	Cancer Treatment Research	SA308-1105-4377	LIT
93.395		29,203	Cancer Treatment Research	98543-1207	Natl Childhood Cancer Found
93.395		(700)	Cancer Treatment Research	14144	Natl Childhood Cancer Found
93.395		(51)	Cancer Treatment Research	15432	Natl Childhood Cancer Found
93.395		26,424	Cancer Treatment Research	16138	Natl Childhood Cancer Found
93.395		9,330	Cancer Treatment Research	16966	Natl Childhood Cancer Found
93.395		1,582	Cancer Treatment Research	B-42	Natl Surgical Adjuvant Breast and B
93.395		1,231	Cancer Treatment Research	C-08	Natl Surgical Adjuvant Breast and B
93.395		931	Cancer Treatment Research	FB-AX-003	Natl Surgical Adjuvant Breast and B
93.395		12,607	Cancer Treatment Research	TFED32-194	Natl Surgical Adjuvant Breast and B
93.395		9,769	Cancer Treatment Research	TFED35-194	Natl Surgical Adjuvant Breast and B
93.395		9,755	Cancer Treatment Research	N/A	New Eng Med Ctr Hos
93.395		7,780	Cancer Treatment Research	60012380	Ohio State U Res Fdn
93.395		51,080	Cancer Treatment Research	4422SC	Univ Calif-San Francisco
93.395		4,006	Cancer Treatment Research	6067359/RFS700037	Univ Mass
93.395		(42)	Cancer Treatment Research	071	Univ of Alabama-Birm
93.395		(147)	Cancer Treatment Research	UF0269CG	Univ of Florida

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.395	I	42,437	Cancer Treatment Research	66249P	Univ of Miami
93.395	I	13,797	Cancer Treatment Research	F008827	Univ of Michigan
93.395	I	48,346	Cancer Treatment Research	VUMC33643-R	Vanderbilt U Med C
93.395	I	(1,195)	Cancer Treatment Research	57874	Wake Forest Univ Sch Med
93.396	D	10,014,487	Cancer Biology Research		
93.396	I	15,194	Cancer Biology Research	N/A	Vanderbilt U Med C
93.396	I	128,116	Cancer Biology Research	VUMC8874	Vanderbilt U Med C
93.396	I	30,769	Cancer Biology Research	WU-07-221/PO269687S	Wash Univ-St Louis
93.397	D	12,401,458	Cancer Centers Support Grants		
93.397	I	9,892	Cancer Centers Support Grants	Y452435/Y482886	Univ of Arizona
93.398	D	4,291,655	Cancer Research Manpower		
93.399	D	6,698,923	Cancer Control		
93.399	I	218,316	Cancer Control	502032.5000.L00378	Dartmouth College
93.399	I	(8,243)	Cancer Control	530190.5735	Dartmouth College
93.399	I	50,162	Cancer Control	530196.5735	Dartmouth College
93.399	I	(945)	Cancer Control	530244.575	Dartmouth College
93.399	I	541	Cancer Control	530547.575	Dartmouth College
93.399	I	2,207	Cancer Control	531007.5750	Dartmouth College
93.399	I	3,954	Cancer Control	2000304568	Johns Hopkins Univ
93.399	I	2,317	Cancer Control	PFED21-ECU01	Natl Surgical Adjuvant Breast and B
93.399	I	(1,450)	Cancer Control	N/A	NSAPB Fdn
93.399	I	4,168	Cancer Control	FY06.024.008	UC Hlth Science Ctr
93.399	I	895	Cancer Control	PO#P0005496	Univ of New Mexico
93.399	I	5,255	Cancer Control	07-028	Univ Texas-Galveston
93.399	I	24,865	Cancer Control	08-025	Univ Texas-Galveston
93.399	I	82,732	Cancer Control	WU-06-164/29512M	Wash Univ-St Louis
93.481	D	123,260	Different Bacterial Species Selectively Induce TH1 Cells		
93.600	D	439,873	Head Start		
93.631	D	340,968	Developmental Disabilities Projects of National Significance		
93.632	D	494,309	University Centers for Excellence in Developmental Disabilities Education, Research, and Service		
93.647	D	1,016,255	Social Services Research and Demonstration		
93.648	D	342,867	Child Welfare Services Training Grants		
93.670	D	729,723	Child Abuse and Neglect Discretionary Activities		
93.821	D	11,390	Cell Biology and Biophysics Research		
93.822	D	4,856	Health Careers Opportunity Program		
93.837	D	13,945,583	Heart and Vascular Diseases Research		
93.837	I	155,626	Heart and Vascular Diseases Research	121654	Duke University

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.837	I	3,323	Heart and Vascular Diseases Research	148732	Duke University
93.837	I	44,195	Heart and Vascular Diseases Research	N/A	Duke University
93.837	I	33,551	Heart and Vascular Diseases Research	DS800	Duke Univ Med Ctr
93.837	I	3,675	Heart and Vascular Diseases Research	136454/137434	Duke University
93.837	I	11,916	Heart and Vascular Diseases Research	144074	Duke University
93.837	I	1,840	Heart and Vascular Diseases Research	303-6092	Duke University
93.837	I	27,775	Heart and Vascular Diseases Research	303-6566	Duke University
93.837	I	314	Heart and Vascular Diseases Research	303-6800	Duke University
93.837	I	44,353	Heart and Vascular Diseases Research	E-17-669-G3	Georgia Inst of Tech
93.837	I	42,019	Heart and Vascular Diseases Research	5R01HL03663420	Mayo Clinic Rochester
93.837	I	(18,406)	Heart and Vascular Diseases Research	2 FRAM 771-01	Northern Calif Inst
93.837	I	45,272	Heart and Vascular Diseases Research	9920070110	Rand Corporation,Inc
93.837	I	57,190	Heart and Vascular Diseases Research	9920070130	Rand Corporation,Inc
93.837	I	24,253	Heart and Vascular Diseases Research	07-1107.006	SW Fdn Biomed Res
93.837	I	149	Heart and Vascular Diseases Research	1107.06	SW Fdn Biomed Res
93.837	I	68,871	Heart and Vascular Diseases Research	66143-03UNC/02-66141	Univ Miss Med Ctr
93.837	I	(1,705)	Heart and Vascular Diseases Research	662126	Univ of Miami
93.837	I	50,375	Heart and Vascular Diseases Research	3000803800	Univ of Michigan
93.837	I	11,189	Heart and Vascular Diseases Research	06636266507	Univ of Minnesota
93.837	I	102,569	Heart and Vascular Diseases Research	0000926/112946-1	Univ of Pittsburgh
93.837	I	1,252	Heart and Vascular Diseases Research	PO 41874/05-1052	Univ of S Carolina
93.837	I	581,338	Heart and Vascular Diseases Research	0004524B	Univ of Tex Houston
93.837	I	195,717	Heart and Vascular Diseases Research	0004524C	Univ of Tex Houston
93.837	I	34,515	Heart and Vascular Diseases Research	0005624A	Univ of Tex Houston
93.837	I	53,228	Heart and Vascular Diseases Research	2409028-1/PO00001343	Univ of Utah
93.837	I	5,737	Heart and Vascular Diseases Research	2409028-1/PO00131592	Univ of Utah
93.837	I	(1,045)	Heart and Vascular Diseases Research	GC11231-124755	Univ of Virginia
93.837	I	157,874	Heart and Vascular Diseases Research	GC11231-127326	Univ of Virginia
93.837	I	171,625	Heart and Vascular Diseases Research	GC11231-129647	Univ of Virginia
93.837	I	4,753	Heart and Vascular Diseases Research	214097	Univ of Wash-Seattle
93.837	I	31,494	Heart and Vascular Diseases Research	918761	Univ of Wash-Seattle
93.837	I	21,022	Heart and Vascular Diseases Research	N/A	Vascular Pharmaceutical
93.837	I	22,061	Heart and Vascular Diseases Research	06-002	Wake Forest University
93.838	D	15,846,736	Lung Diseases Research		
93.838	I	119,168	Lung Diseases Research	413390300301.076.S5	Children's Hosp Reg Med
93.838	I	16,165	Lung Diseases Research	150261	Duke Univ Med Ctr
93.838	I	51,806	Lung Diseases Research	147665	Duke University

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.838	I	8,467	Lung Diseases Research	5352/7R01HL072938-04	Educ Dev Ctr, Inc
93.838	I	58,606	Lung Diseases Research	4915SC	Univ Calif-San Francisco
93.838	I	11,624	Lung Diseases Research	FY05.102.042 AMD 4 U	Univ of Colorado
93.838	I	131,110	Lung Diseases Research	199722	Univ of Wash-Seattle
93.839	D	8,436,183	Blood Diseases and Resources Research		
93.839	I	5,257	Blood Diseases and Resources Research	468(20468)-07-02	Children's Hosp Phil
93.839	I	150,971	Blood Diseases and Resources Research	468(20468)-08-02	Children's Hosp Phil
93.839	I	91	Blood Diseases and Resources Research	139006/303-6850	Duke Univ Med Ctr
93.839	I	(7,186)	Blood Diseases and Resources Research	139006/303-6851	Duke Univ Med Ctr
93.839	I	133,401	Blood Diseases and Resources Research	139354/302-6003	Duke Univ Med Ctr
93.839	I	13,399	Blood Diseases and Resources Research	144098 303-6932	Duke Univ Med Ctr
93.839	I	439,235	Blood Diseases and Resources Research	145041/139006	Duke Univ Med Ctr
93.839	I	7,583	Blood Diseases and Resources Research	303-6160/DS746	Duke Univ Med Ctr
93.839	I	106	Blood Diseases and Resources Research	303-6843/139006	Duke Univ Med Ctr
93.839	I	(2,330)	Blood Diseases and Resources Research	303-6845/139006	Duke Univ Med Ctr
93.839	I	242,021	Blood Diseases and Resources Research	303-6651	Duke University
93.839	I	176,727	Blood Diseases and Resources Research	N/A	Ercole Biotech, Inc.
93.839	I	28,191	Blood Diseases and Resources Research	0600 370 F054 487	Northwestern Univ
93.839	I	15,967	Blood Diseases and Resources Research	7210027	St Jude Children's Research Hosp
93.839	I	42,282	Blood Diseases and Resources Research	7251881	St Jude Children's Research Hosp
93.839	I	32,645	Blood Diseases and Resources Research	3048060200-07-370	Univ of Kentucky
93.839	I	212,928	Blood Diseases and Resources Research	24-1106-0002-200	Univ of Nebraska
93.839	I	32,566	Blood Diseases and Resources Research	J065240	Univ Wisconsin
93.846	D	6,522,442	Arthritis, Musculoskeletal and Skin Diseases Research		
93.846	I	36,444	Arthritis, Musculoskeletal and Skin Diseases Research	101643	Brigham Women's Hosp
93.846	I	628	Arthritis, Musculoskeletal and Skin Diseases Research	N/A	Duke University
93.846	I	2,795	Arthritis, Musculoskeletal and Skin Diseases Research	148431/141082 303-17	Duke Univ Med Ctr
93.846	I	8,095	Arthritis, Musculoskeletal and Skin Diseases Research	141082/303-1718	Duke University
93.846	I	4,114	Arthritis, Musculoskeletal and Skin Diseases Research	AR049459PC	Med Univ of South Carolina
93.846	I	19,337	Arthritis, Musculoskeletal and Skin Diseases Research	P60-AR049459	Med Univ of Science
93.846	I	8,334	Arthritis, Musculoskeletal and Skin Diseases Research	R01-AR045476	Med Univ of Science
93.846	I	31,356	Arthritis, Musculoskeletal and Skin Diseases Research	F011841	Univ of Michigan
93.846	I	310,451	Arthritis, Musculoskeletal and Skin Diseases Research	9000577	Univ of Pittsburgh
93.846	I	(30,231)	Arthritis, Musculoskeletal and Skin Diseases Research	9000577/111758-1	Univ of Pittsburgh
93.846	I	126,135	Arthritis, Musculoskeletal and Skin Diseases Research	9000585/112642-1	Univ of Pittsburgh
93.847	D	8,165,356	Diabetes, Endocrinology and Metabolism Research		
93.847	I	(524)	Diabetes, Endocrinology and Metabolism Research	N/A	Archimage, Inc.
93.847	I	429	Diabetes, Endocrinology and Metabolism Research	N/A	Corpora Systems Inc

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.847	I	9,749	Diabetes, Endocrinology and Metabolism Research	S-DPP0809-JT10	George Washington University
93.847	I	140,787	Diabetes, Endocrinology and Metabolism Research	N/A	IGBMC
93.847	I	35,090	Diabetes, Endocrinology and Metabolism Research	Q6636505206	Univ of Minnesota
93.847	I	(391)	Diabetes, Endocrinology and Metabolism Research	S6636505205	Univ of Minnesota
93.847	I	45,397	Diabetes, Endocrinology and Metabolism Research	101H710	Univ Wisconsin-Madison
93.848	D	10,719,390	Digestive Diseases and Nutrition Research		
93.848	I	34,025	Digestive Diseases and Nutrition Research	MUSC07-032	Med Univ of Science
93.848	I	132,056	Digestive Diseases and Nutrition Research	NIH 1-R41-DK074193-0	Theralogics
93.848	I	10,269	Digestive Diseases and Nutrition Research	543833	Tulane University
93.848	I	12,675	Digestive Diseases and Nutrition Research	Roy C Orlando,MD 544	Tulane University
93.848	I	104,984	Digestive Diseases and Nutrition Research	TRACS25844	Univ of Chicago
93.848	I	8,850	Digestive Diseases and Nutrition Research	3320	Univ of Pittsburgh
93.848	I	1	Digestive Diseases and Nutrition Research	N/A	VA Commonwealth Univ
93.848	I	37,169	Digestive Diseases and Nutrition Research	PT096479-SC100534	VA Commonwealth Univ
93.848	I	40,425	Digestive Diseases and Nutrition Research	CR-19467-431526	VA Polytechnic Inst
93.848	I	120,432	Digestive Diseases and Nutrition Research	PO#29880X/WU-04-210	Wash Univ-St Louis
93.849	D	3,558,012	Kidney Diseases, Urology and Hematology Research		
93.849	I	32,683	Kidney Diseases, Urology and Hematology Research	12.7892.K-UNC	Children Hosp Oakland
93.849	I	128,130	Kidney Diseases, Urology and Hematology Research	303-1415/123110	Duke Univ Med Ctr
93.849	I	235,469	Kidney Diseases, Urology and Hematology Research	303-1251	Duke University
93.849	I	289,691	Kidney Diseases, Urology and Hematology Research	303-1252	Duke University
93.849	I	70,641	Kidney Diseases, Urology and Hematology Research	N/A	Feinstein Inst Med R
93.849	I	25,876	Kidney Diseases, Urology and Hematology Research	2000196602	Johns Hopkins Univ
93.849	I	(2,580)	Kidney Diseases, Urology and Hematology Research	8502-90010-6	Johns Hopkins Univ
93.849	I	3,580	Kidney Diseases, Urology and Hematology Research	PO 8502-90010-6	Johns Hopkins Univ
93.849	I	34,776	Kidney Diseases, Urology and Hematology Research	N/A	Rhode Island Hospital
93.849	I	(549)	Kidney Diseases, Urology and Hematology Research	701-7515	Rhode Island Hospital
93.849	I	699,091	Kidney Diseases, Urology and Hematology Research	N/A	Rhode Island Hospital
93.849	I	330,735	Kidney Diseases, Urology and Hematology Research	N/A	Rhode Island Hospital
93.849	I	3,855	Kidney Diseases, Urology and Hematology Research	R01 DK65114-01	Tufts Univ
93.853	D	13,678,037	Extramural Research Programs in the Neurosciences and Neurological Disorders		
93.853	I	(12,633)	Extramural Research Programs in the Neurosciences and Neurological Disorders	21D-1057534	Calif Inst Technolog
93.853	I	919	Extramural Research Programs in the Neurosciences and Neurological Disorders	PO 0000093360	Children's Hosp of Boston
93.853	I	6,519	Extramural Research Programs in the Neurosciences and Neurological Disorders	128217	Duke University
93.853	I	21,962	Extramural Research Programs in the Neurosciences and Neurological Disorders	136398	Duke University
93.853	I	17,804	Extramural Research Programs in the Neurosciences and Neurological Disorders	5R01NS051769-02	Mayo Clinic Rochester
93.853	I	50,977	Extramural Research Programs in the Neurosciences and Neurological Disorders	R01NS517691A1	Mayo Clinic Rochester
93.853	I	28,694	Extramural Research Programs in the Neurosciences and Neurological Disorders	13500000-32115-B	Stanford University
93.853	I	56,331	Extramural Research Programs in the Neurosciences and Neurological Disorders	Spots19449/1003888	Univ Cincinnati

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.853	I	(1,542)	Extramural Research Programs in the Neurosciences and Neurological Disorders	P.O.4000092925	Univ of Iowa
93.853	I	25,860	Extramural Research Programs in the Neurosciences and Neurological Disorders	N/A	Univ of Miami
93.853	I	75,498	Extramural Research Programs in the Neurosciences and Neurological Disorders	PO#1978162/548762	Univ of Pennsylvania
93.853	I	3,969	Extramural Research Programs in the Neurosciences and Neurological Disorders	WU-04-125	Univ of Wash-Seattle
93.853	I	(2,133)	Extramural Research Programs in the Neurosciences and Neurological Disorders	VUMC30286-R/5-R01-NS	Vanderbilt U Med C
93.853	I	28,477	Extramural Research Programs in the Neurosciences and Neurological Disorders	WFUHS 17025	Wake Forest University
93.853	I	(2,902)	Extramural Research Programs in the Neurosciences and Neurological Disorders	PO#29024P/WU-04-118	Wash Univ-St Louis
93.853	I	(6,472)	Extramural Research Programs in the Neurosciences and Neurological Disorders	PO#29881G/WU-06-13	Wash Univ-St Louis
93.853	I	19,614	Extramural Research Programs in the Neurosciences and Neurological Disorders	PO#29993P/WU-07-104	Wash Univ-St Louis
93.853	I	103	Extramural Research Programs in the Neurosciences and Neurological Disorders	WU-06-181/PO29995L	Wash Univ-St Louis
93.853	I	18,412	Extramural Research Programs in the Neurosciences and Neurological Disorders	WU-06-236	Wash Univ-St Louis
93.853	I	864	Extramural Research Programs in the Neurosciences and Neurological Disorders	WU-07-109	Wash Univ-St Louis
93.853	I	11	Extramural Research Programs in the Neurosciences and Neurological Disorders	WU-08-196/PO#2905986	Wash Univ-St Louis
93.853	I	41,135	Extramural Research Programs in the Neurosciences and Neurological Disorders	WU-08-57/PO#2905096A	Washington St Univ
93.853	I	7,984	Extramural Research Programs in the Neurosciences and Neurological Disorders	ECU 5-07332	Washington Univ
93.853	I	2,499	Extramural Research Programs in the Neurosciences and Neurological Disorders	A06657 (M-08-335)	Yale University
93.853	I	11,311	Extramural Research Programs in the Neurosciences and Neurological Disorders	A06074	Yale University
93.853	I	(860)	Extramural Research Programs in the Neurosciences and Neurological Disorders	A06314	Yale University
93.853	I	55,631	Extramural Research Programs in the Neurosciences and Neurological Disorders	A06954 (M-08-128)	Yale University
93.854	D	13,017	Biological Basis Research in the Neurosciences		
93.855	D	23,158,850	Allergy, Immunology and Transplantation Research		
93.855	I	15,689	Allergy, Immunology and Transplantation Research	100892	Brigham Women's Hosp
93.855	I	12,294	Allergy, Immunology and Transplantation Research	140514-2/303-0926	Duke Univ Med Ctr
93.855	I	(18,018)	Allergy, Immunology and Transplantation Research	131714-1	Duke University
93.855	I	(11,415)	Allergy, Immunology and Transplantation Research	131714-2	Duke University
93.855	I	25,713	Allergy, Immunology and Transplantation Research	132572	Duke University
93.855	I	60,830	Allergy, Immunology and Transplantation Research	140061	Duke University
93.855	I	20,148	Allergy, Immunology and Transplantation Research	140514-1/303-0925	Duke University
93.855	I	143,388	Allergy, Immunology and Transplantation Research	140514-1/303-1116	Duke University
93.855	I	193,707	Allergy, Immunology and Transplantation Research	140514-2/303-1117	Duke University
93.855	I	45,635	Allergy, Immunology and Transplantation Research	144433/132572	Duke University
93.855	I	402,341	Allergy, Immunology and Transplantation Research	303-1081	Duke University
93.855	I	576,974	Allergy, Immunology and Transplantation Research	303-1082	Duke University
93.855	I	593,819	Allergy, Immunology and Transplantation Research	303-1083	Duke University
93.855	I	465,231	Allergy, Immunology and Transplantation Research	303-1084	Duke University
93.855	I	189,429	Allergy, Immunology and Transplantation Research	303-1085	Duke University
93.855	I	276,692	Allergy, Immunology and Transplantation Research	303-1086	Duke University
93.855	I	130,874	Allergy, Immunology and Transplantation Research	303-1087	Duke University
93.855	I	28,177	Allergy, Immunology and Transplantation Research	303-1088	Duke University

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.855	I	31,483	Allergy, Immunology and Transplantation Research	303-1089	Duke University
93.855	I	9,803	Allergy, Immunology and Transplantation Research	801-03	Family Health Intl
93.855	I	(1)	Allergy, Immunology and Transplantation Research	0000612174	Fred Hutchinson Cancer Research Center
93.855	I	25,653	Allergy, Immunology and Transplantation Research	0000623812	Fred Hutchinson Cancer Research Center
93.855	I	41,292	Allergy, Immunology and Transplantation Research	0000631092	Fred Hutchinson Cancer Research Center
93.855	I	15,578	Allergy, Immunology and Transplantation Research	0000650981	Fred Hutchinson Cancer Research Center
93.855	I	2,913,449	Allergy, Immunology and Transplantation Research	2000098352	Johns Hopkins Univ
93.855	I	44,941	Allergy, Immunology and Transplantation Research	2000139191	Johns Hopkins Univ
93.855	I	34,805	Allergy, Immunology and Transplantation Research	PO# 2000056553	Johns Hopkins Univ
93.855	I	17,596	Allergy, Immunology and Transplantation Research	5R01AI039108	Los Angeles Biomedical Research Institute at Harbor
93.855	I	9,981	Allergy, Immunology and Transplantation Research	UN-1031	Seattle Biomed Rsch
93.855	I	12,148	Allergy, Immunology and Transplantation Research	GR 1-R41-AI069602-01	Theralogics
93.855	I	147,623	Allergy, Immunology and Transplantation Research	546063	Tulane University
93.855	I	52,485	Allergy, Immunology and Transplantation Research	2006-1719	Univ Calif-Irvine
93.855	I	6,367	Allergy, Immunology and Transplantation Research	3048103204-07-498	Univ of Kentucky
93.855	I	7,296	Allergy, Immunology and Transplantation Research	008-003/1R15AI0606	Univ of North Florida
93.855	I	56,000	Allergy, Immunology and Transplantation Research	6119-1041-00-A	Univ of South Florida
93.855	I	18,994	Allergy, Immunology and Transplantation Research	6119-1041-00-B	Univ of South Florida
93.855	I	31,059	Allergy, Immunology and Transplantation Research	08-008	Univ of Texas
93.855	I	126,390	Allergy, Immunology and Transplantation Research	412A775	Univ Wisconsin
93.856	D	2,361,684	Microbiology and Infectious Diseases Research		
93.856	I	(7,441)	Microbiology and Infectious Diseases Research	303-0012	Duke Univ Med Ctr
93.856	I	32,914	Microbiology and Infectious Diseases Research	303-0877	Duke Univ Med Ctr
93.856	I	37,165	Microbiology and Infectious Diseases Research	303-0933	Duke Univ Med Ctr
93.856	I	23,427	Microbiology and Infectious Diseases Research	303-0934	Duke Univ Med Ctr
93.856	I	11,446	Microbiology and Infectious Diseases Research	303-0935	Duke Univ Med Ctr
93.856	I	1,097	Microbiology and Infectious Diseases Research	303-0936	Duke Univ Med Ctr
93.856	I	13,687	Microbiology and Infectious Diseases Research	303-0937	Duke Univ Med Ctr
93.856	I	1,081	Microbiology and Infectious Diseases Research	303-0312/130071	Duke University
93.856	I	21,305	Microbiology and Infectious Diseases Research	303-0836/137507	Duke University
93.856	I	1,325,634	Microbiology and Infectious Diseases Research	303-0974/143263	Duke University
93.856	I	150,674	Microbiology and Infectious Diseases Research	123273	Harvard Univ
93.856	I	(19,285)	Microbiology and Infectious Diseases Research	P.O.#8011-39050	Johns Hopkins Univ
93.856	I	429	Microbiology and Infectious Diseases Research	1-R01-AI060373-01A1	Med Univ of Science
93.856	I	16,762	Microbiology and Infectious Diseases Research	710-7663	Miriam Hospital
93.856	I	49,091	Microbiology and Infectious Diseases Research	Prime: 1 R41 AI072	Nirvana Pharmaceutic
93.856	I	101,739	Microbiology and Infectious Diseases Research	AACTG.27.5199.01	Social & Scientific
93.856	I	10,969	Microbiology and Infectious Diseases Research	AACTG.27.5199.13	Social & Scientific
93.856	I	39,097	Microbiology and Infectious Diseases Research	AACTG.42.UICU.03	Social & Scientific

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.856	I	(49,636)	Microbiology and Infectious Diseases Research	AACTG.45.IICTU.07	Social & Scientific
93.856	I	126,426	Microbiology and Infectious Diseases Research	AACTG.45.IICTU.08	Social & Scientific
93.856	I	(26,967)	Microbiology and Infectious Diseases Research	AACTG.50.5208.05	Social & Scientific
93.856	I	(10,476)	Microbiology and Infectious Diseases Research	N/A	Univ of Alabama-Birm
93.856	I	3,090	Microbiology and Infectious Diseases Research	PO#4000533936/100053	Univ of Iowa
93.856	I	44,434	Microbiology and Infectious Diseases Research	288697	Univ of Wash-Seattle
93.856	I	1,641	Microbiology and Infectious Diseases Research	485235	Univ of Wash-Seattle
93.856	I	86,688	Microbiology and Infectious Diseases Research	853684	Univ of Wash-Seattle
93.856	I	90,588	Microbiology and Infectious Diseases Research	VUMC31558-R	Vanderbilt U Med C
93.859	D	35,766,692	Biomedical Research and Research Training		
93.859	I	33,378	Biomedical Research and Research Training	1090125-170457	Carnegie Melton Univ.
93.859	I	18,195	Biomedical Research and Research Training	133612/146729	Duke Univ Med Ctr
93.859	I	37,758	Biomedical Research and Research Training	139097 303-4044/1276	Duke University
93.859	I	47,742	Biomedical Research and Research Training	3139-01/15-0032-02	Hlth Research Inc
93.859	I	(16,418)	Biomedical Research and Research Training	GM076468-01 TASK P1	Jackson Laboratory
93.859	I	124,905	Biomedical Research and Research Training	PO# 600857	Jackson Laboratory
93.859	I	40,265	Biomedical Research and Research Training	TBN	Jackson Laboratory
93.859	I	80,898	Biomedical Research and Research Training	MUSC08-030	Med Univ of Science
93.859	I	18,822	Biomedical Research and Research Training	GM064443	North Dakota State University
93.859	I	24,013	Biomedical Research and Research Training	60008330/RF01095672	Ohio State Univ
93.859	I	62,093	Biomedical Research and Research Training	6084755/RFS800061	Univ Mass
93.859	I	62,879	Biomedical Research and Research Training	PO#G270110913/ARIA 3	Univ of Arkansas
93.859	I	43,214	Biomedical Research and Research Training	PO#G280111682/ARIA 3	Univ of Arkansas
93.859	I	(1,581)	Biomedical Research and Research Training	S0175925	Univ of California
93.859	I	160,446	Biomedical Research and Research Training	32515	Univ of Chicago
93.859	I	(523)	Biomedical Research and Research Training	Z-193001	Univ of Maryland
93.859	I	40,328	Biomedical Research and Research Training	M8446041102	Univ of Minnesota
93.859	I	28,983	Biomedical Research and Research Training	PO# 52546	Univ of S Carolina
93.859	I	95,091	Biomedical Research and Research Training	A07008(M-08-156)	Yale University
93.862	D	265,693	Genetics and Developmental Biology Research and Research Training		
93.864	D	2,137,238	Population Research		
93.864	I	146	Population Research	4-312-0208254/HD3963	RTI International
93.864	I	12,789	Population Research	1540187/PO#000041996	Univ of Colorado
93.864	I	(27,972)	Population Research	PO#1391547/5-41134-C	Univ of Pennsylvania
93.865	D	36,888,539	Child Health and Human Development Extramural Research		
93.865	I	569	Child Health and Human Development Extramural Research	900900	Children's Mem Hosp
93.865	I	4,334	Child Health and Human Development Extramural Research	137288	Duke University
93.865	I	97,677	Child Health and Human Development Extramural Research	143812/130643	Duke University

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.865	I	60,738	Child Health and Human Development Extramural Research	151750/143812/130643	Duke University
93.865	I	26,191	Child Health and Human Development Extramural Research	5-41305-G3	Emory University
93.865	I	14,601	Child Health and Human Development Extramural Research	209-2	Family Health Intl
93.865	I	59	Child Health and Human Development Extramural Research	N/A	Mt Sinai Sch of Med
93.865	I	323,647	Child Health and Human Development Extramural Research	3107-UNC-DHHS-1502	Penn State Univ
93.865	I	235,080	Child Health and Human Development Extramural Research	3-312-0207778	RTI International
93.865	I	93,250	Child Health and Human Development Extramural Research	3000583782	Univ of Michigan
93.865	I	31,597	Child Health and Human Development Extramural Research	716656	Univ of Wash-Seattle
93.865	I	5,944	Child Health and Human Development Extramural Research	896625	Univ of Wash-Seattle
93.865	I	202,703	Child Health and Human Development Extramural Research	VUMC 33345	Vanderbilt U Med C
93.865	I	190,522	Child Health and Human Development Extramural Research	VUMC33449	Vanderbilt U Med C
93.865	I	15,545	Child Health and Human Development Extramural Research	WFUHS 51078	Wake Forest Univ Sch Med
93.866	D	4,609,338	Aging Research		
93.866	I	(11,717)	Aging Research	7339-5	Boston University
93.866	I	33,119	Aging Research	N/A	Boston University
93.866	I	331,439	Aging Research	RA228353BAJ/7732	Boston University
93.866	I	20,551	Aging Research	07-SC-NIH-1020	Duke University
93.866	I	36,425	Aging Research	07-SC-NIH-1023	Duke University
93.866	I	7,132	Aging Research	145911	Duke University
93.866	I	841	Aging Research	JHU 8205-53703	Johns Hopkins Univ
93.866	I	78,281	Aging Research	3747SC	Univ Calif-San Francisco
93.866	I	404	Aging Research	0000004732	Univ Md-Baltimore
93.866	I	53,676	Aging Research	0000004939	Univ Md-Baltimore
93.866	I	11,049	Aging Research	2007-05744-01/A3845	Univ of Ill Champaign
93.866	I	17,546	Aging Research	463300	Univ of Wash-Seattle
93.867	D	2,597,969	Vision Research		
93.867	I	12,899	Vision Research	12254	Johns Hopkins Univ
93.867	I	98,026	Vision Research	2000011614	Johns Hopkins Univ
93.867	I	69,795	Vision Research	2000133834	Johns Hopkins Univ
93.867	I	5,407	Vision Research	S0180458	Univ of Cal-Santa Cruz
93.867	I	85,073	Vision Research	25 7010170 / EY012	West Michigan Univ.
93.867	I	254	Vision Research	22-2283320	Western Michigan Univ
93.879	D	160,864	Medical Library Assistance		
93.880	D	27,806	Minority Access to Research Careers		
93.884	D	637,517	Grants for Training in Primary Care Medicine and Dentistry		
93.894	D	899,492	Resource and Manpower Development in the Environmental Health Sciences		
93.894	I	2,584	Resource and Manpower Development in the Environmental Health Sciences	06-SC-NIH-1074	Duke Univ Med Ctr
93.894	I	39,072	Resource and Manpower Development in the Environmental Health Sciences	07-SC-NIH-1049	Duke Univ Med Ctr

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.900	D	(1)	Grants for Faculty Development in General Internal Medicine and/or General Pediatrics		
93.918	D	703,772	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease		
93.928	D	941,889	Special Projects of National Significance		
93.929	I	142,587	Center for Medical Rehabilitation Research	N/A	Univ of Alabama-Birm
93.929	I	31	Center for Medical Rehabilitation Research	GC10817-119854	Univ of Virginia
93.931	D	1,547,102	Demonstration Grants to States for Community Scholarship		
93.934	D	38,513	Fogarty International Research Collaboration Award		
93.940	D	11,440	HIV Prevention Activities-Health Department Based		
93.941	D	323,110	HIV Demonstration, Research, Public and Professional Education Projects		
93.943	D	1,899,974	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups		
93.945	D	8,606	Assistance Programs for Chronic Disease Prevention and Control		
93.945	I	104,899	Assistance Programs for Chronic Disease Prevention and Control	5-20210-G1	Emory University
93.955	D	1,017,866	Health and Safety Programs for Construction Work		
93.956	D	425,062	Agricultural Health and Safety Programs		
93.964	D	170,642	Public Health Traineeships		
93.969	D	350,940	Geriatric Education Centers		
93.984	D	(1,600)	Academic Administrative Units in Primary Care		
93.989	D	1,718,798	International Research and Research Training		
93.989	I	50,739	International Research and Research Training	Three (3)	Columbia Univ
93.989	I	8	International Research and Research Training	543438	Tulane University
		<u>422,418,291</u>	Total — Research and Development Cluster — U. S. Department of Health and Human Services		
<u>Corporation for National and Community Service</u>					
94.005	D	321,596	Learn and Serve America-Higher Education		
94.005	I	4,247	Learn and Serve America-Higher Education	31-2462-321/31-1894-	Temple Univ
		<u>325,843</u>	Total — Research and Development — Corporation for National and Community Service		
<u>U. S. Department of Homeland Security</u>					
97	D	261,374	U S Department of Homeland Security		
97	I	125,550	U S Department of Homeland Security	N/A	Fire Protection Rese
97.001	I	122,651	Pilot Demonstration or Earmarked Projects	N/A	Mdc-Mak Diff Comm S.
97.061	I	2,642	Centers for Homeland Security	X9106025104	Univ of Minnesota
97.062	D	8,633	Scholars and Fellows, and Educational Programs		
		<u>520,850</u>	Total — Research and Development Cluster — U. S. Department of Homeland Security		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>United States Agency for International Development</u>					
98	D	17,380,857	United States Agency for International Development		
98	I	64,565	United States Agency for International Development	20576	ABT Assoc Inc
98	I	25,257	United States Agency for International Development	2620-09-0-00-P-0108	Academy Edu Dev
98	I	47,043	United States Agency for International Development	08-0379	Ctr Commnty Selfhelp
98	I	1,114,091	United States Agency for International Development	MSA-04-392	Eastern VA Med Sch
98	I	52,092	United States Agency for International Development	PSA-06-09	Eastern VA Med Sch
98	I	(2,565)	United States Agency for International Development	RC710-013/409254	Education Res & Dev Assoc. of Georgia University
98	I	(2,972)	United States Agency for International Development	N/A	Engenderhealth, Inc
98	I	26,264	United States Agency for International Development	FCO 116107	Family Health Intl
98	I	7,185	United States Agency for International Development	FCO 172008	Family Health Intl
98	I	627	United States Agency for International Development	FCO 213353/497-A-00-	Family Health Intl
98	I	11,741	United States Agency for International Development	FCO 402794	Family Health Intl
98	I	2,614	United States Agency for International Development	FCO 84078/HRN-A-00-9	Family Health Intl
98	I	3,508,183	United States Agency for International Development	GHS-I-00-07-00002-00	John Snow Institute
98	I	123,250	United States Agency for International Development	08-UNC-97	Kenan Institute Asia
98	I	13,467	United States Agency for International Development	AERA-0499	Kenan Institute Asia
98	I	18,473	United States Agency for International Development	2007-1200-03	Oregon State Univ.
98	I	9,381	United States Agency for International Development	RD011G-C	Oregon State Univ.
98	I	78,347	United States Agency for International Development	FPHPA046005-01-00	Planned Parenthood
98	I	327,245	United States Agency for International Development	N19070A-4256632	Virginia Polytechnic Institute and State University
98	I	20,476	United States Agency for International Development	N/A	Wits Health Consort.
98.001	I	2,181	USAID Foreign Assistance for Programs Overseas	2006-0150-03	VA. Polytech. Inst.
98.001	I	8,758	USAID Foreign Assistance for Programs Overseas	2006-0150-04	VA. Polytech. Inst.
98.001	I	7,000	USAID Foreign Assistance for Programs Overseas	2006-0150-05	VA. Polytech. Inst.
98.004	I	372	Non-Governmental Organization Strengthening (NGO)	FPHPA043220-06-00	Planned Parenthood
		<u>22,843,932</u>	Total — Research and Development Cluster — United States Agency for International Development		
<u>Other Federal Assistance</u>					
99	D	2,761	Other Federal Assistance		
99	I	32,479	Other Federal Assistance	N/A	MDC-Mak Diff Comm S.
		<u>35,240</u>	Total — Research and Development Cluster — Other Federal Assistance		
		<u>663,404,622</u>	Total — Research and Development		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<i>Special Education—Cluster:</i>					
<u>U. S. Department of Education</u>					
84.027	D	320,657,666	Special Education-Grants to States		
84.173	D	10,711,866	Special Education-Preschool Grants		
		<u>331,369,532</u>	Total — Special Education Cluster — U. S. Department of Education		
		<u>331,369,532</u>	Total — Special Education		
<i>Student Financial Assistance—Cluster:</i>					
<u>U. S. Department of Education</u>					
84.007	D	10,326,025	Federal Supplemental Educational Opportunity Grants		
84.032	D	138,727,033	Federal Family Education Loans		
84.033	D	14,013,794	Federal Work-Study Program		
84.038	D	107,414,339	Federal Perkins Loan Program-Federal Capital Contributions		
84.063	D	326,306,815	Federal Pell Grant Program		
84.268	D	219,464,859	Federal Direct Student Loans		
84.375	D	7,440,892	Academic Competitiveness Grants		
84.376	D	2,636,998	National Science and Mathematics Access to Retain Talent (SMART) Grants		
		<u>826,330,755</u>	Total — Student Financial Assistance Cluster — U. S. Department of Education		
<u>U. S. Department of Health and Human Services</u>					
93.342	D	3,687,967	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students		
93.364	D	324,663	Nursing Student Loans		
93.925	D	1,896,822	Scholarships for Health Professions Students from Disadvantaged Backgrounds		
		<u>5,909,452</u>	Total — Student Financial Assistance Cluster — U. S. Department of Health and Human Services		
		<u>832,240,207</u>	Total — Student Financial Assistance		
<i>TRIO—Cluster:</i>					
<u>U. S. Department of Education</u>					
84.042	D	8,386,779	TRIO-Student Support Services		
84.044	D	3,387,903	TRIO-Talent Search		
84.047	D	5,387,649	TRIO-Upward Bound		
84.066	D	1,361,998	TRIO-Educational Opportunity Centers		
84.217	D	567,941	TRIO-McNair Post-Baccalaureate Achievement		
		<u>19,092,270</u>	Total — TRIO Cluster — U. S. Department of Education		
		<u>19,092,270</u>	Total — TRIO		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<i>Transit Services Programs—Cluster:</i>					
<u>U. S. Department of Transportation</u>					
20.516	I	149,770	Job Access-Reverse Commute	N/A	Community Transportation Association of America
		<u>149,770</u>	Total — Transit Services Programs Cluster — U. S. Department of Transportation		
		<u>149,770</u>	Total — Transit Services Programs		
<i>WIA—Cluster:</i>					
<u>U. S. Department of Labor</u>					
17.258	D	19,086,196	WIA Adult Program		
17.258	I	80,026	WIA Adult Program	WIA-2007-0412-46	Buncombe County
17.258	I	10,262	WIA Adult Program	06-2020-33-9900	Cape Fear
17.258	I	261,522	WIA Adult Program	07-2020-33-9900	Cape Fear
17.258	I	199,161	WIA Adult Program	0-2020-33	Cape Fear COG
17.258	I	780	WIA Adult Program	06-2020-34-9900	Capital Area
17.258	I	36,906	WIA Adult Program	07-2020-34-9900	Capital Area
17.258	I	23,636	WIA Adult Program	06-2020-36-9900	Centralina
17.258	I	888,209	WIA Adult Program	07-2020-36-9900	Centralina
17.258	I	10,729	WIA Adult Program	06-2020-37-9900	City of Charlotte
17.258	I	467,155	WIA Adult Program	07-2020-37-9900	City of Charlotte
17.258	I	1,369	WIA Adult Program	06-2020-35-9900	City of Durham
17.258	I	72,210	WIA Adult Program	N/A	Council of Governments
17.258	I	5,575	WIA Adult Program	N/A	Council of Governments
17.258	I	26,568	WIA Adult Program	07-2020-38-9900	Cumberland
17.258	I	8,526	WIA Adult Program	07-2020-38-9900	Cumberland
17.258	I	181,464	WIA Adult Program	07-2020-40-6331-09	East. Carolina Workforce
17.258	I	1,142	WIA Adult Program	06-2020-40-9900	Eastern Carolina
17.258	I	57,655	WIA Adult Program	07-2020-40-9900	Eastern Carolina
17.258	I	233,583	WIA Adult Program	07-2020-40-6169	Eastern Carolina Workforce Dev Board
17.258	I	96,330	WIA Adult Program	07-2020-40-6035-07	ECWDB
17.258	I	5,676	WIA Adult Program	06-2020-49-1533	High Country Council of Governments
17.258	I	5,838	WIA Adult Program	06-2030-49-1533	High Country Council of Governments
17.258	I	226,524	WIA Adult Program	07-2020-49-1533	High Country Council of Governments
17.258	I	48,683	WIA Adult Program	06-2040-03	Isothermal PDC
17.258	I	770	WIA Adult Program	06-2020-43-4316-00-13-IR	Kerr Tar Regional COG

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
17.258	I	285,763	WIA Adult Program	07-2020-43-4316-00-13-IR	Kerr Tar Regional COG
17.258	I	4,597	WIA Adult Program	06-2020-44-9900	Lumber River
17.258	I	39,869	WIA Adult Program	06-2020-44-9900	Lumber River
17.258	I	15,166	WIA Adult Program	06-2020-44-9900	Lumber River
17.258	I	100,808	WIA Adult Program	07-2020-44-9900	Lumber River
17.258	I	480,584	WIA Adult Program	07-2020-44-9900	Lumber River
17.258	I	211,756	WIA Adult Program	07-2020-44-9900	Lumber River
17.258	I	1,831	WIA Adult Program	06-2020-45-9900	Mid-Carolina
17.258	I	99,513	WIA Adult Program	07-2020-45-9900	Mid-Carolina
17.258	I	55,699	WIA Adult Program	07-2020-45-9900	Mid-Carolina
17.258	I	(767)	WIA Adult Program	06-2020-29-9900	Mountain Area
17.258	I	11,273	WIA Adult Program	07-2020-29-9900	Mountain Area
17.258	I	1,541	WIA Adult Program	06-2020-58-9900	PeeDee
17.258	I	3,673	WIA Adult Program	06-2020-58-9900	PeeDee
17.258	I	1,857	WIA Adult Program	06-2020-58-9900	PeeDee
17.258	I	94,960	WIA Adult Program	07-2020-58-9900	PeeDee
17.258	I	151,121	WIA Adult Program	07-2020-58-9900	PeeDee
17.258	I	198,869	WIA Adult Program	07-2020-49-1380	Region D
17.258	I	3,620	WIA Adult Program	06-2020-28-9900	Region Q
17.258	I	180,739	WIA Adult Program	07-2020-28-9900	Region Q
17.258	I	4,811	WIA Adult Program	06-2020-54-9900	Regional Partnership
17.258	I	228,344	WIA Adult Program	07-2020-54-9900	Regional Partnership
17.258	I	11,490	WIA Adult Program	06-2020-55-9900	Southwestern
17.258	I	176,288	WIA Adult Program	07-2020-55-9900	Southwestern
17.259	D	20,590,451	WIA Youth Activities		
17.259	I	85,484	WIA Youth Activities	0-2020-33	Cape Fear COG
17.259	I	225,664	WIA Youth Activities	2040-44-5465	Council of Governments
17.259	I	149,442	WIA Youth Activities	N/A	Council of Governments
17.259	I	6,220	WIA Youth Activities	N/A	Council of Governments
17.259	I	111,765	WIA Youth Activities	07-2040-40-6331-09	East. Carolina Workforce
17.259	I	77,746	WIA Youth Activities	07-2040-40-6169	Eastern Carolina Workforce Dev Board
17.259	I	53,474	WIA Youth Activities	06-2040-03	Isothermal PDC
17.259	I	6,763	WIA Youth Activities	06-2040-43-4316-00-13-IR	Kerr Tar Regional COG
17.259	I	105,485	WIA Youth Activities	07-2040-43-4316-00-13-IR	Kerr Tar Regional COG
17.259	I	257,542	WIA Youth Activities	06-44-5467	LRCOG
17.259	I	68,665	WIA Youth Activities	N/A	NW Piedmont Council of Governments
17.259	I	157,400	WIA Youth Activities	07-2040-49-1380	Region D

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
17.260	D	38,371,161	WIA Dislocated Workers		
17.260	I	45,741	WIA Dislocated Workers	WIA-2007-0412-46	Buncombe County
17.260	I	8,336	WIA Dislocated Workers	06-2030-33-9900	Cape Fear
17.260	I	200,468	WIA Dislocated Workers	07-2030-33-9900	Cape Fear
17.260	I	111,123	WIA Dislocated Workers	0-2020-33	Cape Fear COG
17.260	I	9,527	WIA Dislocated Workers	06-2031-34-9900	Capital Area
17.260	I	778	WIA Dislocated Workers	06-2031-34-9900	Capital Area
17.260	I	226,347	WIA Dislocated Workers	07-2031-34-9900	Capital Area
17.260	I	34,106	WIA Dislocated Workers	07-2031-34-9900	Capital Area
17.260	I	50,118	WIA Dislocated Workers	06-2030-36-9900	Centralina
17.260	I	1,247,627	WIA Dislocated Workers	07-2030-36-9900	Centralina
17.260	I	20,961	WIA Dislocated Workers	06-2030-37-9900	City of Charlotte
17.260	I	603,816	WIA Dislocated Workers	07-2030-37-9900	City of Charlotte
17.260	I	140,843	WIA Dislocated Workers	07-2031-37-9900	City of Charlotte
17.260	I	1,765	WIA Dislocated Workers	06-2030-35-9900	City of Durham
17.260	I	237,893	WIA Dislocated Workers	N/A	Council of Governments
17.260	I	30,382	WIA Dislocated Workers	N/A	Council of Governments
17.260	I	5,968	WIA Dislocated Workers	06-2030-38-9900	Cumberland
17.260	I	912	WIA Dislocated Workers	06-2030-38-9900	Cumberland
17.260	I	90,243	WIA Dislocated Workers	07-2030-38-9900	Cumberland
17.260	I	38,755	WIA Dislocated Workers	07-2030-38-9900	Cumberland
17.260	I	30,377	WIA Dislocated Workers	04-2031-40-6331-09-B	East. Carolina Workforce
17.260	I	19,007	WIA Dislocated Workers	07-2030-40-6331-09	East. Carolina Workforce
17.260	I	137,972	WIA Dislocated Workers	07-2031-40-6331-09	East. Carolina Workforce
17.260	I	13,049	WIA Dislocated Workers	06-2030-40-9900	Eastern Carolina
17.260	I	432,654	WIA Dislocated Workers	07-2030-40-9900	Eastern Carolina
17.260	I	11,367	WIA Dislocated Workers	07-2031-40-9900	Eastern Carolina
17.260	I	282,720	WIA Dislocated Workers	07-2030-40-6169	Eastern Carolina Workforce Dev Board
17.260	I	36,450	WIA Dislocated Workers	07-2031-40-6169	Eastern Carolina Workforce Dev Board
17.260	I	1,797	WIA Dislocated Workers	06-2031-49-1533	High Country Council of Governments
17.260	I	83,962	WIA Dislocated Workers	07-2030-49-1533	High Country Council of Governments
17.260	I	120,204	WIA Dislocated Workers	07-2031-49-1533	High Country Council of Governments
17.260	I	57,847	WIA Dislocated Workers	AN-14299-04-60	Illinois State University
17.260	I	40,004	WIA Dislocated Workers	06-2030-43-9900	Kerr Tar
17.260	I	33,929	WIA Dislocated Workers	06-2030-43-9900	Kerr Tar
17.260	I	457,423	WIA Dislocated Workers	07-2030-43-9900	Kerr Tar
17.260	I	43,139	WIA Dislocated Workers	07-2030-43-9900	Kerr Tar
17.260	I	1,438	WIA Dislocated Workers	06-2030-44-9900	Lumber River

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
17.260	I	24,100	WIA Dislocated Workers	06-2030-44-9900	Lumber River
17.260	I	34,632	WIA Dislocated Workers	06-2030-44-9900	Lumber River
17.260	I	6,216	WIA Dislocated Workers	06-2030-44-9900	Lumber River
17.260	I	35,964	WIA Dislocated Workers	07-2030-44-9900	Lumber River
17.260	I	156,232	WIA Dislocated Workers	07-2030-44-9900	Lumber River
17.260	I	99,553	WIA Dislocated Workers	07-2030-44-9900	Lumber River
17.260	I	93,515	WIA Dislocated Workers	07-2030-44-9900	Lumber River
17.260	I	1,706	WIA Dislocated Workers	06-2030-45-9900	Mid-Carolina
17.260	I	108	WIA Dislocated Workers	06-2031-45-9900	Mid-Carolina
17.260	I	32,243	WIA Dislocated Workers	07-2030-45-9900	Mid-Carolina
17.260	I	22,890	WIA Dislocated Workers	07-2030-45-9900	Mid-Carolina
17.260	I	31,506	WIA Dislocated Workers	07-2031-45-9900	Mid-Carolina
17.260	I	21,311	WIA Dislocated Workers	07-2031-45-9900	Mid-Carolina
17.260	I	879	WIA Dislocated Workers	06-2030-29-9900	Mountain Area
17.260	I	38,917	WIA Dislocated Workers	07-2030-29-9900	Mountain Area
17.260	I	45	WIA Dislocated Workers	06-2030-59-9900	Northeast
17.260	I	5,480	WIA Dislocated Workers	07-2030-59-9900	Northeast
17.260	I	24,317	WIA Dislocated Workers	07-2030-59-9900	Northeast
17.260	I	33,479	WIA Dislocated Workers	07-2030-59-9900	Northeast
17.260	I	96,075	WIA Dislocated Workers	07-2030-47-9900	Northwest
17.260	I	2,762	WIA Dislocated Workers	06-2030-58-9900	PeeDee
17.260	I	2,504	WIA Dislocated Workers	06-2030-58-9900	PeeDee
17.260	I	2,000	WIA Dislocated Workers	06-2030-58-9900	PeeDee
17.260	I	102,890	WIA Dislocated Workers	07-2030-58-9900	PeeDee
17.260	I	149,759	WIA Dislocated Workers	07-2030-58-9900	PeeDee
17.260	I	97,961	WIA Dislocated Workers	07-2030-49-1380	Region D
17.260	I	208,904	WIA Dislocated Workers	07-2031-49-1380	Region D
17.260	I	11,551	WIA Dislocated Workers	07-2050-49-1380	Region D
17.260	I	4,391	WIA Dislocated Workers	06-2030-28-9900	Region Q
17.260	I	97,483	WIA Dislocated Workers	07-2030-28-9900	Region Q
17.260	I	4,649	WIA Dislocated Workers	06-2030-54-9900	Regional Partnership
17.260	I	14	WIA Dislocated Workers	06-2050-54-9900	Regional Partnership
17.260	I	243,183	WIA Dislocated Workers	07-2030-54-9900	Regional Partnership
17.260	I	38,471	WIA Dislocated Workers	07-2031-58-9900	Regional Partnership
17.260	I	22,053	WIA Dislocated Workers	07-2031-58-9900	Regional Partnership
17.260	I	4,100	WIA Dislocated Workers	07-2050-58-9900	Regional Partnership
17.260	I	4,511	WIA Dislocated Workers	07-2050-58-9900	Regional Partnership

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
17.260	I	46,871	WIA Dislocated Workers	06-2030-55-9900	Southwestern
17.260	I	341,490	WIA Dislocated Workers	07-2030-55-9900	Southwestern
		<u>91,720,925</u>	Total — WIA Cluster — U. S. Department of Labor		
		<u>91,720,925</u>	Total — WIA		

Other Programs:

U. S. Department of Agriculture

10	D	882,536	U.S. Department of Agriculture		
10	I	2,291	U.S. Department of Agriculture	N/A	Colorado State
10	I	683,538	U.S. Department of Agriculture	N/A	Furman University
10	I	8,000	U.S. Department of Agriculture	N/A	NCAT
10.001	D	20,285	Agricultural Research-Basic and Applied Research		
10.025	D	3,012,308	Plant and Animal Disease, Pest Control, and Animal Care		
10.028	D	75,000	Wildlife Services		
10.069	D	131,020	Conservation Reserve Program		
10.153	D	5,676	Market News		
10.156	D	89,368	Federal-State Marketing Improvement Program		
10.162	D	14,864	Inspection Grading and Standardization		
10.163	D	47,116	Market Protection and Promotion		
10.168	D	15,415	Farmers' Market Promotion Program		
10.200	D	89	Grants for Agricultural Research, Special Research Grants		
10.203	D	296,027	Payments to Agricultural Experiment Stations Under the Hatch Act		
10.205	I	18,379	Payments to 1890 Land-Grant Colleges and Tuskegee University	purchase order #U130837	University of Maryland - Eastern Shore
10.206	D	2,215,655	Grants for Agricultural Research-Competitive Research Grants		
10.206	I	9,986	Grants for Agricultural Research-Competitive Research Grants	2956/200200710	Inst for Ecosyst Studies
10.210	D	221,544	Food and Agricultural Sciences National Needs Graduate Fellowship Grants		
10.215	I	4,362	Sustainable Agriculture Research and Education	RD309-097/3841708	Univ of Georgia
10.216	D	340,775	1890 Institution Capacity Building Grants		
10.217	D	118,579	Higher Education Challenge Grants		
10.250	D	422,760	Agricultural and Rural Economic Research		
10.308	I	28,795	Resident Instruction Grants for Insular Area Activities	CR38820-16383	Virginia State University
10.308	I	17,598	Resident Instruction Grants for Insular Area Activities	CR38820-17536	Virginia State University
10.352	I	1,574	Value-Added Producer Grants	412-30-42	Iowa State Univ.
10.352	I	18,793	Value-Added Producer Grants	412-30-54	Iowa State Univ.
10.435	D	154,293	State Mediation Grants		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
10.441	D	21,213	Technical and Supervisory Assistance Grants		
10.443	D	95,469	Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers		
10.475	D	3,313,221	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection		
10.500	D	17,820,250	Cooperative Extension Service		
10.500	I	13,537	Cooperative Extension Service	2004-1363-03	Kansas State University
10.500	I	(7,063)	Cooperative Extension Service	S04062	Kansas State University
10.500	I	29,157	Cooperative Extension Service	S06024	Kansas State University
10.500	I	32,332	Cooperative Extension Service	S07043	Kansas State University
10.500	I	47,214	Cooperative Extension Service	S08046	Kansas State University
10.500	I	3,236	Cooperative Extension Service	S08062	Kansas State University
10.500	I	73,733	Cooperative Extension Service	S08105	Kansas State University
10.500	I	23,871	Cooperative Extension Service	TCE 422009	Texas A and M University
10.500	I	(749)	Cooperative Extension Service	TCE 622050	Texas A and M University
10.500	I	6,812	Cooperative Extension Service	TCE 622118	Texas A and M University
10.500	I	393	Cooperative Extension Service	TCE 622145	Texas A and M University
10.500	I	19,302	Cooperative Extension Service	TCE 622176	Texas A and M University
10.500	I	400	Cooperative Extension Service	622037	Texas A and M University
10.500	I	34,689	Cooperative Extension Service	622151	Texas A and M University
10.500	I	(1,035)	Cooperative Extension Service	RE670-054/6330237	Univ of Georgia
10.500	I	27,053	Cooperative Extension Service	RE675-112/9039507	Univ of Georgia
10.500	I	3,446	Cooperative Extension Service	RE675-114/3500038	Univ of Georgia
10.500	I	17,933	Cooperative Extension Service	RE675-114/3505118	Univ of Georgia
10.500	I	11,911	Cooperative Extension Service	RE675-149/3504668	Univ of Georgia
10.500	I	2,101	Cooperative Extension Service	3046768200-04-344	Univ of Kentucky
10.500	I	1,526	Cooperative Extension Service	Q4299055601	Univ of Minnesota
10.500	I	26,108	Cooperative Extension Service	25-6365-0020-121	Univ of Nebraska
10.500	I	377,133	Cooperative Extension Service	25-6365-0023-005	Univ of Nebraska
10.500	I	506,706	Cooperative Extension Service	26-6365-0001-401	Univ of Nebraska
10.500	I	13,332	Cooperative Extension Service	agreement # 19070-546071	Virginia Polytechnic Institute and State University
10.550	D	35,430,606	Food Donation		
10.557	D	167,605,444	Special Supplemental Nutrition Program for Women, Infants, and Children		
10.558	D	78,413,385	Child and Adult Care Food Program		
10.560	D	6,869,289	State Administrative Expenses for Child Nutrition		
10.565	D	344,997	Commodity Supplemental Food Program		
10.567	D	292,963	Food Distribution Program on Indian Reservations		
10.572	D	260,348	WIC Farmers' Market Nutrition Program (FMNP)		
10.576	D	35,328	Senior Farmers Market Nutrition Program		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
10.579	D	21,456	Child Nutrition Discretionary Grants Limited Availability		
10.582	D	914,414	Fresh Fruit and Vegetable Program		
10.604	D	2,793	Technical Assistance for Specialty Crops Program		
10.605	D	84,043	Quality Samples Program		
10.652	D	1,011,656	Forestry Research		
10.664	D	4,778,062	Cooperative Forestry Assistance		
10.672	I	1,583	Rural Development, Forestry, and Communities	05-DG-11083150-150	Educ Research Cons.
10.676	D	9,359	Forest Legacy Program		
10.677	D	182,583	Forest Land Enhancement Program		
10.678	D	20,692	Forest Stewardship Program		
10.680	D	729,719	Forest Health Protection		
10.766	D	150,000	Community Facilities Loans and Grants		
10.912	D	360,468	Environmental Quality Incentives Program		
		<u>328,889,045</u>	Total — Other Programs — U. S. Department of Agriculture		

U. S. Department of Commerce

11	D	113,087	U.S. Department of Commerce		
11	I	59,466	U.S. Department of Commerce	05-1115	Atlantic States Marine Fisheries Commission
11	I	25,275	U.S. Department of Commerce	06-0602	Atlantic States Marine Fisheries Commission
11	I	24,353	U.S. Department of Commerce	N-20-8Z1-S136	GA. Inst. of Tech.
11	I	21,485	U.S. Department of Commerce	N-20-8Z1-S146	GA. Inst. of Tech.
11	I	18,303	U.S. Department of Commerce	25-6331-0134-006	Univ of Nebraska
11.112	D	183,122	Market Development Cooperator Program		
11.303	D	338,988	Economic Development-Technical Assistance		
11.400	D	844,223	Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)		
11.431	D	631	Climate and Atmospheric Research		
11.433	D	47,671	Marine Fisheries Initiative		
11.440	D	58,384	Environmental Sciences, Applications, Data, and Education		
11.450	D	143,884	Automated Flood Warning Systems (AFWS)		
11.452	D	1,192	Unallied Industry Projects		
11.467	I	1,999	Meteorologic and Hydrologic Modernization Development	S06-58390	Univ. Corporation for R
11.469	D	22,569	Congressionally Identified Awards and Projects		
11.472	D	50,000	Unallied Science Program		
11.473	I	39,756	Coastal Services Center	S107	SC Sea Grant Consortium
11.477	D	273,621	Fisheries Disaster Relief		
11.478	D	52,265	Center for Sponsored Coastal Ocean Research-Coastal Ocean Program		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
11.550	D	214,828	Public Telecommunications Facilities Planning and Construction		
11.609	D	52,554	Measurement and Engineering Research and Standards		
11.611	D	2,205,861	Manufacturing Extension Partnership		
		<u>4,793,517</u>	Total — Other Programs — U. S. Department of Commerce		
U. S. Department of Defense					
12	D	1,669,347	U.S. Department of Defense		
12	I	5,077	U.S. Department of Defense	07-71, 07-72	Acad. of Appl'd Sci.
12	I	1,454	U.S. Department of Defense	08-25, 08-26	Acad. of Appl'd Sci.
12	I	33,057	U.S. Department of Defense	P.O.# 6015-P 004	BCP International Ltd.
12	I	2,169	U.S. Department of Defense	GST040DB0305	Chenega Federal Systems, LLC
12	I	7,594	U.S. Department of Defense	SUB1-00276	Foster-Miller Inc
12	I	(617)	U.S. Department of Defense	FY-04-001	Geomet Technologies
12	I	6,019	U.S. Department of Defense	DO# 4THZ97064543	Mississippi State University
12	I	4,526	U.S. Department of Defense	750263 US	Radian Intl LLC
12.002	D	378,318	Procurement Technical Assistance For Business Firms		
12.002	I	28,484	Procurement Technical Assistance For Business Firms	Letter dated 12/5/07	Small Bus. & Tech Cntr
12.002	I	35,616	Procurement Technical Assistance For Business Firms	Memo dated 12/5/06	Small Bus. & Tech Cntr
12.300	D	2,473,585	Basic and Applied Scientific Research		
12.300	I	2,832	Basic and Applied Scientific Research	422013	Texas A and M University
12.400	D	10,019,457	Military Construction, National Guard		
12.401	D	12,184,512	National Guard Military Operations and Maintenance (O&M) Projects		
12.404	D	2,404,166	National Guard Civilian Youth Opportunities		
12.420	D	(7,600)	Military Medical Research and Development		
12.420	I	425,570	Military Medical Research and Development	W81XWH-05-1-0383	Moses Cone Health System
12.431	D	1,313,570	Basic Scientific Research		
12.431	I	20,951	Basic Scientific Research	Letter dated 8/30/07	Academy of Appl. Science
12.431	I	8,781	Basic Scientific Research	G-2618-1	Colorado State Univ
12.610	D	136	Community Economic Adjustment Planning Assistance for Joint Land Use Studies		
12.800	D	24,896	Air Force Defense Research Sciences Program		
12.901	D	100,018	Mathematical Sciences Grants Program		
12.902	D	49,592	Information Security Grant Program		
12.910	D	61,548	Research and Technology Development		
		<u>31,253,058</u>	Total — Other Programs — U. S. Department of Defense		
U. S. Department of Housing and Urban Development					
14	D	148,500	U.S. Department of Housing and Urban Development		
14	I	7,678	U.S. Department of Housing and Urban Development	agreement dated 1/1/2005	City of Greensboro

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
14	I	5,708	U.S. Department of Housing and Urban Development	2005-0337	Lumbee Tribe of NC
14.169	D	91,751	Housing Counseling Assistance Program		
14.171	D	81,219	Manufactured Home Construction and Safety Standards		
14.228	D	43,188,254	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii		
14.231	D	2,452,478	Emergency Shelter Grants Program		
14.237	D	62,433	Historically Black Colleges and Universities Program		
14.241	D	2,199,282	Housing Opportunities for Persons with AIDS		
14.246	D	15,080	Community Development Block Grants/Brownfields Economic Development Initiative		
14.401	D	352,483	Fair Housing Assistance Program-State and Local		
14.408	D	43,847	Fair Housing Initiatives Program		
14.511	D	(7,246)	Community Outreach Partnership Center Program		
14.512	D	33,198	Community Development Work-Study Program		
14.520	D	148,873	Historically Black Colleges and Universities Program		
14.871	D	3,384,264	Section 8 Housing Choice Vouchers		
14.900	D	531,122	Lead-Based Paint Hazard Control in Privately-Owned Housing		
14.900	I	(390)	Lead-Based Paint Hazard Control in Privately-Owned Housing	05-1148	City of Greensboro
14.900	I	2,247	Lead-Based Paint Hazard Control in Privately-Owned Housing	2007-1022	City of Greensboro
14.900	I	1,052	Lead-Based Paint Hazard Control in Privately-Owned Housing	2008-1017	City of Greensboro
		<u>52,741,833</u>	Total — Other Programs — U. S. Department of Housing and Urban Development		

U. S. Department of Interior

15	D	424,241	U.S. Department of the Interior		
15	I	12,351	U.S. Department of the Interior	640 (2005)	East. Band of Cherokee
15	I	41,612	U.S. Department of the Interior	TCR NO: 640 FY08	East. Band of Cherokee
15	I	2,627	U.S. Department of the Interior	06-000045	Univ of Puerto Rico
15.608	D	11,007	Fish and Wildlife Management Assistance		
15.614	D	1,205,579	Coastal Wetlands Planning, Protection and Restoration Act		
15.615	D	307,943	Cooperative Endangered Species Conservation Fund		
15.616	D	27	Clean Vessel Act		
15.622	D	370,068	Sportfishing and Boating Safety Act		
15.623	D	78,000	North American Wetlands Conservation Fund		
15.630	D	45,000	Coastal Program		
15.631	D	26,000	Partners for Fish and Wildlife		
15.632	D	66,354	Conservation Grants Private Stewardship for Imperiled Species		
15.633	D	99,283	Landowner Incentive Program		
15.634	D	1,813,650	State Wildlife Grants		
15.637	D	22,409	Migratory Bird Joint Ventures		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
15.650	D	8,278	Reseach Grants (Generic)		
15.805	D	56,117	Assistance to State Water Resources Research Institutes		
15.807	I	31,205	Earthquake Hazards Reduction Program	119507	Univ of Oregon
15.808	D	15,092	U.S. Geological Survey- Research and Data Collection		
15.810	D	8,270	National Cooperative Geologic Mapping Program		
15.904	D	718,348	Historic Preservation Fund Grants-In-Aid		
15.916	D	2,914,037	Outdoor Recreation-Acquisition, Development and Planning		
15.928	D	435,500	Civil War Battlefield Land Acquisition Grants		
		<u>8,712,998</u>	Total — Other Programs — U. S. Department of Interior		

U. S. Department of Justice

16	D	1,498	U.S. Department of Justice		
16.202	D	7,579	Prisoner Reentry Initiative Demonstration (Offender Reentry)		
16.220	D	257,587	Law Enforcement Assistance Narcotics and Dangerous Drugs Registration of Manufacturers, Distributors, and Dispencers of Controlled Substances		
16.307	D	1,440,444	Combined DNA Index System		
16.523	D	1,146,377	Juvenile Accountability Block Grants		
16.540	D	1,539,192	Juvenile Justice and Delinquency Prevention-Allocation to States		
16.541	D	58,692	Part E - Developing, Testing and Demonstrating Promising New Programs		
16.543	D	159,646	Missing Children's Assistance		
16.543	I	10,123	Missing Children's Assistance	Gree-NC-PS07	Natl Childrens Alliance
16.548	D	72,188	Title V-Delinquency Prevention Program		
16.550	D	125,318	State Justice Statistics Program for Statistical Analysis Centers		
16.554	D	170,424	National Criminal History Improvement Program (NCHIP)		
16.560	D	256,375	National Institute of Justice Research, Evaluation, and Development Project Grants		
16.572	D	9,568,319	State Criminal Alien Assistance Program		
16.575	D	10,347,482	Crime Victim Assistance		
16.576	D	515,915	Crime Victim Compensation		
16.579	D	784,019	Edward Byrne Memorial Formula Grant Program		
16.580	D	338,983	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program		
16.585	D	460,387	Drug Court Discretionary Grant Program		
16.586	D	4,089,449	Violent Offender Incarceration and Truth in Sentencing Incentive Grants		
16.588	D	3,372,101	Violence Against Women Formula Grants		
16.589	D	375,814	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Grant Program		
16.590	D	197,491	Grants to Encourage Arrest Policies and Enforcement of Protection Orders		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
16.593	D	44,135	Residential Substance Abuse Treatment for State Prisoners		
16.595	D	165,702	Community Capacity Development Office		
16.601	D	348,061	Corrections-Training and Staff Development		
16.607	D	32,081	Bulletproof Vest Partnership Program		
16.609	D	445,939	Community Prosecution and Project Safe Neighborhoods		
16.710	D	337,703	Public Safety Partnership and Community Policing Grants		
16.712	D	212,812	Police Corps		
16.727	D	374,114	Enforcing Underage Drinking Laws Program		
16.738	D	6,238,116	Edward Byrne Memorial Justice Assistance Grant Program		
16.740	D	67,893	Statewide Automated Victim Information Notification (SAVIN) Program		
16.744	D	808,286	Anti-Gang Initiative		
		<u>44,370,245</u>	Total — Other Programs — U. S. Department of Justice		

U. S. Department of Labor

17	D	36,363	U.S. Department of Labor		
17	I	8,838	U.S. Department of Labor	0-2020-33	Cape Fear COG
17	I	91,434	U.S. Department of Labor	N/A	Piedmont Triad
17.002	D	1,932,761	Labor Force Statistics		
17.005	D	131,681	Compensation and Working Conditions		
17.225	D	1,144,547,773	Unemployment Insurance		
17.235	D	2,360,292	Senior Community Service Employment Program		
17.245	D	17,352,471	Trade Adjustment Assistance		
17.249	I	265	Employment Services and Job Training Pilots-Demonstrations and Research	AF-10540-00-60	High Country Council of Governments
17.250	D	149,604	Job Training Partnership Act		
17.261	D	2,887,851	WIA Pilots, Demonstrations, and Research Projects		
17.261	I	44,677	WIA Pilots, Demonstrations, and Research Projects	AF-14518-05-60	Institute for GIS Studies
17.261	I	94,582	WIA Pilots, Demonstrations, and Research Projects	FG030703	Piedmont Triad Partnership
17.261	I	14,052	WIA Pilots, Demonstrations, and Research Projects	FG050701	Piedmont Triad Partnership
17.261	I	14,645	WIA Pilots, Demonstrations, and Research Projects	N/A	Piedmont Triad Partnership
17.267	I	893	Incentive Grants - WIA Section 503	07-2050-40-6331-09	East. Carolina Workforce
17.267	I	12,548	Incentive Grants - WIA Section 503	06-2050-40-6169	Eastern Carolina Workforce Dev Board
17.267	I	19,034	Incentive Grants - WIA Section 503	07-2050-40-6169	Eastern Carolina Workforce Dev Board
17.269	D	2,486	Community Based Job Training Grants		
17.503	D	5,281,373	Occupational Safety and Health-State Program		
17.504	D	1,373,255	Consultation Agreements		
17.600	D	144,273	Mine Health and Safety Grants		
17.807	D	79,192	Transition Assistance Program		
		<u>1,176,580,343</u>	Total — Other Programs — U. S. Department of Labor		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>U. S. Department of State</u>					
19.408	D	103,590	Educational Exchange-Teachers from Secondary and Postsecondary Levels and School Administrators		
		<u>103,590</u>	Total — Other Programs — U. S. Department of State		
<u>U. S. Department of Transportation</u>					
20	D	608,015	U.S. Department of Transportation		
20	I	22,359	U.S. Department of Transportation	881.101.1	Perform Tech, Inc.
20	I	(1,635)	U.S. Department of Transportation	02-447398-nsti-NCA&T-NC	South Carolina State University
20	I	1,501	U.S. Department of Transportation	0620-06-1622	Triangle Trans. Auth
20	I	10,582	U.S. Department of Transportation	06-050384-01	Univ of South Alabama
20	I	11,763	U.S. Department of Transportation	99-nca&E1 task order 1	University of Tennessee
20.106	D	18,335,819	Airport Improvement Program		
20.200	D	92,714	Highway Research and Development Program		
20.218	D	7,444,316	National Motor Carrier Safety		
20.219	D	971,892	Recreational Trails Program		
20.232	D	28,540	Commercial Driver License State Programs		
20.235	D	57,674	Commercial Motor Vehicle Operator Training Grants		
20.312	D	595,892	High Speed Ground Transportation-Next Generation High Speed Rail Program		
20.505	D	1,273,690	Federal Transit-Metropolitan Planning Grants		
20.509	D	17,842,604	Formula Grants for Other Than Urbanized Areas		
20.514	D	57,688	Public Transportation Research		
20.700	D	171,333	Pipeline Safety Program Base Grants		
20.701	I	10,584	University Transportation Centers Program	SubAward #08-015	Univ of Alabama-Tuscaloosa
20.703	D	218,838	Interagency Hazardous Materials Public Sector Training and Planning Grants		
		<u>47,754,169</u>	Total — Other Programs — U. S. Department of Transportation		
<u>U. S. Appalachian Regional Commission</u>					
23.001	D	119	Appalachian Regional Development (See Individual Appalachian Programs)		
23.001	I	6,380	Appalachian Regional Development (See Individual Appalachian Programs)	07-0197	AdvantageWest NC
23.002	D	159,950	Appalachian Area Development		
23.011	D	596,513	Appalachian Research, Technical Assistance, and Demonstration Projects		
23.011	I	4,005	Appalachian Research, Technical Assistance, and Demonstration Projects	2-20007-2	East Tenn State Univ
		<u>766,967</u>	Total — Other Programs — U. S. Appalachian Regional Commission		
<u>U. S. Office of Personnel Management</u>					
27.011	D	114,451	Intergovernmental Personnel Act (IPA) Mobility Program		
		<u>114,451</u>	Total — Other Programs — U. S. Office of Personnel Management		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>U. S. Equal Employment Opportunity Commission</u>					
30	D	22,041	Equal Employment Opportunity Commission		
		<u>22,041</u>	Total — Other Programs — U. S. Equal Employment Opportunity Commission		
<u>U. S. General Services Administration</u>					
39.003	D	621,839	Donation of Federal Surplus Personal Property		
		<u>621,839</u>	Total — Other Programs — U. S. General Services Administration		
<u>Library of Congress</u>					
42	D	222,780	Library of Congress		
42	I	263,366	Library of Congress	00G-LIB-ND001	Education & Research Consort
42.001	D	900	Books for the Blind and Physically Handicapped		
		<u>487,046</u>	Total — Other Programs — Library of Congress		
<u>National Aeronautics and Space Administration</u>					
43	D	243,947	National Aeronautics and Space Administration		
43	I	3,004	National Aeronautics and Space Administration	1329344	California Inst of Technology Jet Propulsion Lab
43	I	27,676	National Aeronautics and Space Administration	Letter Dated 9-23-03	National Action Council on Minorities in Engineering
43	I	72,584	National Aeronautics and Space Administration	GO6-7061A	Smithsonian Astrophysics
43	I	5,674	National Aeronautics and Space Administration	HST-ED-90311.01-A	Space Telescope Sci.
43	I	8,500	National Aeronautics and Space Administration	N/A	United Negro College
43.001	D	32,531	Aerospace Education Services Program		
43.001	I	276	Aerospace Education Services Program	N/A	University of Alabama
43.002	D	17,199	Technology Transfer		
		<u>411,391</u>	Total — Other Programs — National Aeronautics and Space Administration		
<u>National Endowment for the Arts and Humanities</u>					
45	I	8,800	National Foundation on the Arts and the Humanities	N/A	Arts Midwest
45	I	1,121	National Foundation on the Arts and the Humanities	PA-52057-06	The Alliance for American Quil
45.007	D	818,025	Promotion of the Arts - State and Regional Program		
45.024	D	54,787	Promotion of the Arts-Grants to Organizations and Individuals		
45.024	I	5,000	Promotion of the Arts-Grants to Organizations and Individuals	11127	Arts Midwest
45.149	D	3,176	Promotion of the Humanities-Division of Preservation and Access		
45.149	I	52	Promotion of the Humanities-Division of Preservation and Access	PA-51155-05	Univ of Missouri-KC
45.160	D	95,422	Promotion of the Humanities-Fellowships and Stipends		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
45.162	D	4	Promotion of the Humanities-Teaching and Learning Resources and Curriculum Development		
45.163	D	79,313	Promotion of the Humanities-Professional Development		
45.164	D	947	Promotion of the Humanities-Public Programs		
45.169	D	18,096	Promotion of the Humanities-Office of Digital Humanities		
45.301	D	1,685	Museums for America		
45.310	D	4,431,855	Grants to States		
45.313	D	249,000	Laura Bush 21st Century Librarian Program		
		<u>5,767,283</u>	Total — Other Programs — National Endowment for the Arts and Humanities		

National Science Foundation

47	D	31,109	National Science Foundation		
47	I	12,783	National Science Foundation	PO210929	Indiana Univ./Purdue Univ.
47	I	109,362	National Science Foundation	3027-NCATS-NSF-0062	Pennsylvania State University
47	I	2,951	National Science Foundation	N/A	Puget Sound Center
47	I	1,177	National Science Foundation	C304	South Carolina Sea Grant
47.041	D	1,148,015	Engineering Grants		
47.041	I	16,660	Engineering Grants	20070594	InsituTec Inc
47.041	I	16,549	Engineering Grants	CBET 0736214	Wake Forest University
47.049	D	947,051	Mathematical and Physical Sciences		
47.049	I	1,255	Mathematical and Physical Sciences	DSM-536991	Mathematical Assoc of America
47.049	I	1,017	Mathematical and Physical Sciences	DMS-0536991	Mathematical Association of America,The
47.049	I	28,587	Mathematical and Physical Sciences	501-1337-01	Purdue Univ
47.049	I	15,740	Mathematical and Physical Sciences	08175-000-00-UNC-01	Urban Institute
47.050	D	169,101	Geosciences		
47.050	I	319,700	Geosciences	GEO-0703676	Olympic Park Institute
47.050	I	31,616	Geosciences	GEO-0631377	Univ of New Hampshire
47.070	D	1,362,488	Computer and Information Science and Engineering		
47.070	I	66,278	Computer and Information Science and Engineering	CNS-0723054	Indiana University
47.074	D	1,455,286	Biological Sciences		
47.074	I	2,845	Biological Sciences	46222-7761	Cornell University
47.074	I	33,347	Biological Sciences	0423641	National Evolutionary Synthesis Center
47.074	I	6,963	Biological Sciences	SA5787-21649	University of California
47.075	D	500,538	Social, Behavioral, and Economic Sciences		
47.075	I	5,142	Social, Behavioral, and Economic Sciences	WFUHS 16308	Wake Forest University
47.076	D	8,878,766	Education and Human Resources		
47.076	I	14,725	Education and Human Resources	Agmt Dated 10/17/06	Amer Educ Rsch Assoc
47.076	I	543	Education and Human Resources	930105	NC Science & Math Alliance

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
47.076	I	23,520	Education and Human Resources	501-2396-01	Purdue University
47.076	I	36,218	Education and Human Resources	603356	RCC
47.076	I	10,026	Education and Human Resources	602710	SC Adv Tech Educ
47.076	I	(5,983)	Education and Human Resources	ESI 0407373	Science Museum of Minnesota
47.076	I	59,998	Education and Human Resources	DUE05GJ83G	Univ of New Hampshire
47.076	I	57,095	Education and Human Resources	GA10652-128694	University of Virginia
47.076	I	150	Education and Human Resources	HRD0116000	University of Virginia
47.076	I	90,214	Education and Human Resources	41447002	Utah State University
47.078	I	2,800	Polar Programs	80558	Northern Illinois Univ
47.078	I	305,282	Polar Programs	ANT0424589	University of Kansas
47.079	D	65,028	International Science and Engineering (OISE)		
47.080	D	295,178	Office of Cyberinfrastructure		
		<u>16,119,120</u>	Total — Other Programs — National Science Foundation		
<u>U. S. Small Business Administration</u>					
59	D	2,265,890	Small Business Administration		
59	I	92,046	Small Business Administration	N/A	Small Bus of NC
59.037	D	522,227	Small Business Development Centers		
59.037	I	122	Small Business Development Centers	Letter Dated 12/1/05	Small Bus. & Tech Cntr
59.037	I	57,990	Small Business Development Centers	Letter Dated 12/11/07	Small Bus. & Tech Cntr
59.037	I	93,730	Small Business Development Centers	Letter Dated 12/13/06	Small Bus. & Tech Cntr
59.037	I	13	Small Business Development Centers	Letter Dated 12/15/03	Small Bus. & Tech Cntr
		<u>3,032,018</u>	Total — Other Programs — U. S. Small Business Administration		
<u>U. S. Department of Veterans Affairs</u>					
64.124	D	364,982	All-Volunteer Force Educational Assistance		
		<u>364,982</u>	Total — Other Programs — U. S. Department of Veterans Affairs		
<u>U. S. Environmental Protection Agency</u>					
66	D	672	Environmental Protection Agency		
66	I	9,573	Environmental Protection Agency	20060341	Southeast TechInventures, Inc.
66.034	D	170,218	Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act		
66.202	D	912,453	Congressionally Mandated Projects		
66.202	I	14,240	Congressionally Mandated Projects	1-321-0210976	RTI International
66.432	D	3,118,163	State Public Water System Supervision		
66.433	D	80,665	State Underground Water Source Protection		
66.436	D	8,028	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
66.454	D	211,133	Water Quality Management Planning		
66.456	D	614,962	National Estuary Program		
66.458	D	35,957,080	Capitalization Grants for Clean Water State Revolving Funds		
66.460	D	6,998,588	Nonpoint Source Implementation Grants		
66.468	D	45,745,921	Capitalization Grants for Drinking Water State Revolving Funds		
66.471	D	323,387	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs		
66.472	D	240,388	Beach Monitoring and Notification Program Implementation Grants		
66.474	D	183,772	Water Protection Grants to the States		
66.479	D	317,099	Wetland Program Grants - State/Tribal Environmental Outcome Wetland Demonstration Program		
66.500	D	871,462	Environmental Protection-Consolidated Research		
66.509	D	96,620	Science To Achieve Results (STAR) Research Program		
66.509	I	1,452	Science To Achieve Results (STAR) Research Program	F012487	University of Michigan
66.510	D	3,470	Surveys, Studies, Investigations and Special Purpose Grants within the Office of Research and Development		
66.511	D	26,199	Office of Research and Development Consolidated Research/Training		
66.514	D	17,474	Science To Achieve Results (STAR) Fellowship Program		
66.516	D	96,116	P3 Award: National Student Design Competition for Sustainability		
66.600	D	128,856	Environmental Protection Consolidated Grants-Program Support		
66.607	D	29,952	Training and Fellowships for the Environmental Protection Agency		
66.608	D	25,529	Environmental Information Exchange Network Grant Program and Related Assistance		
66.701	D	79,336	Toxic Substances Compliance Monitoring Cooperative Agreements		
66.707	D	421,997	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals		
66.714	D	50,308	Pesticide Environmental Stewardship Regional Grants		
66.716	D	21,018	Surveys, Studies, Investigations, Training Demonstrations and Educational Outreach		
66.801	D	2,331,188	Hazardous Waste Management State Program Support		
66.802	D	1,792,153	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements		
66.804	D	274,709	State and Tribal Underground Storage Tanks Program		
66.805	D	2,157,225	Leaking Underground Storage Tank Trust Fund Program		
66.808	D	93,547	Solid Waste Management Assistance Grants		
66.814	D	55,735	Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements		
66.951	D	4,354	Environmental Education Grants		
		<u>103,485,042</u>	Total — Other Programs — U. S. Environmental Protection Agency		
<u>Nuclear Regulatory Commission</u>					
77	D	51,069	Nuclear Regulatory Commission		
		<u>51,069</u>	Total — Other Programs — Nuclear Regulatory Commission		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>U. S. Department of Energy</u>					
81	D	320,191	U.S. Department of Energy		
81	I	7,189	U.S. Department of Energy	00042959 #7	Battelle Energy Alli
81	I	4,200	U.S. Department of Energy	2006-1869	Carolina Solar Energy
81	I	95,372	U.S. Department of Energy	IREC/SOC-NCSU-0806	IREC
81	I	41,139	U.S. Department of Energy	IREC/SOC-NCSU-1107	IREC
81	I	69,503	U.S. Department of Energy	IREC-NMSU/SAI-NCSU	IREC
81	I	45,763	U.S. Department of Energy	N/A	Krell Institute
81	I	838	U.S. Department of Energy	GT05-324-001	Mississippi Development
81	I	6,009	U.S. Department of Energy	GT06-024-001/NCSU0	Mississippi Development
81	I	153,965	U.S. Department of Energy	NCSU 2006-0083	NASEO
81	I	188,307	U.S. Department of Energy	XAX-6-66010-01	NREL
81	I	55,083	U.S. Department of Energy	4000010698	UT-Battelle LLC
81.041	D	4,281,493	State Energy Program		
81.042	D	5,053,626	Weatherization Assistance for Low-Income Persons		
81.049	D	584,160	Office of Science Financial Assistance Program		
81.049	I	58,400	Office of Science Financial Assistance Program	G-42-6C7-G2	Georgia Inst. of Technology
81.089	D	131,214	Fossil Energy Research and Development		
81.117	I	1,566	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	4000032057	UT-Batelle
81.117	I	1,071	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	4000046282	UT-Batelle
81.119	D	579,934	State Energy Program Special Projects		
		<u>11,679,023</u>	Total — Other Programs — U. S. Department of Energy		
<u>Federal Emergency Management Agency</u>					
83.544	D	50,930	Public Assistance Grants		
83.548	D	1,719,787	Hazard Mitigation Grant		
		<u>1,770,717</u>	Total — Other Programs — Federal Emergency Management Agency		
<u>U. S. Department of Education</u>					
84	D	9,182,741	U.S. Department of Education		
84	I	76,079	U.S. Department of Education	S450005013	Edvantia, Inc.
84	I	40,400	U.S. Department of Education	S450005013	Edvantia, Inc.
84	I	30,561	U.S. Department of Education	P/O 761	Guilford County Schools
84	I	7,935	U.S. Department of Education	Agreement dated 4/20/04	Natl Council for Accreditation of Teacher Education

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84	I	36,103	U.S. Department of Education	07-NC11	Natl Writing Project Corp
84	I	11,400	U.S. Department of Education	SRV06TA-014	Northeastern Regional Collaborative
84	I	66,045	U.S. Department of Education	ED04C00123	Northwest Regional Educational Laboratory
84	I	47,264	U.S. Department of Education	ED04C00123	Northwest Regional Educational Laboratory
84	I	2,013	U.S. Department of Education	PO52763	Southwest Education Alliance
84	I	2,369	U.S. Department of Education	54322	Southwest Educational Development Laboratory
84	I	44,518	U.S. Department of Education	PO 53784	Southwest Educational Development Laboratory
84	I	84,581	U.S. Department of Education	PO 53784	Southwest Educational Development Laboratory
84	I	65,169	U.S. Department of Education	PO 54595	Southwest Educational Development Laboratory
84	I	72,209	U.S. Department of Education	PO 54595	Southwest Educational Development Laboratory
84.002	D	15,816,105	Adult Education - Basic Grants to States		
84.003	D	23,930	Bilingual Education		
84.010	D	304,786,819	Title I Grants to Local Educational Agencies		
84.011	D	5,466,414	Migrant Education-State Grant Program		
84.013	D	861,966	Title I Program for Neglected and Delinquent Children		
84.015	I	80,022	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	07-SC-DED-1003	Duke University
84.015	I	23,774	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	08-SC-DED-1035	Duke University
84.016	D	97,812	Undergraduate International Studies and Foreign Language Programs		
84.017	D	86,365	International Research and Studies		
84.019	D	42,197	Overseas Programs - Faculty Research Abroad		
84.021	D	35,111	Overseas Programs - Group Projects Abroad		
84.029	D	(354)	Special Education - Personnel Development and Parent Training		
84.031	D	23,322,821	Higher Education-Institutional Aid		
84.037	D	40,382	Perkins Loan Cancellations		
84.048	D	35,459,905	Career and Technical Education -- Basic Grants to States		
84.051	I	44,255	Career and Technical Education -- National Programs	V051B020001	League for Innovation
84.116	D	520,564	Fund for the Improvement of Postsecondary Education		
84.116	I	4,394	Fund for the Improvement of Postsecondary Education	734-7558-210-2093861	Clemson Univ
84.116	I	3,971	Fund for the Improvement of Postsecondary Education	UF IFAS 00070915	Univ Of Florida
84.116	I	11,565	Fund for the Improvement of Postsecondary Education	06-572-ECU	West Virginia Univ
84.120	D	369,911	Minority Science and Engineering Improvement		
84.126	D	90,626,854	Rehabilitation Services-Vocational Rehabilitation Grants to States		
84.129	D	270,140	Rehabilitation Long-Term Training		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.133	I	46,900	National Institute on Disability and Rehabilitation Research	OSP02830020070025	Southern Univ A & M
84.141	D	317,570	Migrant Education-High School Equivalency Program		
84.153	D	44,681	Business and International Education Projects		
84.161	D	312,617	Rehabilitation Services-Client Assistance Program		
84.169	D	183,953	Independent Living-State Grants		
84.170	D	27,098	Javits Fellowships		
84.177	D	705,224	Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind		
84.181	D	12,545,407	Special Education-Grants for Infants and Families		
84.184	D	119,374	Safe and Drug-Free Schools and Communities-National Programs		
84.184	I	9,467	Safe and Drug-Free Schools and Communities-National Programs	214827	Educ Development Ctr
84.185	D	1,016,750	Byrd Honors Scholarships		
84.186	D	8,345,881	Safe and Drug-Free Schools and Communities-State Grants		
84.187	D	722,004	Supported Employment Services for Individuals with Significant Disabilities		
84.191	D	4,979	Adult Education-National Leadership Activities		
84.195	D	82	Bilingual Education-Professional Development		
84.196	D	1,505,020	Education for Homeless Children and Youth		
84.200	D	665,298	Graduate Assistance in Areas of National Need		
84.206	D	386,877	Javits Gifted and Talented Students Education Grant Program		
84.213	D	2,139,296	Even Start-State Educational Agencies		
84.214	D	393,555	Even Start-Migrant Education		
84.215	D	317,698	Fund for the Improvement of Education		
84.215	I	71	Fund for the Improvement of Education	MD-05-8017	Natl Coun on Economic Educ
84.224	D	600,080	Assistive Technology		
84.240	D	23,063	Program of Protection and Advocacy of Individual Rights		
84.243	D	3,123,817	Tech-Prep Education		
84.265	D	255,182	Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training		
84.271	D	2,477	Faculty Development Fellowship		
84.282	D	1,860,605	Charter Schools		
84.287	D	15,796,207	Twenty-First Century Community Learning Centers		
84.293	D	116,358	Foreign Language Assistance		
84.298	D	3,065,210	State Grants for Innovative Programs		
84.299	D	248,388	Indian Education-Special Programs		
84.305	D	445,196	Education Research, Development and Dissemination		
84.305	I	50,731	Education Research, Development and Dissemination	GM 10087-125783	University of Virginia
84.310	I	19,432	Parental Information and Resource Centers	U310A060130	Exceptional Children's Assistance Center
84.315	D	218,594	Capacity Building for Traditionally Underserved Populations		
84.318	D	8,685,736	Education Technology State Grants		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.323	D	1,088,801	Special Education - State Personnel Development		
84.324	D	959,129	Research in Special Education		
84.324	I	187,966	Research in Special Education	4-68504-05-268	Univ of Kentucky-RF
84.324	I	32,384	Research in Special Education	223311A	University of Oregon
84.325	D	3,351,475	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		
84.326	D	1,417,613	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities		
84.330	D	561,328	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)		
84.331	D	875,967	Grants to States for Incarcerated Youth Offenders		
84.332	D	2,178,051	Comprehensive School Reform Demonstration		
84.334	D	6,283,580	Gaining Early Awareness and Readiness for Undergraduate Programs		
84.334	I	10,925	Gaining Early Awareness and Readiness for Undergraduate Programs	N/A	Beaufort Co Schools
84.334	I	6,944	Gaining Early Awareness and Readiness for Undergraduate Programs	N/A	Hyde Co Schools
84.335	D	76,646	Child Care Access Means Parents in School		
84.342	D	7,610	Preparing Tomorrow's Teachers to Use Technology		
84.343	D	1,686	Assistive Technology-State Grants for Protection and Advocacy		
84.346	I	106,165	Vocational Education-Occupational and Employment Information State Grants	N/A	Basic Assist Grant
84.349	I	50,951	Early Childhood Educator Professional Development	P28080	South Carolina Department of Education
84.350	D	1,054,237	Transition to Teaching		
84.357	D	28,679,197	Reading First State Grants		
84.358	D	5,059,383	Rural Education		
84.365	D	12,735,502	English Language Acquisition Grants		
84.366	D	5,112,792	Mathematics and Science Partnerships		
84.367	D	63,825,763	Improving Teacher Quality State Grants		
84.368	D	372,836	Grants for Enhanced Assessment Instruments		
84.369	D	10,777,462	Grants for State Assessments and Related Activities		
84.377	D	177,943	School Improvement Grants		
84.928	I	50,890	National Writing Project	95-NC09	Natl Writing Proj Co
84.928	I	11,070	National Writing Project	N/A	Natl Writing Proj Co
		<u>697,139,484</u>	Total — Other Programs — U. S. Department of Education		
<u>National Archives and Records Administration</u>					
89.003	D	94,513	National Historical Publications and Records Grants		
		<u>94,513</u>	Total — Other Programs — National Archives and Records Administration		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
Other Boards and Commissions					
90.401	D	8,875,571	Help America Vote Act Requirements Payments		
		<u>8,875,571</u>	Total — Other Programs — Other Boards and Commissions		
U. S. Department of Health and Human Services					
93	D	308,086	U.S. Department of Health and Human Services		
93	I	144	U.S. Department of Health and Human Services	FCVP009-02	Central State University
93	I	14,090	U.S. Department of Health and Human Services	2R44DA015592-02	Tanglewood Research
93.003	D	11,610,688	Public Health and Social Services Emergency Fund		
93.004	I	12,989	Cooperative Agreements to Improve the Health Status of Minority Populations	agreement dated 111505	Forsyth Medical Center Foundation
93.006	D	136,552	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program		
93.009	D	187,313	Compassion Capital Fund		
93.041	D	154,436	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation		
93.042	D	394,113	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals		
93.043	D	603,618	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services		
93.048	D	480,603	Special Programs for the Aging-Title IV-and Title II-Discretionary Projects		
93.051	D	370,947	Alzheimer's Disease Demonstration Grants to States		
93.052	D	4,351,975	National Family Caregiver Support, Title III, Part E		
93.061	D	89,024	Innovations in Applied Public Health Research		
93.069	D	15,484,672	Public Health Emergency Preparedness		
93.086	D	561,550	Healthy Marriage Promotion and Responsible Fatherhood Grants		
93.087	D	214,444	Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse		
93.103	D	1,770	Food and Drug Administration-Research		
93.110	D	515,825	Maternal and Child Health Federal Consolidated Programs		
93.110	I	269,926	Maternal and Child Health Federal Consolidated Programs	6U38MC00217-05-01	Sickle Cell Disease Association of America
93.110	I	12,708	Maternal and Child Health Federal Consolidated Programs	6U93MC00217-02-01	Sickle Cell Disease Association of America
93.113	D	35,384	Environmental Health		
93.115	I	42,877	Biometry and Risk Estimation - Health Risks from Environmental Exposures	WFUHS 14517	Wake Forest University
93.116	D	2,029,797	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		
93.121	D	606	Oral Diseases and Disorders Research		
93.121	I	15,603	Oral Diseases and Disorders Research	WFUHS 50029	Wake Forest University
93.124	D	50,150	Nurse Anesthetist Traineeships		
93.127	D	131,677	Emergency Medical Services for Children		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.130	D	122,276	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices		
93.136	D	1,741,584	Injury Prevention and Control Research and State and Community Based Programs		
93.138	D	84,654	Protection and Advocacy for Individuals with Mental Illness		
93.150	D	906,096	Projects for Assistance in Transition from Homelessness (PATH)		
93.153	D	665,505	Coordinated Services and Access to Research for Women, Infants, Children, and Youth		
93.161	D	33	Health Program for Toxic Substances and Disease Registry		
93.173	I	61,867	Research Related to Deafness and Communication Disorders	60002973	Ohio State University Research
93.178	D	17,856	Nursing Workforce Diversity		
93.191	D	130,375	Allied Health Special Projects		
93.197	D	520,718	Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children		
93.204	D	72,596	Surveillance of Hazardous Substance Emergency Events		
93.206	D	64,636	Human Health Studies-Applied Research and Development		
93.213	I	10,053	Research and Training in Complementary and Alternative Medicine	147311	Duke University
93.217	D	7,924,500	Family Planning-Services		
93.224	D	1,551,816	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)		
93.226	I	(153)	Research on Healthcare Costs, Quality and Outcomes	Letter Dated 6/12/06	Carolinas Healthcare Sys
93.234	D	83,790	Traumatic Brain Injury State Demonstration Grant Program		
93.235	D	1,129,158	Abstinence Education Program		
93.236	D	81,680	Grants for Dental Public Health Residency Training		
93.240	D	203,153	State Capacity Building		
93.241	D	420,317	State Rural Hospital Flexibility Program		
93.242	D	530,579	Mental Health Research Grants		
93.242	I	7,454	Mental Health Research Grants	500499.5000.L00203	Dartmouth College
93.242	I	6,340	Mental Health Research Grants	147050	Duke University
93.242	I	203,782	Mental Health Research Grants	MH048762 UNC-G SUB	Duke University
93.242	I	32,022	Mental Health Research Grants	2U01 HD 0400533-07	University of Alabama
93.242	I	429	Mental Health Research Grants	OR57-001.02	University of Tennessee
93.242	I	63,821	Mental Health Research Grants	WFUHS/UNCG-159000-51	Wake Forest University
93.243	D	2,421,517	Substance Abuse and Mental Health Services-Projects of Regional and National Significance		
93.243	I	1,404	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	TI-17165	Morehouse College
93.243	I	135	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	TI-17165	Morehouse School of Medicine
93.243	I	20,749	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	4102-17087	Purdue Univ.
93.247	D	999,212	Advanced Education Nursing Grant Program		
93.251	D	195,019	Universal Newborn Hearing Screening		
93.260	D	456,857	Family Planning-Personnel Training		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.262	D	18,424	Occupational Safety and Health Program		
93.265	D	179,150	Comprehensive Geriatric Education Program (CGEP)		
93.268	D	108,318,473	Immunization Grants		
93.273	D	20,655	Alcohol Research Programs		
93.273	I	54,279	Alcohol Research Programs	WFUHS 13057/12001	Wake Forest University
93.273	I	33,694	Alcohol Research Programs	WFUHS 12001	Wake Forest University
93.273	I	9,790	Alcohol Research Programs	WFUHS13237	Wake Forest University
93.273	I	184,493	Alcohol Research Programs	wfush12001R01aa14007-06A1	Wake Forest University
93.277	D	115,927	Career Development Awards		
93.279	D	556,227	Drug Abuse and Addiction Research Programs		
93.279	I	19,290	Drug Abuse and Addiction Research Programs	PO #110532	California Pacific Medical Center
93.279	I	2,364	Drug Abuse and Addiction Research Programs	06-SC-NIH-1014	Duke University
93.279	I	2,921	Drug Abuse and Addiction Research Programs	541750P620989	Northeastern University
93.279	I	22,629	Drug Abuse and Addiction Research Programs	542650P823560	Northeastern University
93.279	I	39,067	Drug Abuse and Addiction Research Programs	20080074	Prevention Strategies LLC
93.279	I	37,711	Drug Abuse and Addiction Research Programs	20080082	Prevention Strategies LLC
93.279	I	33,520	Drug Abuse and Addiction Research Programs	205256	Temple Univ.
93.279	I	81,465	Drug Abuse and Addiction Research Programs	R414269	University at Buffalo, SUNY
93.279	I	3,012	Drug Abuse and Addiction Research Programs	B6296386201	University of Minnesota
93.281	D	233,599	Mental Health Research Career/Scientist Development Awards		
93.282	D	29,602	Mental Health National Research Service Awards for Research Training		
93.283	D	19,201,747	Centers for Disease Control and Prevention-Investigations and Technical Assistance		
93.286	D	90,826	Discovery and Applied Research for Technological Innovations to Improve Human Health		
93.293	D	547,846	Improving Health and Educational Outcomes of Young People		
93.301	D	201,374	Small Rural Hospital Improvement Grant Program		
93.307	D	1,727,014	Minority Health and Health Disparities Research		
93.307	I	8,180	Minority Health and Health Disparities Research	1557 G HC942	The Regents of Univ of Cal
93.358	D	301,298	Advanced Education Nursing Traineeships		
93.358	I	4,951	Advanced Education Nursing Traineeships	2A10HP07479-02-00	Mountain Area Health Education
93.359	D	38,307	Nurse Education, Practice and Retention Grants		
93.359	I	7,479	Nurse Education, Practice and Retention Grants	1U1KHP07713-01-00	Duke University
93.361	D	132,363	Nursing Research		
93.361	I	13,319	Nursing Research	3527-UNCG-DHHS-8910	Pennsylvania State Univ.
93.365	I	35,207	Sickle Cell Treatment Demonstration Program	4-312-0210355	Research Triangle Institute International
93.375	D	327,880	Minority Biomedical Research Support		
93.390	D	55,970	Academic Research Enhancement Award		
93.393	D	240,999	Cancer Cause and Prevention Research		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.395	I	8,988	Cancer Treatment Research	0255-2461-4609	Mount Sinai School of Medicine
93.397	D	43,320	Cancer Centers Support Grants		
93.398	D	195,379	Cancer Research Manpower		
93.398	I	16,952	Cancer Research Manpower	5 R25 CA106870-04	University of Alabama
93.556	D	11,446,874	Promoting Safe and Stable Families		
93.558	D	239,908,959	Temporary Assistance for Needy Families		
93.558	I	21,046	Temporary Assistance for Needy Families	K-11068	Buncombe County DSS
93.560	D	(114,808)	Family Support Payments to States-Assistance Payments		
93.563	D	84,362,808	Child Support Enforcement		
93.566	D	3,339,101	Refugee and Entrant Assistance-State Administered Programs		
93.568	D	51,054,238	Low-Income Home Energy Assistance		
93.569	D	15,265,728	Community Services Block Grant		
93.571	D	28,696	Community Services Block Grant Formula and Discretionary Awards Community Food and Nutrition Programs		
93.576	D	371,667	Refugee and Entrant Assistance-Discretionary Grants		
93.584	D	633,041	Refugee and Entrant Assistance-Targeted Assistance Grants		
93.586	D	868,199	State Court Improvement Program		
93.590	D	999,336	Community-Based Child Abuse Prevention Grants		
93.597	D	231,754	Grants to States for Access and Visitation Programs		
93.599	D	848,533	Chafee Education and Training Vouchers Program (ETV)		
93.600	D	82,199	Head Start		
93.617	D	186,444	Voting Access for Individuals with Disabilities-Grants to States		
93.618	D	4	Voting Access for Individuals with Disabilities-Grants for Protection and Advocacy Systems		
93.630	D	2,972,416	Developmental Disabilities Basic Support and Advocacy Grants		
93.630	I	17,661	Developmental Disabilities Basic Support and Advocacy Grants	RFA #1 06-07	NC Council on Developmental Disabilities
93.643	D	324,871	Children's Justice Grants to States		
93.645	D	7,801,382	Child Welfare Services-State Grants		
93.652	I	11,936	Adoption Opportunities	90CQ0001/01	Adoption Exchange Association
93.652	I	1,108	Adoption Opportunities	90CQ0002/01	Adoption Exchange Association
93.658	D	79,297,099	Foster Care-Title IV-E		
93.659	D	33,207,744	Adoption Assistance		
93.667	D	64,375,124	Social Services Block Grant		
93.669	D	658,129	Child Abuse and Neglect State Grants		
93.670	D	420,520	Child Abuse and Neglect Discretionary Activities		
93.671	D	2,032,519	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.674	D	2,513,974	Chafee Foster Care Independence Program		
93.767	D	186,248,041	State Children's Insurance Program		
93.768	D	440,166	Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities		
93.773	D	6,839,473	Medicare-Hospital Insurance		
93.779	D	2,030,121	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		
93.780	D	244,552	Grants to States for Operation of Qualified High-Risk Pools		
93.786	D	(1,285)	State Pharmaceutical Assistance Programs		
93.822	D	45,112	Health Careers Opportunity Program		
93.838	D	245,071	Lung Diseases Research		
93.846	D	661,204	Arthritis, Musculoskeletal and Skin Diseases Research		
93.846	I	16,012	Arthritis, Musculoskeletal and Skin Diseases Research	PO 1000610186	University of Iowa
93.847	D	213,718	Diabetes, Endocrinology and Metabolism Research		
93.848	D	457,629	Digestive Diseases and Nutrition Research		
93.848	I	144,839	Digestive Diseases and Nutrition Research	148522/135942	Duke University
93.848	I	33,112	Digestive Diseases and Nutrition Research	1R01DK064986-01	Duke University
93.849	D	13,123	Kidney Diseases, Urology and Hematology Research		
93.853	D	329,954	Extramural Research Programs in the Neurosciences and Neurological Disorders		
93.853	I	122,158	Extramural Research Programs in the Neurosciences and Neurological Disorders	123467/139612/146343	Duke University
93.853	I	16,131	Extramural Research Programs in the Neurosciences and Neurological Disorders	26-1601-53-61	Univ of Texas at Arlington
93.855	D	238,367	Allergy, Immunology and Transplantation Research		
93.855	I	72,137	Allergy, Immunology and Transplantation Research	0000631774	Fred Hutchinson Cancer
93.855	I	1,843	Allergy, Immunology and Transplantation Research	5U2RTW006246-05	University of Alabama
93.856	D	75	Microbiology and Infectious Diseases Research		
93.856	I	65,752	Microbiology and Infectious Diseases Research	Letter Dated 8/30/07	Soymeds
93.859	D	2,079,458	Biomedical Research and Research Training		
93.859	I	14,208	Biomedical Research and Research Training	T36 GM008789	Carnegie Mellon University
93.864	D	(160)	Population Research		
93.865	D	403,069	Child Health and Human Development Extramural Research		
93.865	I	17,560	Child Health and Human Development Extramural Research	R21 HD055202-01	Carolinas Healthcare System
93.865	I	65,631	Child Health and Human Development Extramural Research	1192-7559-209-200640	Clemson Univ
93.865	I	76,162	Child Health and Human Development Extramural Research	ONE (1)	Columbia Univ.
93.865	I	79,487	Child Health and Human Development Extramural Research	8608-53745	Johns Hopkins Univ.
93.865	I	4,964	Child Health and Human Development Extramural Research	444918-30092	Univ of California-San Francisco
93.865	I	31,159	Child Health and Human Development Extramural Research	08-032	Univ of Texas Med Branch at Galveston
93.865	I	61,175	Child Health and Human Development Extramural Research	FY2001-086M11	Univ. of Kansas
93.865	I	155,836	Child Health and Human Development Extramural Research	431500-19728	Virginia Polytechnic Institute and State University

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.865	I	21,062	Child Health and Human Development Extramural Research	WFUHS 50528	Wake Forest University
93.866	I	16,986	Aging Research	G-42-6C7-G1	Georgia Tech
93.867	D	20,431	Vision Research		
93.879	I	10,469	Medical Library Assistance	MUSC07-014	Medical University of SC
93.880	D	13	Minority Access to Research Careers		
93.884	D	190,661	Grants for Training in Primary Care Medicine and Dentistry		
93.910	D	214,445	Family and Community Violence Prevention Program		
93.913	D	107,885	Grants to States for Operation of Offices of Rural Health		
93.917	D	36,521,247	HIV Care Formula Grants		
93.918	D	382,435	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease		
93.926	D	2,759,039	Healthy Start Initiative		
93.928	D	62,430	Special Projects of National Significance		
93.940	D	4,537,196	HIV Prevention Activities-Health Department Based		
93.941	D	117,727	HIV Demonstration, Research, Public and Professional Education Projects		
93.944	D	1,404,027	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		
93.945	D	1,907,481	Assistance Programs for Chronic Disease Prevention and Control		
93.958	D	11,230,154	Block Grants for Community Mental Health Services		
93.959	D	44,888,223	Block Grants for Prevention and Treatment of Substance Abuse		
93.974	D	268,750	Family Planning-Service Delivery Improvement Research Grants		
93.977	D	3,392,770	Preventive Health Services-Sexually Transmitted Diseases Control Grants		
93.988	D	960,502	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems		
93.991	D	2,544,767	Preventive Health and Health Services Block Grant		
93.994	D	16,243,237	Maternal and Child Health Services Block Grant to the States		
93.994	I	13,119	Maternal and Child Health Services Block Grant to the States	U01MC00001	Association of Maternal and Child Health Pg
		<u>1,124,458,300</u>	Total — Other Programs — U. S. Department of Health and Human Services		

Corporation for National and Community Service

94.002	D	355,832	Retired and Senior Volunteer Program		
94.003	D	334,664	State Commissions		
94.004	D	422,309	Learn and Serve America-School and Community Based Programs		
94.005	D	11,749	Learn and Serve America-Higher Education		
94.006	D	2,895,435	AmeriCorps		
94.006	I	1,587	AmeriCorps	00001363	Princeton Univ Library
94.007	D	79,771	Planning and Program Development Grants		
94.009	D	150,278	Training and Technical Assistance		
		<u>4,251,625</u>	Total — Other Programs — Corporation for National and Community Service		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>Social Security Administration</u>					
96.007	D	10,030	Social Security-Research and Demonstration		
96.008	D	241,955	Social Security - Work Incentives Planning and Assistance Program		
96.009	D	23,472	Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries		
		<u>275,457</u>	Total — Other Programs — Social Security Administration		
<u>U. S. Department of Homeland Security</u>					
97	D	85,255	U S Department of Homeland Security		
97.001	D	80,000	Pilot Demonstration or Earmarked Projects		
97.008	D	858,144	Urban Areas Security Initiative		
97.012	D	2,025,449	Boating Safety Financial Assistance		
97.017	D	1,397,297	Pre-Disaster Mitigation (PDM) Competitive Grants		
97.018	D	20,084	National Fire Academy Training Assistance		
97.023	D	144,122	Community Assistance Program State Support Services Element (CAP-SSSE)		
97.029	D	960,083	Flood Mitigation Assistance		
97.036	D	7,328,904	Disaster Grants - Public Assistance (Presidentially Declared Disasters)		
97.039	D	1,334,337	Hazard Mitigation Grant		
97.041	D	113,260	National Dam Safety Program		
97.042	D	4,826,640	Emergency Management Performance Grants		
97.044	D	48,245	Assistance to Firefighters Grant		
97.045	D	7,217,970	Cooperating Technical Partners		
97.063	D	95,168	Pre-Disaster Mitigation Disaster Resistant Universities		
97.070	D	305,408	Map Modernization Management Support		
97.075	D	22,908	Rail and Transit Security Grant Program		
97.077	D	23,415	Homeland Security Research Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Detection		
97.078	D	1,347,201	Buffer Zone Protection Program (BZPP)		
		<u>28,233,890</u>	Total — Other Programs — U. S. Department of Homeland Security		
<u>United States Agency for International Development</u>					
98	D	83,512	United States Agency for International Development		
98	I	6,976	United States Agency for International Development	Executed agreement 2/3/06	Organization Capacity Improvement Consultants
98.001	I	(1,385)	USAID Foreign Assistance for Programs Overseas	0348-0004	UNCF Special Programs
98.012	D	1,930,246	USAID Development Partnerships for University Cooperation and Development		
		<u>2,019,349</u>	Total — Other Programs — United States Agency for International Development		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (DETAIL)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Expenditures	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>Other Federal Assistance</u>					
99	D	2,315,244	Other Federal Assistance		
99	I	132,124	Other Federal Assistance	N/A	Center for Public Broadcasting
99	I	955	Other Federal Assistance	N/A	NCO
		<u>2,448,323</u>	Total — Other Programs — Other Federal Assistance		
		<u>3,707,688,299</u>	Total — Other Programs		
		<u>15,028,044,707</u>	TOTAL EXPENDITURES OF FEDERAL AWARDS		

N/A = Not Available

The accompanying notes are an integral part of this schedule.

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<i>Primary Government</i>					
<u>N. C. Administrative Office of the Courts</u>					
16	D	1,498	U.S. Department of Justice		
16.580	D	31,409	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program		
16.585	D	460,387	Drug Court Discretionary Grant Program		
93.586	D	868,199	State Court Improvement Program		
		<u>1,361,493</u>	Total — N. C. Administrative Office of the Courts		
<u>N. C. Department of Administration</u>					
14.401	D	352,483	Fair Housing Assistance Program-State and Local		
14.871	D	3,384,264	Section 8 Housing Choice Vouchers		
17.251	D	221,592	Native American Employment and Training Programs		
39.003	D	621,839	Donation of Federal Surplus Personal Property		
81.041	D	4,281,493	State Energy Program		
81.119	D	579,934	State Energy Program Special Projects		
84.044	D	315,490	TRIO-Talent Search		
84.240	D	23,063	Program of Protection and Advocacy of Individual Rights		
84.343	D	1,686	Assistive Technology-State Grants for Protection and Advocacy		
93.138	D	84,654	Protection and Advocacy for Individuals with Mental Illness		
93.234	D	14,601	Traumatic Brain Injury State Demonstration Grant Program		
93.618	D	4	Voting Access for Individuals with Disabilities-Grants for Protection and Advocacy Systems		
93.630	D	1,172,039	Developmental Disabilities Basic Support and Advocacy Grants		
96.009	D	23,472	Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries		
		<u>11,076,614</u>	Total — N. C. Department of Administration		
<u>N. C. Department of Agriculture and Consumer Services</u>					
10	D	30,884	U.S. Department of Agriculture		
10.025	D	3,012,308	Plant and Animal Disease, Pest Control, and Animal Care		
10.153	D	5,676	Market News		
10.156	D	89,368	Federal-State Marketing Improvement Program		
10.162	D	14,864	Inspection Grading and Standardization		
10.163	D	47,116	Market Protection and Promotion		
10.203	D	296,027	Payments to Agricultural Experiment Stations Under the Hatch Act		
10.250	D	388,153	Agricultural and Rural Economic Research		
10.475	D	3,313,221	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection		
10.550	D	35,430,606	Food Donation		
10.559	D	93,533	Summer Food Service Program for Children		
10.560	D	500,370	State Administrative Expenses for Child Nutrition		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
10.565	D	344,997	Commodity Supplemental Food Program		
10.567	D	292,963	Food Distribution Program on Indian Reservations		
10.568	D	1,409,557	Emergency Food Assistance Program (Administrative Costs)		
10.569	D	6,457,706	Emergency Food Assistance Program (Food Commodities)		
10.664	D	64,655	Cooperative Forestry Assistance		
15.615	D	118,398	Cooperative Endangered Species Conservation Fund		
66.500	D	871,462	Environmental Protection-Consolidated Research		
		<u>52,781,864</u>	Total — N. C. Department of Agriculture and Consumer Services		
<u>N. C. Department of Commerce</u>					
10.250	D	1,548	Agricultural and Rural Economic Research		
11.307	D	600,000	Economic Adjustment Assistance		
12.610	D	136	Community Economic Adjustment Planning Assistance for Joint Land Use Studies		
14.228	D	43,188,254	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		
17.258	D	17,920,224	WIA Adult Program		
17.259	D	19,895,491	WIA Youth Activities		
17.260	D	37,436,552	WIA Dislocated Workers		
17.261	D	1,426,691	WIA Pilots, Demonstrations, and Research Projects		
20.700	D	171,333	Pipeline Safety Program Base Grants		
23.011	D	548,942	Appalachian Research, Technical Assistance, and Demonstration Projects		
		<u>121,189,171</u>	Total — N. C. Department of Commerce		
<u>N. C. Department of Correction</u>					
16.202	D	7,579	Prisoner Reentry Initiative Demonstration (Offender Reentry)		
16.572	D	9,568,319	State Criminal Alien Assistance Program		
16.586	D	4,089,449	Violent Offender Incarceration and Truth in Sentencing Incentive Grants		
16.601	D	348,061	Corrections-Training and Staff Development		
84.331	D	875,967	Grants to States for Incarcerated Youth Offenders		
		<u>14,889,375</u>	Total — N. C. Department of Correction		
<u>N.C. Community College System</u>					
84.002	D	15,604,365	Adult Education - Basic Grants to States		
93.859	D	78,331	Biomedical Research and Research Training		
84.191	D	4,979	Adult Education-National Leadership Activities		
		<u>15,687,675</u>	Total — N. C. Community College System		
<u>N. C. Department of Crime Control and Public Safety</u>					
11.450	D	143,884	Automated Flood Warning Systems (AFWS)		
12.400	D	10,019,457	Military Construction, National Guard		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
12.401	D	12,184,512	National Guard Military Operations and Maintenance (O&M) Projects		
12.404	D	2,404,166	National Guard Civilian Youth Opportunities		
15.808	D	15,092	U.S. Geological Survey- Research and Data Collection		
16.307	D	1,440,444	Combined DNA Index System		
16.523	D	1,146,377	Juvenile Accountability Block Grants		
16.540	D	1,503,604	Juvenile Justice and Delinquency Prevention-Allocation to States		
16.548	D	72,188	Title V-Delinquency Prevention Program		
16.550	D	125,318	State Justice Statistics Program for Statistical Analysis Centers		
16.554	D	170,424	National Criminal History Improvement Program (NCHIP)		
16.575	D	10,347,482	Crime Victim Assistance		
16.576	D	515,915	Crime Victim Compensation		
16.579	D	784,019	Edward Byrne Memorial Formula Grant Program		
16.580	D	200,000	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program		
16.588	D	3,273,871	Violence Against Women Formula Grants		
16.589	D	375,814	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Grant Program		
16.590	D	197,491	Grants to Encourage Arrest Policies and Enforcement of Protection Orders		
16.593	D	44,135	Residential Substance Abuse Treatment for State Prisoners		
16.607	D	32,081	Bulletproof Vest Partnership Program		
16.609	D	445,939	Community Prosecution and Project Safe Neighborhoods		
16.712	D	212,812	Police Corps		
16.738	D	6,238,116	Edward Byrne Memorial Justice Assistance Grant Program		
16.740	D	67,893	Statewide Automated Victim Information Notification (SAVIN) Program		
16.744	D	808,286	Anti-Gang Initiative		
20.703	D	218,838	Interagency Hazardous Materials Public Sector Training and Planning Grants		
83.544	D	50,930	Public Assistance Grants		
83.548	D	1,719,787	Hazard Mitigation Grant		
93.643	D	324,871	Children's Justice Grants to States		
97.001	D	80,000	Pilot Demonstration or Earmarked Projects		
97.004	D	6,533,633	State Domestic Preparedness Equipment Support Program		
97.008	D	858,144	Urban Areas Security Initiative		
97.017	D	1,397,297	Pre-Disaster Mitigation (PDM) Competitive Grants		
97.023	D	144,122	Community Assistance Program State Support Services Element (CAP-SSSE)		
97.029	D	960,083	Flood Mitigation Assistance		
97.036	D	7,328,904	Disaster Grants - Public Assistance (Presidentially Declared Disasters)		
97.039	D	1,334,337	Hazard Mitigation Grant		
97.042	D	4,826,640	Emergency Management Performance Grants		
97.044	D	48,245	Assistance to Firefighters Grant		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
97.045	D	7,217,970	Cooperating Technical Partners		
97.063	D	95,168	Pre-Disaster Mitigation Disaster Resistant Universities		
97.067	D	23,774,743	Homeland Security Grant Program		
97.070	D	305,408	Map Modernization Management Support		
97.075	D	22,908	Rail and Transit Security Grant Program		
97.077	D	23,415	Homeland Security Research Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Detection		
97.078	D	1,347,201	Buffer Zone Protection Program (BZPP)		
		<u>111,381,964</u>	Total — N. C. Department of Crime Control and Public Safety		

N. C. Department of Cultural Resources

15.904	D	718,348	Historic Preservation Fund Grants-In-Aid		
15.928	D	435,500	Civil War Battlefield Land Acquisition Grants		
42.001	D	900	Books for the Blind and Physically Handicapped		
45.007	D	818,025	Promotion of the Arts - State and Regional Program		
45.301	D	1,685	Museums for America		
45.310	D	4,431,855	Grants to States		
89.003	D	94,513	National Historical Publications and Records Grants		
		<u>6,500,826</u>	Total — N. C. Department of Cultural Resources		

N. C. Department of Environment and Natural Resources

10.069	D	125,818	Conservation Reserve Program		
10.664	D	4,690,012	Cooperative Forestry Assistance		
10.676	D	9,359	Forest Legacy Program		
10.677	D	182,583	Forest Land Enhancement Program		
10.678	D	17,680	Forest Stewardship Program		
10.680	D	724,643	Forest Health Protection		
10.912	D	192	Environmental Quality Incentives Program		
11	D	30,900	U.S. Department of Commerce		
11	I	59,466	U.S. Department of Commerce	05-1115	Atlantic States Marine Fisheries Commission
11	I	25,275	U.S. Department of Commerce	06-0602	Atlantic States Marine Fisheries Commission
11.400	D	844,223	Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)		
11.405	D	5,542	Anadromous Fish Conservation Act Program		
11.407	D	104,659	Interjurisdictional Fisheries Act of 1986		
11.419	D	2,710,736	Coastal Zone Management Administration Awards		
11.420	D	760,583	Coastal Zone Management Estuarine Research Reserves		
11.434	D	125,620	Cooperative Fishery Statistics		
11.452	D	1,192	Unallied Industry Projects		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
11.474	D	420,851	Atlantic Coastal Fisheries Cooperative Management Act		
11.477	D	273,621	Fisheries Disaster Relief		
14.900	D	531,122	Lead-Based Paint Hazard Control in Privately-Owned Housing		
15	D	133,322	U.S. Department of the Interior		
15.605	D	1,624,110	Sport Fish Restoration Program		
15.608	I	18,374	Fish and Wildlife Management Assistance	T-4-1 & T-13-1 R	SC Dept of Natural Resources
15.614	D	205,579	Coastal Wetlands Planning, Protection and Restoration Act		
15.615	D	1,844	Cooperative Endangered Species Conservation Fund		
15.616	D	17,102	Clean Vessel Act		
15.622	D	370,068	Sportfishing and Boating Safety Act		
15.630	D	45,000	Coastal Program		
15.637	D	22,409	Migratory Bird Joint Ventures		
15.808	D	218,408	U.S. Geological Survey- Research and Data Collection		
15.809	D	525,572	National Spatial Data Infrastructure Cooperative Agreements Program		
15.916	D	2,914,037	Outdoor Recreation-Acquisition, Development and Planning		
47.074	D	63,964	Biological Sciences		
66.001	D	2,012,090	Air Pollution Control Program Support		
66.032	D	212,440	State Indoor Radon Grants		
66.202	D	912,453	Congressionally Mandated Projects		
66.419	D	8,639,413	Water Pollution Control State, Interstate, and Tribal Program Support		
66.432	D	3,118,163	State Public Water System Supervision		
66.433	D	80,665	State Underground Water Source Protection		
66.454	D	211,133	Water Quality Management Planning		
66.456	D	614,962	National Estuary Program		
66.458	D	35,957,080	Capitalization Grants for Clean Water State Revolving Funds		
66.460	D	6,998,588	Nonpoint Source Implementation Grants		
66.461	D	440,718	Regional Wetland Program Development Grants		
66.468	D	45,745,921	Capitalization Grants for Drinking Water State Revolving Funds		
66.471	D	323,387	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs		
66.472	D	240,388	Beach Monitoring and Notification Program Implementation Grants		
66.474	D	183,772	Water Protection Grants to the States		
66.479	D	317,099	Wetland Program Grants - State/Tribal Environmental Outcome Wetland Demonstration Program		
66.511	D	20,331	Office of Research and Development Consolidated Research/Training		
66.600	D	128,856	Environmental Protection Consolidated Grants-Program Support		
66.608	D	25,529	Environmental Information Exchange Network Grant Program and Related Assistance		
66.708	D	191,460	Pollution Prevention Grants Program		
66.801	D	2,331,188	Hazardous Waste Management State Program Support		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
66.802	D	1,792,153	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements		
66.804	D	274,709	State and Tribal Underground Storage Tanks Program		
66.805	D	2,157,225	Leaking Underground Storage Tank Trust Fund Program		
66.808	D	3,089	Solid Waste Management Assistance Grants		
66.809	D	419,281	Superfund State and Indian Tribe Core Program Cooperative Agreements		
93.197	D	520,718	Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children		
97.041	D	113,260	National Dam Safety Program		
		<u>131,789,937</u>	Total — N. C. Department of Environment and Natural Resources		

N. C. Department of Environment and Natural Resources - Wildlife

10	D	185,500	U.S. Department of Agriculture		
10.028	D	75,000	Wildlife Services		
11.472	D	50,000	Unallied Science Program		
15.605	D	4,224,004	Sport Fish Restoration Program		
15.608	D	7,500	Fish and Wildlife Management Assistance		
15.611	D	5,418,727	Wildlife Restoration		
15.614	D	1,000,000	Coastal Wetlands Planning, Protection and Restoration Act		
15.615	D	189,545	Cooperative Endangered Species Conservation Fund		
15.616	D	27	Clean Vessel Act		
15.623	D	78,000	North American Wetlands Conservation Fund		
15.631	D	25,000	Partners for Fish and Wildlife		
15.632	D	9,000	Conservation Grants Private Stewardship for Imperiled Species		
15.633	D	99,283	Landowner Incentive Program		
15.634	D	1,813,650	State Wildlife Grants		
97.012	D	2,025,449	Boating Safety Financial Assistance		
		<u>15,200,685</u>	Total — N. C. Department of Environment and Natural Resources - Wildlife		

N. C. Department of Health and Human Services

10.551	D	1,061,809,194	Food Stamps		
10.557	D	167,605,444	Special Supplemental Nutrition Program for Women, Infants, and Children		
10.558	D	78,401,778	Child and Adult Care Food Program		
10.559	D	4,787,255	Summer Food Service Program for Children		
10.560	D	3,436,331	State Administrative Expenses for Child Nutrition		
10.561	D	67,389,190	State Administrative Matching Grants for Food Stamp Program		
10.572	D	260,348	WIC Farmers' Market Nutrition Program (FMNP)		
10.576	D	35,328	Senior Farmers Market Nutrition Program		
14.231	D	2,452,478	Emergency Shelter Grants Program		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
14.241	D	2,199,282	Housing Opportunities for Persons with AIDS		
16.580	D	84,644	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program		
16.727	D	374,114	Enforcing Underage Drinking Laws Program		
17.235	D	2,360,292	Senior Community Service Employment Program		
66.701	D	79,336	Toxic Substances Compliance Monitoring Cooperative Agreements		
66.707	D	421,997	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals		
66.714	D	50,308	Pesticide Environmental Stewardship Regional Grants		
66.716	D	21,018	Surveys, Studies, Investigations, Training Demonstrations and Educational Outreach		
81.042	D	5,053,626	Weatherization Assistance for Low-Income Persons		
84.126	D	90,626,854	Rehabilitation Services-Vocational Rehabilitation Grants to States		
84.161	D	312,617	Rehabilitation Services-Client Assistance Program		
84.169	D	183,953	Independent Living-State Grants		
84.177	D	705,224	Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind		
84.181	D	12,545,407	Special Education-Grants for Infants and Families		
84.186	D	1,992,204	Safe and Drug-Free Schools and Communities-State Grants		
84.187	D	722,004	Supported Employment Services for Individuals with Significant Disabilities		
84.224	D	600,080	Assistive Technology		
84.265	D	255,182	Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training		
93.003	D	11,610,688	Public Health and Social Services Emergency Fund		
93.006	D	136,552	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program		
93.041	D	154,436	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation		
93.042	D	394,113	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals		
93.043	D	603,618	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services		
93.044	D	13,527,153	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers		
93.045	D	13,595,536	Special Programs for the Aging-Title III, Part C-Nutrition Services		
93.048	D	270,794	Special Programs for the Aging-Title IV-and Title II-Discretionary Projects		
93.051	D	370,947	Alzheimer's Disease Demonstration Grants to States		
93.052	D	4,351,975	National Family Caregiver Support, Title III, Part E		
93.053	D	3,061,543	Nutrition Services Incentive Program		
93.069	D	15,484,672	Public Health Emergency Preparedness		
93.087	D	214,444	Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.103	D	1,770	Food and Drug Administration-Research		
93.110	D	515,825	Maternal and Child Health Federal Consolidated Programs		
93.116	D	2,029,797	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		
93.127	D	131,677	Emergency Medical Services for Children		
93.130	D	122,276	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices		
93.136	D	1,658,638	Injury Prevention and Control Research and State and Community Based Programs		
93.150	D	906,096	Projects for Assistance in Transition from Homelessness (PATH)		
93.161	D	33	Health Program for Toxic Substances and Disease Registry		
93.204	D	72,596	Surveillance of Hazardous Substance Emergency Events		
93.206	D	64,636	Human Health Studies-Applied Research and Development		
93.217	D	7,924,500	Family Planning-Services		
93.224	D	1,551,816	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)		
93.234	D	69,189	Traumatic Brain Injury State Demonstration Grant Program		
93.236	D	81,680	Grants for Dental Public Health Residency Training		
93.240	D	203,153	State Capacity Building		
93.241	D	420,317	State Rural Hospital Flexibility Program		
93.243	D	2,419,573	Substance Abuse and Mental Health Services-Projects of Regional and National Significance		
93.251	D	195,019	Universal Newborn Hearing Screening		
93.268	D	108,318,473	Immunization Grants		
93.279	D	21,778	Drug Abuse and Addiction Research Programs		
93.283	D	19,167,362	Centers for Disease Control and Prevention-Investigations and Technical Assistance		
93.301	D	201,374	Small Rural Hospital Improvement Grant Program		
93.556	D	11,446,874	Promoting Safe and Stable Families		
93.558	D	239,908,959	Temporary Assistance for Needy Families		
93.560	D	-114,808	Family Support Payments to States-Assistance Payments		
93.563	D	84,362,808	Child Support Enforcement		
93.566	D	3,339,101	Refugee and Entrant Assistance-State Administered Programs		
93.568	D	51,054,238	Low-Income Home Energy Assistance		
93.569	D	15,265,728	Community Services Block Grant		
93.575	D	150,612,954	Child Care and Development Block Grant		
93.576	D	371,667	Refugee and Entrant Assistance-Discretionary Grants		
93.584	D	633,041	Refugee and Entrant Assistance-Targeted Assistance Grants		
93.590	D	999,336	Community-Based Child Abuse Prevention Grants		
93.596	D	123,649,465	Child Care Mandatory and Matching Funds of the Child Care and Development Fund		
93.597	D	231,754	Grants to States for Access and Visitation Programs		
93.599	D	848,533	Chafee Education and Training Vouchers Program (ETV)		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.630	D	1,800,377	Developmental Disabilities Basic Support and Advocacy Grants		
93.645	D	7,801,382	Child Welfare Services-State Grants		
93.658	D	79,297,099	Foster Care-Title IV-E		
93.659	D	33,207,744	Adoption Assistance		
93.667	D	64,375,124	Social Services Block Grant		
93.669	D	658,129	Child Abuse and Neglect State Grants		
93.670	D	420,520	Child Abuse and Neglect Discretionary Activities		
93.671	D	2,032,519	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes		
93.674	D	2,513,974	Chafee Foster Care Independence Program		
93.767	D	186,248,041	State Children's Insurance Program		
93.768	D	440,166	Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities		
93.773	D	6,839,473	Medicare-Hospital Insurance		
93.777	D	5,651,861	State Survey and Certification of Health Care Providers and Suppliers		
93.778	D	6,589,721,817	Medical Assistance Program		
93.779	D	616,036	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		
93.786	D	-1,285	State Pharmaceutical Assistance Programs		
93.913	D	107,885	Grants to States for Operation of Offices of Rural Health		
93.917	D	36,521,247	HIV Care Formula Grants		
93.926	D	2,277,066	Healthy Start Initiative		
93.940	D	4,532,687	HIV Prevention Activities-Health Department Based		
93.944	D	1,404,027	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		
93.945	D	1,907,481	Assistance Programs for Chronic Disease Prevention and Control		
93.958	D	11,230,154	Block Grants for Community Mental Health Services		
93.959	D	44,888,223	Block Grants for Prevention and Treatment of Substance Abuse		
93.977	D	3,392,770	Preventive Health Services-Sexually Transmitted Diseases Control Grants		
93.988	D	960,502	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems		
93.991	D	2,544,767	Preventive Health and Health Services Block Grant		
93.994	D	16,243,237	Maternal and Child Health Services Block Grant to the States		
96.001	D	46,871,532	Social Security-Disability Insurance		
96.007	D	10,030	Social Security-Research and Demonstration		
96.008	D	241,955	Social Security - Work Incentives Planning and Assistance Program		
99	D	163,248	Other Federal Assistance		
		<u>9,552,148,975</u>	Total — N. C. Department of Health and Human Services		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>N. C. Department of Insurance</u>					
14.171	D	81,219	Manufactured Home Construction and Safety Standards		
93.048	D	209,809	Special Programs for the Aging-Title IV-and Title II-Discretionary Projects		
93.779	D	1,295,418	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		
93.780	D	244,552	Grants to States for Operation of Qualified High-Risk Pools		
97.018	D	20,084	National Fire Academy Training Assistance		
		<u>1,851,082</u>	Total — N. C. Department of Insurance		
<u>N. C. Department of Justice</u>					
16.220	D	257,587	Law Enforcement Assistance Narcotics and Dangerous Drugs Registration of Manufacturers, Distributors, and Dispensers of Controlled Substances		
16.543	D	159,646	Missing Children's Assistance		
16.560	D	57,716	National Institute of Justice Research, Evaluation, and Development Project Grants		
16.580	D	22,930	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program		
16.710	D	80,077	Public Safety Partnership and Community Policing Grants		
93.775	D	2,208,320	State Medicaid Fraud Control Units		
		<u>2,786,276</u>	Total — N. C. Department of Justice		
<u>N. C. Department of Labor</u>					
17.005	D	131,681	Compensation and Working Conditions		
17.503	D	5,281,373	Occupational Safety and Health-State Program		
17.504	D	1,373,255	Consultation Agreements		
17.600	D	144,273	Mine Health and Safety Grants		
		<u>6,930,582</u>	Total — N. C. Department of Labor		
<u>N. C. Department of Public Instruction</u>					
10.553	D	80,749,025	School Breakfast Program		
10.555	D	260,218,156	National School Lunch Program		
10.556	D	193,334	Special Milk Program for Children		
10.560	D	2,932,588	State Administrative Expenses for Child Nutrition		
10.579	D	21,456	Child Nutrition Discretionary Grants Limited Availability		
10.582	D	914,414	Fresh Fruit and Vegetable Program		
12	D	162,867	U.S. Department of Defense		
84	D	105,857	U.S. Department of Education		
84.010	D	304,786,819	Title I Grants to Local Educational Agencies		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.011	D	5,466,414	Migrant Education-State Grant Program		
84.013	D	861,966	Title I Program for Neglected and Delinquent Children		
84.027	D	320,657,666	Special Education-Grants to States		
84.048	D	35,459,905	Career and Technical Education -- Basic Grants to States		
84.173	D	10,711,866	Special Education-Preschool Grants		
84.185	D	1,016,750	Byrd Honors Scholarships		
84.186	D	6,353,677	Safe and Drug-Free Schools and Communities-State Grants		
84.196	D	1,505,020	Education for Homeless Children and Youth		
84.206	D	386,877	Javits Gifted and Talented Students Education Grant Program		
84.213	D	2,139,296	Even Start-State Educational Agencies		
84.243	D	2,994,493	Tech-Prep Education		
84.282	D	1,860,605	Charter Schools		
84.287	D	15,688,099	Twenty-First Century Community Learning Centers		
84.293	D	116,358	Foreign Language Assistance		
84.298	D	3,065,210	State Grants for Innovative Programs		
84.318	D	8,685,736	Education Technology State Grants		
84.323	D	1,088,801	Special Education - State Personnel Development		
84.326	D	365,789	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities		
84.330	D	561,328	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)		
84.332	D	2,178,051	Comprehensive School Reform Demonstration		
84.357	D	28,679,197	Reading First State Grants		
84.358	D	5,059,383	Rural Education		
84.365	D	12,735,502	English Language Acquisition Grants		
84.366	D	5,112,792	Mathematics and Science Partnerships		
84.367	D	62,292,956	Improving Teacher Quality State Grants		
84.368	D	372,836	Grants for Enhanced Assessment Instruments		
84.369	D	10,777,462	Grants for State Assessments and Related Activities		
84.377	D	177,943	School Improvement Grants		
93.235	D	1,129,158	Abstinence Education Program		
93.293	D	547,846	Improving Health and Educational Outcomes of Young People		
93.600	D	82,199	Head Start		
94.004	D	422,309	Learn and Serve America-School and Community Based Programs		
		<u>1,198,638,006</u>	Total — N. C. Department of Public Instruction		
<u>N. C. Department of Transportation</u>					
20.106	D	17,956,286	Airport Improvement Program		
20.205	D	852,065,599	Highway Planning and Construction		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
20.218	D	7,444,316	National Motor Carrier Safety		
20.219	D	971,892	Recreational Trails Program		
20.232	D	28,540	Commercial Driver License State Programs		
20.312	D	595,892	High Speed Ground Transportation-Next Generation High Speed Rail Program		
20.500	D	525,292	Federal Transit-Capital Investment Grants		
20.505	D	1,273,690	Federal Transit-Metropolitan Planning Grants		
20.509	D	17,842,604	Formula Grants for Other Than Urbanized Areas		
20.514	D	57,688	Public Transportation Research		
20.516	I	149,770	Job Access-Reverse Commute	N/A	Community Transportation Association of America
20.600	D	6,205,537	State and Community Highway Safety		
20.601	D	2,580,935	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants		
20.602	D	465,434	Occupant Protection		
20.604	D	504,191	Safety Incentive Grants for Use of Seatbelts		
20.605	D	953,757	Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons		
20.609	D	1,052,088	Safety Belt Performance Grants		
20.610	D	653,799	State Traffic Safety Information System Improvement Grants		
20.612	D	24,058	Incentive Grant Program to Increase Motorcyclist Safety		
20.613	D	143,449	Child Safety and Child Booster Seats Incentive Grants		
23.003	D	5,260,797	Appalachian Development Highway System		
		<u>916,755,614</u>	Total — N. C. Department of Transportation		

N. C. Employment Security Commission

17.002	D	1,932,761	Labor Force Statistics		
17.207	D	28,807,247	Employment Service/Wagner-Peyser Funded Activities		
17.225	D	1,144,547,773	Unemployment Insurance		
17.245	D	17,352,471	Trade Adjustment Assistance		
17.258	I	10,262	WIA Adult Program	06-2020-33-9900	Cape Fear
17.258	I	780	WIA Adult Program	06-2020-34-9900	Capital Area
17.258	I	23,636	WIA Adult Program	06-2020-36-9900	Centralina
17.258	I	10,729	WIA Adult Program	06-2020-37-9900	City of Charlotte
17.258	I	1,369	WIA Adult Program	06-2020-35-9900	City of Durham
17.258	I	1,142	WIA Adult Program	06-2020-40-9900	Eastern Carolina
17.258	I	4,597	WIA Adult Program	06-2020-44-9900	Lumber River
17.258	I	39,869	WIA Adult Program	06-2020-44-9900	Lumber River
17.258	I	15,166	WIA Adult Program	06-2020-44-9900	Lumber River
17.258	I	1,831	WIA Adult Program	06-2020-45-9900	Mid-Carolina
17.258	I	-767	WIA Adult Program	06-2020-29-9900	Mountain Area
17.258	I	1,541	WIA Adult Program	06-2020-58-9900	PeeDee

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
17.258	I	3,673	WIA Adult Program	06-2020-58-9900	PeeDee
17.258	I	1,857	WIA Adult Program	06-2020-58-9900	PeeDee
17.258	I	4,811	WIA Adult Program	06-2020-54-9900	Regional Partnership
17.258	I	11,490	WIA Adult Program	06-2020-55-9900	Southwestern
17.258	I	3,620	WIA Adult Program	06-2020-28-9900	Region Q
17.258	I	261,522	WIA Adult Program	07-2020-33-9900	Cape Fear
17.258	I	36,906	WIA Adult Program	07-2020-34-9900	Capital Area
17.258	I	888,209	WIA Adult Program	07-2020-36-9900	Centralina
17.258	I	467,155	WIA Adult Program	07-2020-37-9900	City of Charlotte
17.258	I	26,568	WIA Adult Program	07-2020-38-9900	Cumberland
17.258	I	8,526	WIA Adult Program	07-2020-38-9900	Cumberland
17.258	I	57,655	WIA Adult Program	07-2020-40-9900	Eastern Carolina
17.258	I	100,808	WIA Adult Program	07-2020-44-9900	Lumber River
17.258	I	480,584	WIA Adult Program	07-2020-44-9900	Lumber River
17.258	I	211,756	WIA Adult Program	07-2020-44-9900	Lumber River
17.258	I	99,513	WIA Adult Program	07-2020-45-9900	Mid-Carolina
17.258	I	55,699	WIA Adult Program	07-2020-45-9900	Mid-Carolina
17.258	I	11,273	WIA Adult Program	07-2020-29-9900	Mountain Area
17.258	I	94,960	WIA Adult Program	07-2020-58-9900	PeeDee
17.258	I	151,121	WIA Adult Program	07-2020-58-9900	PeeDee
17.258	I	228,344	WIA Adult Program	07-2020-54-9900	Regional Partnership
17.258	I	176,288	WIA Adult Program	07-2020-55-9900	Southwestern
17.258	I	180,739	WIA Adult Program	07-2020-28-9900	Region Q
17.260	I	8,336	WIA Dislocated Workers	06-2030-33-9900	Cape Fear
17.260	I	9,527	WIA Dislocated Workers	06-2031-34-9900	Capital Area
17.260	I	778	WIA Dislocated Workers	06-2031-34-9900	Capital Area
17.260	I	50,118	WIA Dislocated Workers	06-2030-36-9900	Centralina
17.260	I	20,961	WIA Dislocated Workers	06-2030-37-9900	City of Charlotte
17.260	I	1,765	WIA Dislocated Workers	06-2030-35-9900	City of Durham
17.260	I	5,968	WIA Dislocated Workers	06-2030-38-9900	Cumberland
17.260	I	912	WIA Dislocated Workers	06-2030-38-9900	Cumberland
17.260	I	13,049	WIA Dislocated Workers	06-2030-40-9900	Eastern Carolina
17.260	I	40,004	WIA Dislocated Workers	06-2030-43-9900	Kerr Tar
17.260	I	33,929	WIA Dislocated Workers	06-2030-43-9900	Kerr Tar
17.260	I	1,438	WIA Dislocated Workers	06-2030-44-9900	Lumber River
17.260	I	24,100	WIA Dislocated Workers	06-2030-44-9900	Lumber River
17.260	I	34,632	WIA Dislocated Workers	06-2030-44-9900	Lumber River

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
17.260	I	6,216	WIA Dislocated Workers	06-2030-44-9900	Lumber River
17.260	I	1,706	WIA Dislocated Workers	06-2030-45-9900	Mid-Carolina
17.260	I	108	WIA Dislocated Workers	06-2031-45-9900	Mid-Carolina
17.260	I	879	WIA Dislocated Workers	06-2030-29-9900	Mountain Area
17.260	I	45	WIA Dislocated Workers	06-2030-59-9900	Northeast
17.260	I	2,762	WIA Dislocated Workers	06-2030-58-9900	PeeDee
17.260	I	2,504	WIA Dislocated Workers	06-2030-58-9900	PeeDee
17.260	I	2,000	WIA Dislocated Workers	06-2030-58-9900	PeeDee
17.260	I	4,649	WIA Dislocated Workers	06-2030-54-9900	Regional Partnership
17.260	I	14	WIA Dislocated Workers	06-2050-54-9900	Regional Partnership
17.260	I	46,871	WIA Dislocated Workers	06-2030-55-9900	Southwestern
17.260	I	4,391	WIA Dislocated Workers	06-2030-28-9900	Region Q
17.260	I	200,468	WIA Dislocated Workers	07-2030-33-9900	Cape Fear
17.260	I	226,347	WIA Dislocated Workers	07-2031-34-9900	Capital Area
17.260	I	34,106	WIA Dislocated Workers	07-2031-34-9900	Capital Area
17.260	I	1,247,627	WIA Dislocated Workers	07-2030-36-9900	Centralina
17.260	I	603,816	WIA Dislocated Workers	07-2030-37-9900	City of Charlotte
17.260	I	140,843	WIA Dislocated Workers	07-2031-37-9900	City of Charlotte
17.260	I	90,243	WIA Dislocated Workers	07-2030-38-9900	Cumberland
17.260	I	38,755	WIA Dislocated Workers	07-2030-38-9900	Cumberland
17.260	I	432,654	WIA Dislocated Workers	07-2030-40-9900	Eastern Carolina
17.260	I	11,367	WIA Dislocated Workers	07-2031-40-9900	Eastern Carolina
17.260	I	457,423	WIA Dislocated Workers	07-2030-43-9900	Kerr Tar
17.260	I	43,139	WIA Dislocated Workers	07-2030-43-9900	Kerr Tar
17.260	I	35,964	WIA Dislocated Workers	07-2030-44-9900	Lumber River
17.260	I	156,232	WIA Dislocated Workers	07-2030-44-9900	Lumber River
17.260	I	99,553	WIA Dislocated Workers	07-2030-44-9900	Lumber River
17.260	I	93,515	WIA Dislocated Workers	07-2030-44-9900	Lumber River
17.260	I	32,243	WIA Dislocated Workers	07-2030-45-9900	Mid-Carolina
17.260	I	31,506	WIA Dislocated Workers	07-2031-45-9900	Mid-Carolina
17.260	I	21,311	WIA Dislocated Workers	07-2031-45-9900	Mid-Carolina
17.260	I	22,890	WIA Dislocated Workers	07-2030-45-9900	Mid-Carolina
17.260	I	38,917	WIA Dislocated Workers	07-2030-29-9900	Mountain Area
17.260	I	5,480	WIA Dislocated Workers	07-2030-59-9900	Northeast
17.260	I	24,317	WIA Dislocated Workers	07-2030-59-9900	Northeast
17.260	I	33,479	WIA Dislocated Workers	07-2030-59-9900	Northeast
17.260	I	96,075	WIA Dislocated Workers	07-2030-47-9900	Northwest

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
17.260	I	102,890	WIA Dislocated Workers	07-2030-58-9900	PeeDee
17.260	I	149,759	WIA Dislocated Workers	07-2030-58-9900	PeeDee
17.260	I	243,183	WIA Dislocated Workers	07-2030-54-9900	Regional Partnership
17.260	I	4,100	WIA Dislocated Workers	07-2050-58-9900	Regional Partnership
17.260	I	4,511	WIA Dislocated Workers	07-2050-58-9900	Regional Partnership
17.260	I	38,471	WIA Dislocated Workers	07-2031-58-9900	Regional Partnership
17.260	I	22,053	WIA Dislocated Workers	07-2031-58-9900	Regional Partnership
17.260	I	341,490	WIA Dislocated Workers	07-2030-55-9900	Southwestern
17.260	I	97,483	WIA Dislocated Workers	07-2030-28-9900	Region Q
17.801	D	1,192,966	Disabled Veterans' Outreach Program (DVOP)		
17.804	D	3,306,252	Local Veterans' Employment Representative Program		
17.807	D	79,192	Transition Assistance Program		
84.346	I	106,165	Vocational Education-Occupational and Employment Information State Grants	N/A	Basic Assist Grant
		<u>1,206,537,931</u>	Total — N. C. Employment Security Commission		

N. C. Office of Administrative Hearings

30	D	22,041	Equal Employment Opportunity Commission		
		<u>22,041</u>	Total — N. C. Office of Administrative Hearings		

N. C. Office of the Governor

94.002	D	64,391	Retired and Senior Volunteer Program		
94.003	D	334,664	State Commissions		
94.006	D	2,895,435	AmeriCorps		
94.007	D	79,771	Planning and Program Development Grants		
94.009	D	150,278	Training and Technical Assistance		
		<u>3,524,539</u>	Total — N. C. Office of the Governor		

State Board of Elections

90.401	D	8,875,571	Help America Vote Act Requirements Payments		
93.617	D	186,444	Voting Access for Individuals with Disabilities-Grants to States		
		<u>9,062,015</u>	Total — State Board of Elections		
		<u>13,380,116,665</u>	Total — Primary Government		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<i>Component Units</i>					
<i>University of North Carolina System:</i>					
<u>Appalachian State University</u>					
10.001	D	20,285	Agricultural Research-Basic and Applied Research		
10.206	D	11,233	Grants for Agricultural Research-Competitive Research Grants		
10.206	I	9,986	Grants for Agricultural Research-Competitive Research Grants	2956/200200710	Inst for Ecosyst Studies
10.604	D	2,793	Technical Assistance for Specialty Crops Program		
10.605	D	84,043	Quality Samples Program		
10.678	D	3,012	Forest Stewardship Program		
11.433	D	47,671	Marine Fisheries Initiative		
11.609	D	6,151	Measurement and Engineering Research and Standards		
12.431	D	249,222	Basic Scientific Research		
15.807	I	31,205	Earthquake Hazards Reduction Program	119507	Univ of Oregon
19.408	D	103,590	Educational Exchange-Teachers from Secondary and Postsecondary Levels and School Administrators		
23.001	D	119	Appalachian Regional Development (See Individual Appalachian Programs)		
23.001	I	6,380	Appalachian Regional Development (See Individual Appalachian Programs)	07-0197	AdvantageWest NC
23.011	D	47,541	Appalachian Research, Technical Assistance, and Demonstration Projects		
23.011	I	4,005	Appalachian Research, Technical Assistance, and Demonstration Projects	2-20007-2	East Tenn State Univ
43.001	D	15,689	Aerospace Education Services Program		
45.024	D	39	Promotion of the Arts-Grants to Organizations and Individuals		
45.162	D	4	Promotion of the Humanities-Teaching and Learning Resources and Curriculum Development		
45.163	D	50,481	Promotion of the Humanities-Professional Development		
47.049	D	77,383	Mathematical and Physical Sciences		
47.050	D	14,744	Geosciences		
47.074	D	117,501	Biological Sciences		
47.074	I	2,845	Biological Sciences	46222-7761	Cornell University
47.075	D	6,637	Social, Behavioral, and Economic Sciences		
47.076	D	245,860	Education and Human Resources		
47.078	I	2,800	Polar Programs	80558	Northern Illinois Univ
59	D	260,177	Small Business Administration		
66.510	D	3,470	Surveys, Studies, Investigations and Special Purpose Grants within the Office of Research and Development		
66.516	D	96,116	P3 Award: National Student Design Competition for Sustainability		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.007	D	246,463	Federal Supplemental Educational Opportunity Grants		
84.019	D	42,197	Overseas Programs - Faculty Research Abroad		
84.032	D	15,828,244	Federal Family Education Loans		
84.033	D	396,349	Federal Work-Study Program		
84.038	D	4,424,798	Federal Perkins Loan Program-Federal Capital Contributions		
84.042	D	272,369	TRIO-Student Support Services		
84.047	D	399,774	TRIO-Upward Bound		
84.063	D	7,429,038	Federal Pell Grant Program		
84.116	D	14,924	Fund for the Improvement of Postsecondary Education		
84.116	I	4,394	Fund for the Improvement of Postsecondary Education	734-7558-210-2093861	Clemson Univ
84.153	D	44,681	Business and International Education Projects		
84.184	I	9,467	Safe and Drug-Free Schools and Communities-National Programs	214827	Educ Development Ctr
84.334	D	1,306,193	Gaining Early Awareness and Readiness for Undergraduate Programs		
84.375	D	487,372	Academic Competitiveness Grants		
84.376	D	150,683	National Science and Mathematics Access to Retain Talent (SMART) Grants		
93.273	I	54,279	Alcohol Research Programs	WFUHS 13057/12001	Wake Forest Univ
93.390	D	49,285	Academic Research Enhancement Award		
93.865	D	12,028	Child Health and Human Development Extramural Research		
93.866	I	16,986	Aging Research	G-42-6C7-G1	Georgia Tech
94.002	D	66,702	Retired and Senior Volunteer Program		
94.006	I	1,587	AmeriCorps	00001363	Princeton Univ Library
94.011	D	430,980	Foster Grandparent Program		
94.016	D	292,702	Senior Companion Program		
		<u>33,502,477</u>	Total — Appalachian State University		

East Carolina University

10.202	D	329	Cooperative Forestry Research		
10.217	D	33,767	Higher Education Challenge Grants		
10.250	I	-153	Agricultural and Rural Economic Research	F184542	Univ of Wisconsin
10.303	D	305,451	Integrated Programs		
11.000	D	2,349	U.S. Department of Commerce		
11.419	I	21,576	Coastal Zone Management Administration Awards	08-053	Univ of New Hampshire
11.431	D	28,884	Climate and Atmospheric Research		
11.460	D	17,739	Special Oceanic and Atmospheric Projects		
11.478	D	260,423	Center for Sponsored Coastal Ocean Research-Coastal Ocean Program		
12	D	164,966	U.S. Department of Defense		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
12	I	7,594	U.S. Department of Defense	SUB1-00276	Foster-Miller Inc
12	I	4,526	U.S. Department of Defense	750263 US	Radian Intl LLC
12	I	53,216	U.S. Department of Defense	80300030	Concurrent Tech Corp
12.420	D	658,808	Military Medical Research and Development		
14.511	D	-7,246	Community Outreach Partnership Center Program		
15	D	116,887	U.S. Department of the Interior		
15	I	2,627	U.S. Department of the Interior	06-000045	Univ of Puerto Rico
15.608	D	3,507	Fish and Wildlife Management Assistance		
15.631	D	1,000	Partners for Fish and Wildlife		
15.808	D	39,726	U.S. Geological Survey- Research and Data Collection		
16.543	I	10,123	Missing Children's Assistance	Gree-NC-PS07	Natl Children's Alliance
20.515	I	6,000	State Planning and Research	3049003200-07-470	Univ of Kentucky
20.515	I	9,904	State Planning and Research	UKRF3049022337-08-20	Univ of Kentucky
43	D	197,409	National Aeronautics and Space Administration		
45.024	D	16,425	Promotion of the Arts-Grants to Organizations and Individuals		
45.313	D	46,198	Laura Bush 21st Century Librarian Program		
47	D	14,904	National Science Foundation		
47.049	D	68,988	Mathematical and Physical Sciences		
47.049	I	28,587	Mathematical and Physical Sciences	501-1337-01	Purdue Univ
47.050	D	102,237	Geosciences		
47.050	I	16,827	Geosciences	Sub# 16-2002	Amer Museum of Natural History
47.074	D	326,691	Biological Sciences		
47.074	I	58,758	Biological Sciences	50105-2	Field Museum
47.074	I	4,632	Biological Sciences	532700	Northeastern Univ
47.074	I	-832	Biological Sciences	10167-112940	Univ of Virginia
47.074	I	76,169	Biological Sciences	GA10618-127098	Univ of Virginia
47.075	D	206,578	Social, Behavioral, and Economic Sciences		
47.076	D	781,570	Education and Human Resources		
47.076	I	62,672	Education and Human Resources	ERD63	Florida Atlantic Univ
47.078	D	9,156	Polar Programs		
66.500	I	-267	Environmental Protection-Consolidated Research	00ECUEPA8401	Pennsylvania State Univ
81	D	42,724	U.S. Department of Energy		
81	I	14,130	U.S. Department of Energy	545794	Sandia Natl Labs
81	I	7,503	U.S. Department of Energy	N/A	Alcorn State University
81	I	55,384	U.S. Department of Energy	634758	Jackson State University
81.049	D	2,904	Office of Science Financial Assistance Program		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84	D	118,960	U.S. Department of Education		
84	I	36,103	U.S. Department of Education	07-NC11	Natl Writing Project Corp
84.007	D	1,039,226	Federal Supplemental Educational Opportunity Grants		
84.016	D	54,881	Undergraduate International Studies and Foreign Language Programs		
84.021	D	35,111	Overseas Programs - Group Projects Abroad		
84.032	D	18,593,778	Federal Family Education Loans		
84.033	D	525,829	Federal Work-Study Program		
84.038	D	11,969,722	Federal Perkins Loan Program-Federal Capital Contributions		
84.063	D	15,047,937	Federal Pell Grant Program		
84.116	I	11,565	Fund for the Improvement of Postsecondary Education	06-572-ECU	West Virginia Univ
84.133	I	46,900	National Institute on Disability and Rehabilitation Research	OSP02830020070025	Southern Univ A&M
84.215	I	71	Fund for the Improvement of Education	MD-05-8017	Natl Coun on Economic Educ
84.324	I	53,580	Research in Special Education	5468	Univ of Connecticut
84.325	D	490,349	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		
84.334	D	10,943	Gaining Early Awareness and Readiness for Undergraduate Programs		
84.334	I	10,925	Gaining Early Awareness and Readiness for Undergraduate Programs	N/A	Beaufort Co Schools
84.334	I	6,944	Gaining Early Awareness and Readiness for Undergraduate Programs	N/A	Hyde Co Schools
84.350	D	72,027	Transition to Teaching		
84.375	D	756,941	Academic Competitiveness Grants		
84.376	D	151,384	National Science and Mathematics Access to Retain Talent (SMART) Grants		
93	D	4,891	U.S. Department of Health and Human Services		
93.061	D	89,024	Innovations in Applied Public Health Research		
93.086	D	561,550	Healthy Marriage Promotion and Responsible Fatherhood Grants		
93.113	D	59,192	Environmental Health		
93.124	D	20,418	Nurse Anesthetist Traineeships		
93.153	D	665,505	Coordinated Services and Access to Research for Women, Infants, Children, and Youth		
93.173	D	235,829	Research Related to Deafness and Communication Disorders		
93.173	I	42,248	Research Related to Deafness and Communication Disorders	N/A	Jackson Lab
93.213	D	55,944	Research and Training in Complementary and Alternative Medicine		
93.239	I	465	Policy Research and Evaluation Grants	UKRF 3048104033-08-2	Univ of Kentucky
93.247	D	524,759	Advanced Education Nursing Grant Program		
93.262	D	167	Occupational Safety and Health Program		
93.262	I	8,182	Occupational Safety and Health Program	G-4606-5 (Formally G	Colorado State Univ
93.273	D	596,721	Alcohol Research Programs		
93.273	I	110,182	Alcohol Research Programs	1-48U-9621	RTI International

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.279	D	215,939	Drug Abuse and Addiction Research Programs		
93.283	I	45,275	Centers for Disease Control and Prevention-Investigations and Technical Assistance	N/A	AAMC
93.286	D	87,835	Discovery and Applied Research for Technological Innovations to Improve Human Health		
93.342	D	111,361	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students		
93.358	D	97,665	Advanced Education Nursing Traineeships		
93.361	D	16,278	Nursing Research		
93.361	I	378	Nursing Research	5 RO1NR0490	Univ of Arkansas
93.364	D	250,354	Nursing Student Loans		
93.389	I	58,572	National Center for Research Resources	UT13177	Ohio Univ
93.395	D	350,304	Cancer Treatment Research		
93.395	I	1,424	Cancer Treatment Research	RTOG 0521	Amer Coll of Radiology
93.395	I	1,829	Cancer Treatment Research	RTOG0212	Amer Coll of Radiology
93.395	I	1,582	Cancer Treatment Research	RTOG0247	Amer Coll of Radiology
93.395	I	77	Cancer Treatment Research	RTOG8704	Amer Coll of Radiology
93.395	I	592	Cancer Treatment Research	RTOG9408	Amer Coll of Radiology
93.395	I	155	Cancer Treatment Research	RTOG9413	Amer Coll of Radiology
93.395	I	25	Cancer Treatment Research	RTOG9804	Amer Coll of Radiology
93.395	I	937	Cancer Treatment Research	E1697	Eastern Cooperative Oncology Group
93.395	I	8,092	Cancer Treatment Research	E2603	Eastern Cooperative Oncology Group
93.395	I	207	Cancer Treatment Research	ECOG 40101	Eastern Cooperative Oncology Group
93.395	I	1,093	Cancer Treatment Research	ECOG 80101	Eastern Cooperative Oncology Group
93.395	I	53	Cancer Treatment Research	ECOG S0012	Eastern Cooperative Oncology Group
93.395	I	1,902	Cancer Treatment Research	NCIC MA 27	Eastern Cooperative Oncology Group
93.395	I	3,549	Cancer Treatment Research	PACCT-1	Eastern Cooperative Oncology Group
93.395	I	6,446	Cancer Treatment Research	CA27469-24	Gynecologic Oncology Group
93.395	I	14,235	Cancer Treatment Research	CA27469-25	Gynecologic Oncology Group
93.395	I	29,203	Cancer Treatment Research	98543-1207	Natl Childhood Cancer Found
93.395	I	1,582	Cancer Treatment Research	B-42	Natl Surgical Adjuvant Breast and B
93.395	I	1,231	Cancer Treatment Research	C-08	Natl Surgical Adjuvant Breast and B
93.395	I	931	Cancer Treatment Research	FB-AX-003	Natl Surgical Adjuvant Breast and B
93.395	I	12,607	Cancer Treatment Research	TFED32-194	Natl Surgical Adjuvant Breast and B
93.395	I	9,769	Cancer Treatment Research	TFED35-194	Natl Surgical Adjuvant Breast and B
93.396	D	198,170	Cancer Biology Research		
93.398	D	130,893	Cancer Research Manpower		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.399	I	2,317	Cancer Control	PFED21-ECU01	Natl Surgical Adjuvant Breast and B
93.837	D	44,879	Heart and Vascular Diseases Research		
93.837	I	44,195	Heart and Vascular Diseases Research	N/A	Duke University
93.837	I	155,626	Heart and Vascular Diseases Research	121654	Duke University
93.837	I	3,323	Heart and Vascular Diseases Research	148732	Duke University
93.838	D	126,451	Lung Diseases Research		
93.839	I	15,967	Blood Diseases and Resources Research	7210027	St Jude Children's Research Hosp
93.839	I	42,282	Blood Diseases and Resources Research	7251881	St Jude Children's Research Hosp
93.846	D	698,696	Arthritis, Musculoskeletal and Skin Diseases Research		
93.846	I	628	Arthritis, Musculoskeletal and Skin Diseases Research	N/A	Duke University
93.846	I	4,114	Arthritis, Musculoskeletal and Skin Diseases Research	AR049459PC	Med Univ of South Carolina
93.847	D	1,049,551	Diabetes, Endocrinology and Metabolism Research		
93.848	D	233,687	Digestive Diseases and Nutrition Research		
93.848	I	8,850	Digestive Diseases and Nutrition Research	3320	Univ of Pittsburgh
93.849	D	337,979	Kidney Diseases, Urology and Hematology Research		
93.849	I	34,776	Kidney Diseases, Urology and Hematology Research	N/A	Rhode Island Hosp
93.849	I	3,855	Kidney Diseases, Urology and Hematology Research	R01 DK65114-01	Tufts Univ
93.853	D	77,097	Extramural Research Programs in the Neurosciences and Neurological Disorders		
93.853	I	919	Extramural Research Programs in the Neurosciences and Neurological Disorders	PO 000093360	Children's Hosp of Boston
93.853	I	7,984	Extramural Research Programs in the Neurosciences and Neurological Disorders	ECU 5-07332	Washington Univ
93.853	I	2,499	Extramural Research Programs in the Neurosciences and Neurological Disorders	A06657 (M-08-335)	Yale Univ
93.855	D	876,017	Allergy, Immunology and Transplantation Research		
93.856	D	207,041	Microbiology and Infectious Diseases Research		
93.859	D	83,603	Biomedical Research and Research Training		
93.865	D	52,843	Child Health and Human Development Extramural Research		
93.865	I	65,631	Child Health and Human Development Extramural Research	1192-7559-209-200640	Clemson Univ
93.865	I	31,159	Child Health and Human Development Extramural Research	08-032	Univ of Texas Med Branch at Galveston
93.866	D	690,367	Aging Research		
93.884	D	190,661	Grants for Training in Primary Care Medicine and Dentistry		
93.918	D	382,435	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease		
93.925	D	123,750	Scholarships for Health Professions Students from Disadvantaged Backgrounds		
93.956	D	425,062	Agricultural Health and Safety Programs		
93.984	D	-1,600	Academic Administrative Units in Primary Care		
		<u>63,572,792</u>	Total — East Carolina University		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>Elizabeth City State University</u>					
10.308	I	17,598	Resident Instruction Grants for Insular Area Activities	CR38820-17536	Virginia State University
10.308	I	28,795	Resident Instruction Grants for Insular Area Activities	CR38820-16383	Virginia State University
10.441	D	21,213	Technical and Supervisory Assistance Grants		
11.550	D	207,403	Public Telecommunications Facilities Planning and Construction		
12.300	D	77,400	Basic and Applied Scientific Research		
12.431	D	568,918	Basic Scientific Research		
12.901	D	27,246	Mathematical Sciences Grants Program		
14.169	D	91,751	Housing Counseling Assistance Program		
14.237	D	533	Historically Black Colleges and Universities Program		
14.408	D	43,847	Fair Housing Initiatives Program		
15.650	D	8,278	Reseach Grants (Generic)		
16.588	D	98,230	Violence Against Women Formula Grants		
20.200	D	92,714	Highway Research and Development Program		
20.205	D	52,743	Highway Planning and Construction		
47.050	I	31,616	Geosciences	GEO-0631377	Univ of New Hampshire
47.070	I	66,278	Computer and Information Science and Engineering	CNS-0723054	Indiana University
47.076	I	57,095	Education and Human Resources	GA10652-128694	University of Virginia
47.076	I	59,998	Education and Human Resources	DUE05GJ83G	Univ of New Hampshire
47.076	I	150	Education and Human Resources	HRD0116000	University of Virginia
47.078	I	305,282	Polar Programs	ANT0424589	University of Kansas
47.080	D	295,178	Office of Cyberinfrastructure		
81.049	D	311,635	Office of Science Financial Assistance Program		
84.007	D	220,018	Federal Supplemental Educational Opportunity Grants		
84.031	D	2,604,224	Higher Education-Institutional Aid		
84.032	D	1,803,724	Federal Family Education Loans		
84.033	D	372,539	Federal Work-Study Program		
84.038	D	852,977	Federal Perkins Loan Program-Federal Capital Contributions		
84.042	D	282,420	TRIO-Student Support Services		
84.044	D	345,602	TRIO-Talent Search		
84.047	D	235,346	TRIO-Upward Bound		
84.063	D	6,104,590	Federal Pell Grant Program		
84.120	D	181,576	Minority Science and Engineering Improvement		
84.217	D	197,923	TRIO-McNair Post-Baccalaureate Achievement		
84.268	D	7,700,213	Federal Direct Student Loans		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.334	D	11,251	Gaining Early Awareness and Readiness for Undergraduate Programs		
84.350	D	232,833	Transition to Teaching		
84.375	D	184,508	Academic Competitiveness Grants		
84.376	D	131,935	National Science and Mathematics Access to Retain Talent (SMART) Grants		
93.243	D	1,944	Substance Abuse and Mental Health Services-Projects of Regional and National Significance		
93.307	D	254,712	Minority Health and Health Disparities Research		
93.398	D	195,379	Cancer Research Manpower		
93.571	D	28,696	Community Services Block Grant Formula and Discretionary Awards Community Food and Nutrition Programs		
93.940	D	4,509	HIV Prevention Activities-Health Department Based		
98.012	D	1,930,246	USAID Development Partnerships for University Cooperation and Development		
		<u>26,341,066</u>	Total — Elizabeth City State University		

Fayetteville State University

11.550	D	533	Public Telecommunications Facilities Planning and Construction		
12.420	D	-7,600	Military Medical Research and Development		
12.431	D	67,283	Basic Scientific Research		
43.001	I	276	Aerospace Education Services Program	N/A	University of Alabama
43.001	D	16,842	Aerospace Education Services Program		
47.049	D	1,578	Mathematical and Physical Sciences		
47.076	D	378,837	Education and Human Resources		
84.007	D	762,419	Federal Supplemental Educational Opportunity Grants		
84.031	D	3,945,858	Higher Education-Institutional Aid		
84.032	D	26,056,589	Federal Family Education Loans		
84.033	D	544,216	Federal Work-Study Program		
84.038	D	2,872,534	Federal Perkins Loan Program-Federal Capital Contributions		
84.042	D	321,266	TRIO-Student Support Services		
84.044	D	261,015	TRIO-Talent Search		
84.047	D	290,060	TRIO-Upward Bound		
84.063	D	11,269,845	Federal Pell Grant Program		
84.066	D	390,132	TRIO-Educational Opportunity Centers		
84.120	D	58,590	Minority Science and Engineering Improvement		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.334	D	544,941	Gaining Early Awareness and Readiness for Undergraduate Programs		
84.375	D	444,193	Academic Competitiveness Grants		
84.376	D	28,110	National Science and Mathematics Access to Retain Talent (SMART) Grants		
93.307	D	304,725	Minority Health and Health Disparities Research		
93.779	D	118,667	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		
93.859	D	364,780	Biomedical Research and Research Training		
99	I	955	Other Federal Assistance	N/A	NCO
99	I	132,124	Other Federal Assistance	N/A	Center for Public Broadcasting
		<u>49,168,768</u>	Total — Fayetteville State University		

North Carolina Agricultural & Technical State University

10	D	675,621	U.S. Department of Agriculture		
10	I	2,291	U.S. Department of Agriculture	N/A	Colorado State
10	I	10,287	U.S. Department of Agriculture	332.77-05.008	Tennessee State
10	I	3,397	U.S. Department of Agriculture	TCE 450021	Texas A and M University
10	I	16,568	U.S. Department of Agriculture	UF06044	University of Florida
10	I	456	U.S. Department of Agriculture	19070-425632	Virginia Polytechnic Institute and State University
10	I	-2,546	U.S. Department of Agriculture	LG-14476	West Virginia State University
10.200	D	89	Grants for Agricultural Research, Special Research Grants		
10.200	I	67,265	Grants for Agricultural Research, Special Research Grants	CR-0333-0001	West Virginia State University
10.205	D	3,638,893	Payments to 1890 Land-Grant Colleges and Tuskegee University		
10.205	I	18,379	Payments to 1890 Land-Grant Colleges and Tuskegee University	purchase order#U130837	University of Maryland - Eastern Shore
10.206	D	1,910,117	Grants for Agricultural Research-Competitive Research Grants		
10.206	I	-1,050	Grants for Agricultural Research-Competitive Research Grants	agreement dated 11/15/05	Tennessee State
10.206	I	135	Grants for Agricultural Research-Competitive Research Grants	sub-2005-35618-15756-ncat	Alabama A & M University
10.210	D	31,474	Food and Agricultural Sciences National Needs Graduate Fellowship Grants		
10.216	D	528,555	1890 Institution Capacity Building Grants		
10.303	I	2,199	Integrated Programs	BFK500-SB-003	University of Idaho
10.443	D	95,469	Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers		
10.500	D	785,033	Cooperative Extension Service		
10.500	I	34,689	Cooperative Extension Service	622151	Texas A and M University
10.500	I	400	Cooperative Extension Service	622037	Texas A and M University
10.500	I	13,332	Cooperative Extension Service	agreement # 19070-546071	Virginia Polytechnic Institute and State University
11.400	D	139,736	Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
11.481	D	2,170,570	Educational Partnership Program		
12	D	736,374	U.S. Department of Defense		
12	I	33,057	U.S. Department of Defense	P.O.# 6015-P 004	BCP International LTD.
12	I	2,169	U.S. Department of Defense	GST040DB0305	Chenega Federal Systems, LLC
12	I	6,019	U.S. Department of Defense	DO# 4THZ97064543	Mississippi State University
12	I	182	U.S. Department of Defense	05-3005-NCAT	3 Phoenix Incorporated
12	I	164	U.S. Department of Defense	06-3010-NCAT	3 Phoenix Incorporated
12	I	115,843	U.S. Department of Defense	06-3011-001-NCAT	3 Phoenix Incorporated
12	I	37,841	U.S. Department of Defense	07-S530-0047-03-C1	Air Force Research Laboratory
12	I	189	U.S. Department of Defense	PO# 6004.005.01-1	Alion Science and Technology
12	I	93,084	U.S. Department of Defense	NCAT 06-S001-[2]-C2	Clarkson Aerospace
12	I	204,927	U.S. Department of Defense	06-S567-06-C2	Clarkson Aerospace
12	I	44,463	U.S. Department of Defense	sub# USAF-3446-23-SC-0001	General Dynamics Information Technology
12	I	46,107	U.S. Department of Defense	ICA-05-03-004	General Dynamics Information Technology
12	I	264,093	U.S. Department of Defense	Prime # - 7100014878	Lockheed Martin Corporation
12	I	10,329	U.S. Department of Defense	purchase order #7146615	Lockheed Martin Corporation
12	I	1,028	U.S. Department of Defense	DTRA0006.01	Pennsylvania State University
12	I	-2,763	U.S. Department of Defense	00014-4-0115	Pennsylvania State University
12	I	22,414	U.S. Department of Defense	subconS03-34 ITO dtrA0001	Pennsylvania State University
12	I	86,804	U.S. Department of Defense	DTRA0006.01	Pennsylvania State University
12	I	-1,137	U.S. Department of Defense	7014-4-0117	Pennsylvania State University
12	I	2,051	U.S. Department of Defense	FY2005-2006NCA&T-CAMSS	Pittsburgh State
12	I	78,541	U.S. Department of Defense	FY05-06NCAT-CCMR	Pittsburgh State
12	I	54,521	U.S. Department of Defense	P.O.# 4400217107	Raytheon Corporation
12	I	-344	U.S. Department of Defense	PO#4400076192	Raytheon Corporation
12	I	71	U.S. Department of Defense	DAAL01-96-2-0003	Rockwell INT
12	I	1,344	U.S. Department of Defense	N00014-06-M-0339	Triangle Polymer Technologies
12	I	-7,571	U.S. Department of Defense	441186C	United Negro College Fund
12	I	14,685	U.S. Department of Defense	05-S555-0006-C3	United Technologies Corporation
12.100	D	95,633	Aquatic Plant Control		
12.300	D	1,227,236	Basic and Applied Scientific Research		
12.300	I	2,832	Basic and Applied Scientific Research	422013	Texas A and M University
12.300	I	28,296	Basic and Applied Scientific Research	N00014-07-1-1010	University of Mississippi
12.431	D	1,753,151	Basic Scientific Research		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
12.431	I	-4,729	Basic Scientific Research	04-SC-ARO-1020	Duke University
12.431	I	109,955	Basic Scientific Research	Z859301	University of Maryland
12.630	D	113,479	Basic, Applied, and Advanced Research in Science and Engineering		
12.800	D	141,886	Air Force Defense Research Sciences Program		
12.901	D	77,791	Mathematical Sciences Grants Program		
14.000	I	7,678	U.S. Department of Housing and Urban Development	agreement dated 1/1/2005	City of Greensboro
14.237	D	61,900	Historically Black Colleges and Universities Program		
14.520	D	148,873	Historically Black Colleges and Universities Program		
20	D	19,311	U.S. Department of Transportation		
20	I	-1,635	U.S. Department of Transportation	02-447398-NSTI-NCA&T-NC	South Carolina State University
20	I	11,763	U.S. Department of Transportation	99-NCA&T-E1 task order 1	University of Tennessee
20	I	-7,614	U.S. Department of Transportation	437-25-46	Iowa University
43	D	599,963	National Aeronautics and Space Administration		
43	I	27,676	National Aeronautics and Space Administration	Letter dated 9-23-03	National Action Council on Minorities in Engineering
43	I	30,001	National Aeronautics and Space Administration	P.O. # 2020-071707	2020 Company, LLC
43	I	-1,214	National Aeronautics and Space Administration	N/A	2021 Company, LLC
43	I	12,409	National Aeronautics and Space Administration	5H07563	Boeing Company
43	I	102,244	National Aeronautics and Space Administration	X07-7019-NCAT	National Institute of Aerospace
43	I	186,345	National Aeronautics and Space Administration	NCAT-03-01	National Institute of Aerospace
43	I	22,661	National Aeronautics and Space Administration	Letter dated 7/15/2006	United Negro College Fund
43	I	14,345	National Aeronautics and Space Administration	UF-EIES-0202006-NCAT	University of Florida
43	I	141,020	National Aeronautics and Space Administration	Z689201	University of Maryland
43	I	-26,623	National Aeronautics and Space Administration	NCAT-03-01	Virginia Polytechnic Institute and State University
43.001	I	4,985	Aerospace Education Services Program	Sub award #Z634017	University of Maryland
47	D	2,146,594	National Science Foundation		
47	I	109,362	National Science Foundation	3027-NCATS-NSF-0062	Pennsylvania State University
47	I	122,997	National Science Foundation	Subcontract no. 2	Hampton University
47	I	1,611	National Science Foundation	62205	Nati'l Ctr for Engineering and Technology Education
47	I	195,061	National Science Foundation	04-308:Grant Code: A6735	National Science Foundation
47	I	4,351	National Science Foundation	DMI - 0419218	Performance Polymer Solutions, Inc
47	I	62	National Science Foundation	N/A	Virginia Polytechnic Institute and State University
47	I	6,007	National Science Foundation	CR-19070-527756	Virginia Polytechnic Institute and State University
47.041	D	165,821	Engineering Grants		
47.041	I	74,812	Engineering Grants	01-061004	BlueRISC
47.041	I	50,877	Engineering Grants	F010310	University of Michigan
47.041	I	281,156	Engineering Grants	EEC-0540834	University of Minnesota

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
47.041	I	32,725	Engineering Grants	UTA06-820	University of Texas at Austin
47.041	I	124,733	Engineering Grants	CR-19070-427756	Virginia Polytechnic Institute and State University
47.049	D	461,971	Mathematical and Physical Sciences		
47.049	I	722	Mathematical and Physical Sciences	45499-7678	Cornell University
47.050	D	74,589	Geosciences		
47.070	D	293,842	Computer and Information Science and Engineering		
47.074	D	2,303	Biological Sciences		
47.076	D	2,584,255	Education and Human Resources		
47.076	I	250	Education and Human Resources	agreement no.: RSC02014	National Science Foundation
47.076	I	23,520	Education and Human Resources	501-2396-01	Purdue University
47.076	I	90,214	Education and Human Resources	41447002	Utah State University
47.079	D	42,553	International Science and Engineering (OISE)		
66	D	210,469	Environmental Protection Agency		
77	D	26,069	Nuclear Regulatory Commission		
81	D	191,923	U.S. Department of Energy		
81	I	36,267	U.S. Department of Energy	633254-192522	Howard University
81	I	12,303	U.S. Department of Energy	STAC-agreement	National Association of State Energy Officials
81	I	1,381	U.S. Department of Energy	XCX-2-31214-01	National Renewable Energy Lab
81	I	16,616	U.S. Department of Energy	ACQ-4-33623-07	National Renewable Energy Lab
81	I	19,418	U.S. Department of Energy	SC10041	Prairie View A & M University
81	I	48,855	U.S. Department of Energy	07-731003-UTC-NCA&T-NC	South Carolina State University
81	I	348	U.S. Department of Energy	SURA-02-C0004	Southeastern Universities Research Association
81	I	30,797	U.S. Department of Energy	4000020229	UT Battelle LLC
81.089	D	133,250	Fossil Energy Research and Development		
84	D	986,471	U.S. Department of Education		
84	I	7,935	U.S. Department of Education	agreement dated 4/20/04	Nat'l Council for Accreditation of Teacher Education
84.007	D	676,040	Federal Supplemental Educational Opportunity Grants		
84.029	D	-354	Special Education - Personnel Development and Parent Training		
84.031	D	5,044,334	Higher Education-Institutional Aid		
84.033	D	372,463	Federal Work-Study Program		
84.038	D	2,205,984	Federal Perkins Loan Program-Federal Capital Contributions		
84.042	D	290,601	TRIO-Student Support Services		
84.047	D	440,152	TRIO-Upward Bound		
84.063	D	13,352,773	Federal Pell Grant Program		
84.120	D	8,352	Minority Science and Engineering Improvement		
84.217	D	234,642	TRIO-McNair Post-Baccalaureate Achievement		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.268	D	45,591,480	Federal Direct Student Loans		
84.271	D	2,477	Faculty Development Fellowship		
84.315	D	218,594	Capacity Building for Traditionally Underserved Populations		
84.375	D	720,993	Academic Competitiveness Grants		
84.376	D	145,276	National Science and Mathematics Access to Retain Talent (SMART) Grants		
93	D	165,468	U.S. Department of Health and Human Services		
93	I	144	U.S. Department of Health and Human Services	FCVP009-02	Central State University
93	I	33,131	U.S. Department of Health and Human Services	OSP-02-8300-2008-0041	Southern University A & M College
93.004	I	12,989	Cooperative Agreements to Improve the Health Status of Minority Populations	Agreement dated 111505	Forsyth Medical Center Foundation
93.134	I	1,056	Grants to Increase Organ Donations	11	National Kidney Foundation
93.194	I	8,917	Community Prevention Coalitions (Partnership)	#00011	National Kidney Foundation
93.242	I	16,260	Mental Health Research Grants	RR274-2658920947	University of Georgia
93.243	I	1,404	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	TI-17165	Morehouse College
93.262	D	18,257	Occupational Safety and Health Program		
93.273	D	19,006	Alcohol Research Programs		
93.359	D	38,307	Nurse Education, Practice and Retention Grants		
93.361	D	148,979	Nursing Research		
93.375	D	-14,768	Minority Biomedical Research Support		
93.389	D	912,191	National Center for Research Resources		
93.390	D	64,459	Academic Research Enhancement Award		
93.855	D	68,885	Allergy, Immunology and Transplantation Research		
93.859	I	14,208	Biomedical Research and Research Training	T36 GM008789	Carnegie Mellon University
93.864	D	-160	Population Research		
93.880	D	13	Minority Access to Research Careers		
93.925	D	-33,530	Scholarships for Health Professions Students from Disadvantaged Backgrounds		
97.062	D	8,633	Scholars and Fellows, and Educational Programs		
98	D	951	United States Agency for International Development		
98	I	6,976	United States Agency for International Development	executed agreement 2/3/06	Organization Capacity Improvement Consultants
98	I	-2,565	United States Agency for International Development	RC710-013/409254	Education R & D Association of Georgia University
98	I	327,245	United States Agency for International Development	N19070A-4256632	Virginia Polytechnic Institute and State University
		<u>96,618,215</u>	Total — North Carolina Agricultural & Technical State University		

North Carolina Central University

10.069	D	5,202	Conservation Reserve Program		
12.420	I	17,164	Military Medical Research and Development	128327	Duke University

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
12.420	D	136,593	Military Medical Research and Development		
12.431	D	246,472	Basic Scientific Research		
12.800	D	-20,579	Air Force Defense Research Sciences Program		
14.246	D	8,932	Community Development Block Grants/Brownfields Economic Development Initiative		
14.512	D	33,059	Community Development Work-Study Program		
14.520	D	-184	Historically Black Colleges and Universities Program		
16.541	D	58,692	Part E - Developing, Testing and Demonstrating Promising New Programs		
43.002	D	16,565	Technology Transfer		
45.024	D	223	Promotion of the Arts-Grants to Organizations and Individuals		
45.169	D	18,096	Promotion of the Humanities-Office of Digital Humanities		
45.313	D	202,802	Laura Bush 21st Century Librarian Program		
47.041	D	40,247	Engineering Grants		
47.049	D	41,341	Mathematical and Physical Sciences		
47.050	D	59,436	Geosciences		
47.074	D	83,388	Biological Sciences		
47.076	D	614,460	Education and Human Resources		
66.436	D	8,028	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act		
66.511	D	988,832	Office of Research and Development Consolidated Research/Training		
81.049	D	71,482	Office of Science Financial Assistance Program		
81.087	D	53,994	Renewable Energy Research and Development		
84.007	D	913,025	Federal Supplemental Educational Opportunity Grants		
84.031	D	5,955,680	Higher Education-Institutional Aid		
84.033	D	936,351	Federal Work-Study Program		
84.038	D	6,483,411	Federal Perkins Loan Program-Federal Capital Contributions		
84.063	D	12,102,123	Federal Pell Grant Program		
84.215	D	1,579	Fund for the Improvement of Education		
84.268	D	63,791,522	Federal Direct Student Loans		
84.325	D	299,598	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		
84.350	D	242,042	Transition to Teaching		
84.375	D	581,741	Academic Competitiveness Grants		
84.376	D	84,000	National Science and Mathematics Access to Retain Talent (SMART) Grants		
93.009	D	187,313	Compassion Capital Fund		
93.178	D	17,856	Nursing Workforce Diversity		
93.243	I	135	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	TI-17165	Morehouse School of Medicine

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.279	D	451,821	Drug Abuse and Addiction Research Programs		
93.307	D	859,631	Minority Health and Health Disparities Research		
93.361	D	48,545	Nursing Research		
93.364	D	29,454	Nursing Student Loans		
93.393	I	2,622	Cancer Cause and Prevention Research	22402-98012664	Univ. of Texas MDACC
93.393	D	246,428	Cancer Cause and Prevention Research		
93.396	D	134,551	Cancer Biology Research		
93.399	D	48,696	Cancer Control		
93.822	D	5,796	Health Careers Opportunity Program		
93.837	D	553,569	Heart and Vascular Diseases Research		
93.847	D	123,778	Diabetes, Endocrinology and Metabolism Research		
93.853	D	116,948	Extramural Research Programs in the Neurosciences and Neurological Disorders		
93.855	D	93,412	Allergy, Immunology and Transplantation Research		
93.859	I	33,378	Biomedical Research and Research Training	1090125-170457	Carnegie Melton Univ.
93.859	D	664,576	Biomedical Research and Research Training		
93.865	D	6,136	Child Health and Human Development Extramural Research		
93.879	D	42,528	Medical Library Assistance		
93.925	D	235,409	Scholarships for Health Professions Students from Disadvantaged Backgrounds		
93.928	D	62,430	Special Projects of National Significance		
93.940	D	11,440	HIV Prevention Activities-Health Department Based		
98.001	I	-1,385	USAID Foreign Assistance for Programs Overseas	0348-0004	UNCF Special Programs
		<u>98,050,384</u>	Total — North Carolina Central University		

N. C. School of Science and Mathematics

84.215	D	316,119	Fund for the Improvement of Education		
		<u>316,119</u>	Total — N. C. School of Science and Mathematics		

North Carolina School of the Arts

84.007	D	53,202	Federal Supplemental Educational Opportunity Grants		
84.032	D	56,815	Federal Family Education Loans		
84.033	D	41,391	Federal Work-Study Program		
84.038	D	505,160	Federal Perkins Loan Program-Federal Capital Contributions		
84.063	D	602,670	Federal Pell Grant Program		
84.268	D	5,048,729	Federal Direct Student Loans		
84.375	D	41,850	Academic Competitiveness Grants		
		<u>6,349,817</u>	Total — North Carolina School of the Arts		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>North Carolina State University</u>					
10	D	4,412,072	U.S. Department of Agriculture		
10	I	8,000	U.S. Department of Agriculture	N/A	NCAT
10	I	6,003	U.S. Department of Agriculture	2008-1871	Government of Camero
10	I	33,905	U.S. Department of Agriculture	412-30-40	Iowa State Univ
10	I	2,944	U.S. Department of Agriculture	330544-080300-06	Mississippi State
10	I	10,000	U.S. Department of Agriculture	N/A	National Honey Board
10	I	58,797	U.S. Department of Agriculture	8000001033-2	Purdue University
10	I	58,839	U.S. Department of Agriculture	8000001033-3	Purdue University
10	I	84,209	U.S. Department of Agriculture	8000008717-1	Purdue University
10	I	-18	U.S. Department of Agriculture	6015-0000000261	Univ of Florida
10	I	3,338	U.S. Department of Agriculture	6015-0000000447	Univ of Florida
10	I	329	U.S. Department of Agriculture	6015-0000000448	Univ of Florida
10	I	153	U.S. Department of Agriculture	6015-0000000477	Univ of Florida
10	I	-71	U.S. Department of Agriculture	6015-0000000497	Univ of Florida
10	I	2,662	U.S. Department of Agriculture	6015-0000000498	Univ of Florida
10	I	52,213	U.S. Department of Agriculture	RD309-097/3504648	Univ of Georgia
10.001	D	922,769	Agricultural Research-Basic and Applied Research		
10.001	I	-6,315	Agricultural Research-Basic and Applied Research	61-4666A	Michigan State Univ.
10.001	I	11,537	Agricultural Research-Basic and Applied Research	V211654	Univ of Wisconsin
10.025	D	446,992	Plant and Animal Disease, Pest Control, and Animal Care		
10.168	D	15,415	Farmers' Market Promotion Program		
10.200	D	1,298,212	Grants for Agricultural Research, Special Research Grants		
10.200	I	18,678	Grants for Agricultural Research, Special Research Grants	1015-7559-207-2004	Clemson University
10.200	I	2,110	Grants for Agricultural Research, Special Research Grants	46747-7588	Cornell University
10.200	I	18,030	Grants for Agricultural Research, Special Research Grants	51401-8272	Cornell University
10.200	I	11,163	Grants for Agricultural Research, Special Research Grants	N/A	SC Dept Natural Reso
10.200	I	26,533	Grants for Agricultural Research, Special Research Grants	N/A	Univ of Arkansas
10.200	I	13,705	Grants for Agricultural Research, Special Research Grants	6015-0000000684	Univ of Florida
10.200	I	6,817	Grants for Agricultural Research, Special Research Grants	6015-0000000685	Univ of Florida
10.200	I	15,191	Grants for Agricultural Research, Special Research Grants	6015-0000000703	Univ of Florida
10.200	I	2,124	Grants for Agricultural Research, Special Research Grants	6015-0000000724	Univ of Florida
10.200	I	2,934	Grants for Agricultural Research, Special Research Grants	6025-0000000780	Univ of Florida
10.200	I	18,051	Grants for Agricultural Research, Special Research Grants	UF IFAS 00062505	Univ of Florida
10.200	I	68,632	Grants for Agricultural Research, Special Research Grants	UF-IFAS 00062584	Univ of Florida
10.200	I	67,413	Grants for Agricultural Research, Special Research Grants	UF-IFAS 00068761	Univ of Florida
10.200	I	10,339	Grants for Agricultural Research, Special Research Grants	2003-1035-02	Univ of Georgia
10.200	I	39,502	Grants for Agricultural Research, Special Research Grants	RD309-049/6582527	Univ of Georgia
10.200	I	49,965	Grants for Agricultural Research, Special Research Grants	RD309-055/7877217	Univ of Georgia

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
10.200	I	396	Grants for Agricultural Research, Special Research Grants	RD309-055/9820117	Univ of Georgia
10.200	I	3,009	Grants for Agricultural Research, Special Research Grants	RD309-061/3504428	Univ of Georgia
10.200	I	82,578	Grants for Agricultural Research, Special Research Grants	RD309-061/8922627	Univ of Georgia
10.200	I	67,198	Grants for Agricultural Research, Special Research Grants	RD309-061/9039957	Univ of Georgia
10.200	I	5,000	Grants for Agricultural Research, Special Research Grants	RD309-061/9821287	Univ of Georgia
10.200	I	4,348	Grants for Agricultural Research, Special Research Grants	RD309-061/9822597	Univ of Georgia
10.200	I	4,362	Grants for Agricultural Research, Special Research Grants	RD309-067/3500938	Univ of Georgia
10.200	I	2,395	Grants for Agricultural Research, Special Research Grants	RD309-067/3500988	Univ of Georgia
10.200	I	16,918	Grants for Agricultural Research, Special Research Grants	RD309-067/3501828	Univ of Georgia
10.200	I	2,915	Grants for Agricultural Research, Special Research Grants	RD309-067/3840008	Univ of Georgia
10.200	I	14,022	Grants for Agricultural Research, Special Research Grants	RD309-067/9821727	Univ of Georgia
10.200	I	50,738	Grants for Agricultural Research, Special Research Grants	RD309-067/9822887	Univ of Georgia
10.200	I	1,491	Grants for Agricultural Research, Special Research Grants	UM-S622	Univ of Maine
10.200	I	6,525	Grants for Agricultural Research, Special Research Grants	CR-19071-428201	VA. Polytech. Inst.
10.200	I	7,200	Grants for Agricultural Research, Special Research Grants	CR-19071-428336	VA. Polytech. Inst.
10.200	I	1,040	Grants for Agricultural Research, Special Research Grants	CR-19071-428338	VA. Polytech. Inst.
10.202	D	972,101	Cooperative Forestry Research		
10.203	D	7,509,666	Payments to Agricultural Experiment Stations Under the Hatch Act		
10.206	D	8,127,005	Grants for Agricultural Research-Competitive Research Grants		
10.206	I	10,326	Grants for Agricultural Research-Competitive Research Grants	927-7558-207-20046	Clemson University
10.206	I	14,146	Grants for Agricultural Research-Competitive Research Grants	G-1494-1	Colorado State Univ.
10.206	I	51,803	Grants for Agricultural Research-Competitive Research Grants	416-41-63	Iowa State Univ.
10.206	I	29,648	Grants for Agricultural Research-Competitive Research Grants	JCVI-07-009	J. Craig Venter Inst
10.206	I	7,920	Grants for Agricultural Research-Competitive Research Grants	5710002126	Mass. Inst. of Tech.
10.206	I	45,633	Grants for Agricultural Research-Competitive Research Grants	RF01092664 60011	Ohio State Univ.
10.206	I	29,072	Grants for Agricultural Research-Competitive Research Grants	2902-NCSU-USDA-539	Pennsylvania State U
10.206	I	75,699	Grants for Agricultural Research-Competitive Research Grants	Y452467	Univ of Arizona
10.206	I	12,571	Grants for Agricultural Research-Competitive Research Grants	014301-01	Univ of Cal - Davis
10.206	I	9,947	Grants for Agricultural Research-Competitive Research Grants	II RA014534-01	Univ of Cal - Davis
10.206	I	24,551	Grants for Agricultural Research-Competitive Research Grants	SUB07-000752-05	Univ of Cal - Davis
10.206	I	56,245	Grants for Agricultural Research-Competitive Research Grants	2005-06543-01	Univ of Illinois
10.206	I	30,279	Grants for Agricultural Research-Competitive Research Grants	O6706392283	Univ of Minnesota
10.206	I	1,017	Grants for Agricultural Research-Competitive Research Grants	CR-19071-428157	VA. Polytech. Inst.
10.207	D	207,541	Animal Health and Disease Research		
10.210	D	190,070	Food and Agricultural Sciences National Needs Graduate Fellowship Grants		
10.212	I	9,980	Small Business Innovation Research	2007-0916	Embrex, Inc.
10.212	I	8,856	Small Business Innovation Research	NCSU 1	Phytomyco Research C
10.215	I	4,362	Sustainable Agriculture Research and Education	RD309-097/3841708	Univ of Georgia

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
10.217	D	170,027	Higher Education Challenge Grants		
10.217	I	704	Higher Education Challenge Grants	416-43-24 A	Iowa State Univ.
10.219	D	172,825	Biotechnology Risk Assessment Research		
10.250	D	41,377	Agricultural and Rural Economic Research		
10.302	D	-134	Initiative for Future Agriculture and Food Systems		
10.303	D	2,641,763	Integrated Programs		
10.303	I	33,940	Integrated Programs	955-7557-207-20049	Clemson University
10.303	I	4,488	Integrated Programs	44387-7362	Cornell University
10.303	I	956	Integrated Programs	48228-7941	Cornell University
10.303	I	47,294	Integrated Programs	61-4152A	Michigan State Univ.
10.303	I	13,779	Integrated Programs	012000-322287-02	Mississippi State
10.303	I	2,958	Integrated Programs	60011419 PO: RF01	Ohio State Univ.
10.303	I	39,300	Integrated Programs	RF00972641	Ohio State Univ.
10.303	I	60,756	Integrated Programs	RF00972641 74591	Ohio State Univ.
10.303	I	111,194	Integrated Programs	450005	Texas A & M Univ.
10.303	I	7,773	Integrated Programs	TCE 450032	Texas A & M Univ.
10.303	I	21,214	Integrated Programs	RC299-338/8920807	Univ of Georgia
10.303	I	1,681	Integrated Programs	RR188-221/3504798	Univ of Georgia
10.303	I	1,249	Integrated Programs	Z - 5060101	Univ of Maryland
10.303	I	924	Integrated Programs	25-6321-0113-002	Univ of Nebraska
10.304	I	3,144	Homeland Security-Agricultural	SC02062150-1-10	Univ of Florida
10.304	I	26,271	Homeland Security-Agricultural	UF IFAS 00069562	Univ of Florida
10.305	D	75,741	International Science and Education Grants		
10.352	I	1,574	Value-Added Producer Grants	412-30-42	Iowa State Univ.
10.352	I	18,793	Value-Added Producer Grants	412-30-54	Iowa State Univ.
10.456	D	42,459	Partnership Agreements to Develop Non-Insurance Risk Management Tools for Producers (Farmers)		
10.500	D	17,035,217	Cooperative Extension Service		
10.500	I	13,537	Cooperative Extension Service	2004-1363-03	Kansas State University
10.500	I	-7,063	Cooperative Extension Service	S04062	Kansas State University
10.500	I	29,157	Cooperative Extension Service	S06024	Kansas State University
10.500	I	32,332	Cooperative Extension Service	S07043	Kansas State University
10.500	I	47,214	Cooperative Extension Service	S08046	Kansas State University
10.500	I	3,236	Cooperative Extension Service	S08062	Kansas State University
10.500	I	73,733	Cooperative Extension Service	S08105	Kansas State University
10.500	I	23,871	Cooperative Extension Service	TCE 422009	Texas A & M Univ.
10.500	I	-749	Cooperative Extension Service	TCE 622050	Texas A & M Univ.
10.500	I	6,812	Cooperative Extension Service	TCE 622118	Texas A & M Univ.

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
10.500	I	393	Cooperative Extension Service	TCE 622145	Texas A & M Univ.
10.500	I	19,302	Cooperative Extension Service	TCE 622176	Texas A & M Univ.
10.500	I	-1,035	Cooperative Extension Service	RE670-054/6330237	Univ of Georgia
10.500	I	27,053	Cooperative Extension Service	RE675-112/9039507	Univ of Georgia
10.500	I	3,446	Cooperative Extension Service	RE675-114/3500038	Univ of Georgia
10.500	I	17,933	Cooperative Extension Service	RE675-114/3505118	Univ of Georgia
10.500	I	11,911	Cooperative Extension Service	RE675-149/3504668	Univ of Georgia
10.500	I	2,101	Cooperative Extension Service	3046768200-04-344	Univ of Kentucky
10.500	I	1,526	Cooperative Extension Service	Q4299055601	Univ of Minnesota
10.500	I	26,108	Cooperative Extension Service	25-6365-0020-121	Univ of Nebraska
10.500	I	377,133	Cooperative Extension Service	25-6365-0023-005	Univ of Nebraska
10.500	I	506,706	Cooperative Extension Service	26-6365-0001-401	Univ of Nebraska
10.652	D	352,356	Forestry Research		
10.652	I	8,753	Forestry Research	N/A	NCASI
10.664	D	90,437	Cooperative Forestry Assistance		
10.673	D	-1,168	Wood In Transportation Program		
10.674	D	95,554	Forest Products Lab: Technology Marketing Unit (TMU)		
10.680	D	18,167	Forest Health Protection		
10.912	D	360,276	Environmental Quality Incentives Program		
10.960	D	45,335	Technical Agricultural Assistance		
10.961	D	5,797	Scientific Cooperation and Research		
10.962	D	20,409	Cochran Fellowship Program-International Training-Foreign Participant		
11	D	119,547	U.S. Department of Commerce		
11	I	24,353	U.S. Department of Commerce	N-20-8Z1-S136	GA. Inst. of Tech.
11	I	21,485	U.S. Department of Commerce	N-20-8Z1-S146	GA. Inst. of Tech.
11	I	18,303	U.S. Department of Commerce	25-6331-0134-006	Univ of Nebraska
11.113	D	358,530	ITA Special Projects		
11.113	I	-1,230	ITA Special Projects	ADMIN	Clemson University
11.113	I	-66	ITA Special Projects	C02-PH03	Clemson University
11.113	I	513	ITA Special Projects	C04-NS07 YR1	Clemson University
11.113	I	2,138	ITA Special Projects	C04-NS11 YR1	Clemson University
11.113	I	-1,329	ITA Special Projects	F03-043004	Clemson University
11.113	I	-68,486	ITA Special Projects	F04-NS26	Clemson University
11.113	I	180	ITA Special Projects	F04-NS26 YR1	Clemson University
11.113	I	123	ITA Special Projects	M02-NS01	Clemson University
11.113	I	-11	ITA Special Projects	NTC Subagreement/10	Clemson University
11.113	I	201	ITA Special Projects	Year 1 - 02-07400	Clemson University
11.113	I	4,033	ITA Special Projects	NTC Grant ITA-08-0	NTC-Clemson
11.307	D	118,851	Economic Adjustment Assistance		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
11.417	D	2,298,871	Sea Grant Support		
11.417	I	15,385	Sea Grant Support	RR746-024/3505658	Univ of Georgia
11.428	I	54,439	Intergovernmental Climate - Program (NESDIS)	Z759501	Univ of Maryland
11.439	D	13,484	Marine Mammal Data Program		
11.440	D	68,281	Environmental Sciences, Applications, Data, and Education		
11.455	I	9,000	Cooperative Science and Education Program	3054	Rutgers University
11.455	I	22,285	Cooperative Science and Education Program	3277	Rutgers University
11.457	I	39,238	Chesapeake Bay Studies	SC03-27565D	Univ of Maryland
11.457	I	4,906	Chesapeake Bay Studies	SC035-27565D	Univ of Maryland
11.457	I	18,233	Chesapeake Bay Studies	SC035-27576D	Univ of Maryland
11.457	I	301	Chesapeake Bay Studies	SC03527583D	Univ of Maryland
11.460	I	669,397	Special Oceanic and Atmospheric Projects	03-741/22146J	Univ of S. Carolina
11.468	D	91,195	Applied Meteorological Research		
11.473	I	40,290	Coastal Services Center	UF-EIES-0704029-NC	Univ of Florida
11.478	D	6,091	Center for Sponsored Coastal Ocean Research-Coastal Ocean Program		
11.478	I	49,844	Center for Sponsored Coastal Ocean Research-Coastal Ocean Program	A100517 / 24024502	Woods Hole Oceanographic Institute
11.609	D	16,527	Measurement and Engineering Research and Standards		
11.611	D	2,205,861	Manufacturing Extension Partnership		
12	D	2,977,240	U.S. Department of Defense		
12	I	5,077	U.S. Department of Defense	07-71, 07-72	Acad. of Appl'd Sci.
12	I	1,454	U.S. Department of Defense	08-25, 08-26	Acad. of Appl'd Sci.
12	I	-617	U.S. Department of Defense	FY-04-001	Geomet Technologies
12	I	-12	U.S. Department of Defense	06-NCST-001	3 Phoenix, Inc.
12	I	96,297	U.S. Department of Defense	ABNDTRA-0507-03	Advanced Bionutrition
12	I	21,449	U.S. Department of Defense	2007-1556	Ambalux Corporation
12	I	-1,337	U.S. Department of Defense	2005-1941	AP Solutions, Inc.
12	I	77,671	U.S. Department of Defense	2007-0909	Apjet, Inc.
12	I	188,909	U.S. Department of Defense	S-29000.39	Appl'd Res. Assoc. I
12	I	234,813	U.S. Department of Defense	206168	BAE Systems
12	I	-220	U.S. Department of Defense	206005	Battelle Mem. Insti.
12	I	-2,960	U.S. Department of Defense	3000936	Bechtel Bettis, Inc.
12	I	15,353	U.S. Department of Defense	132G106096-C	Boise State Universi
12	I	112,233	U.S. Department of Defense	N/A	Boulder Nonlinear Systems, Inc
12	I	4,718	U.S. Department of Defense	CAS SC381-07	CAS, Inc.
12	I	44,631	U.S. Department of Defense	765	CFD Research Corp
12	I	5,030	U.S. Department of Defense	826	CFD Research Corp
12	I	2	U.S. Department of Defense	907308	CH2M Hill
12	I	5,542	U.S. Department of Defense	48767	Creare, Incorporated
12	I	44,450	U.S. Department of Defense	05-002	Cree Research, Inc.

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
12	I	24,408	U.S. Department of Defense	06-004	Cree Research, Inc.
12	I	19,143	U.S. Department of Defense	08-001	Cree Research, Inc.
12	I	2,249	U.S. Department of Defense	2007-1159	Crystal IS, Inc.
12	I	44,264	U.S. Department of Defense	05C0165	Etrema Products, Inc
12	I	53,079	U.S. Department of Defense	2007-0247	Firebird Advanced
12	I	42,732	U.S. Department of Defense	2006-0733	Flexsys, Inc.
12	I	-23,219	U.S. Department of Defense	B-12-M06-S6	GA. Inst. of Tech..
12	I	240,135	U.S. Department of Defense	R7776-S1	GA. Inst. of Tech..
12	I	25,112	U.S. Department of Defense	200-10-14U36201	General Electric Company
12	I	-1,049	U.S. Department of Defense	700151404	General Electric Company
12	I	338,624	U.S. Department of Defense	2007-1115	Hanesbrands, Inc.
12	I	85,061	U.S. Department of Defense	0000153438	Henry M. Jackson Foundation
12	I	12,591	U.S. Department of Defense	1196-1S1	Infoscitex Corporation
12	I	246,666	U.S. Department of Defense	N/A	Int'l Technology Ctr.
12	I	119,783	U.S. Department of Defense	23898	Irvine Sensors Corp
12	I	42,401	U.S. Department of Defense	24074	Irvine Sensors Corp
12	I	9,092	U.S. Department of Defense	2007-0357	Knowledge Systems
12	I	-24,743	U.S. Department of Defense	2005-0538	Kyma Technologies, I
12	I	36,854	U.S. Department of Defense	2008-0362	Kyma Technologies, I
12	I	40,367	U.S. Department of Defense	2008-1078	Kyma Technologies, I
12	I	68,910	U.S. Department of Defense	NR-0020	Nekton Research, LLC
12	I	15,471	U.S. Department of Defense	Q01166	New Mexico State Univ
12	I	-317	U.S. Department of Defense	2006-1712	Nitronex Corporation
12	I	7,173	U.S. Department of Defense	75846QRS5S	Northrop Grumman
12	I	-349	U.S. Department of Defense	NWRA-06-S-093	NWRA
12	I	45,659	U.S. Department of Defense	NWRA-07-S-102	NWRA
12	I	-138	U.S. Department of Defense	0062	Optical Research Assoc
12	I	441,528	U.S. Department of Defense	EP51257	Parametric Tech. Corp.
12	I	4,352	U.S. Department of Defense	N/A	Renaissance Computing
12	I	63,396	U.S. Department of Defense	2-321-0210294	RTI International
12	I	64,959	U.S. Department of Defense	718-21241	SVT Associates
12	I	65,148	U.S. Department of Defense	S00000199	Univ of Cal-Riverside
12	I	127,797	U.S. Department of Defense	C00005071-5	Univ of Missouri
12	I	50,829	U.S. Department of Defense	GG10800-125437	Univ of Virginia
12	I	428,864	U.S. Department of Defense	17529-S2	Vanderbilt University
12	I	1,295	U.S. Department of Defense	05-326-NCSU	West Virginia Univ.
12	I	1,765	U.S. Department of Defense	N/A	Zellcomp, Inc.
12	I	105,865	U.S. Department of Defense	S-000269	Univ of Cal-Riverside
12.002	D	378,318	Procurement Technical Assistance For Business Firms		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
12.300	D	1,690,053	Basic and Applied Scientific Research		
12.300	I	35,550	Basic and Applied Scientific Research	B-01-6A6-G3	GA. Inst. of Tech.
12.300	I	49,572	Basic and Applied Scientific Research	E-21-6-RU-G9	GA. Inst. of Tech.
12.300	I	102,218	Basic and Applied Scientific Research	3030	Rutgers University
12.300	I	82,964	Basic and Applied Scientific Research	KK5151	Univ of Cal-Santa Barbara
12.300	I	33,294	Basic and Applied Scientific Research	S0149517	Univ of Cal-Santa Barbara
12.300	I	53,207	Basic and Applied Scientific Research	R9106000111	Univ of Minnesota
12.351	D	51,131	Basic Scientific Research - Combating Weapons of Mass Destruction		
12.420	D	7,340	Military Medical Research and Development		
12.431	D	3,120,104	Basic Scientific Research		
12.431	I	-153	Basic Scientific Research	318-7034-201200222	Clemson University
12.431	I	46,089	Basic Scientific Research	04-SC-ARO-1076	Duke University
12.431	I	55,399	Basic Scientific Research	N/A	L.C. Pegasus Corp.
12.431	I	31,546	Basic Scientific Research	55-000862	SRI International
12.431	I	50,213	Basic Scientific Research	353-1638 S01	Syracuse University
12.431	I	157,202	Basic Scientific Research	C00006389-1	Univ of Missouri
12.431	I	73,473	Basic Scientific Research	GG10829-126150	Univ of Virginia
12.630	D	134,124	Basic, Applied, and Advanced Research in Science and Engineering		
12.630	I	96,396	Basic, Applied, and Advanced Research in Science and Engineering	06-SC-AFOSR-1018	Duke University
12.800	D	2,685,444	Air Force Defense Research Sciences Program		
12.800	I	111,657	Air Force Defense Research Sciences Program	UF-EIES-0602037-NC	Univ of Florida
12.800	I	115,593	Air Force Defense Research Sciences Program	18131-S3	Vanderbilt University
12.901	D	227,782	Mathematical Sciences Grants Program		
12.910	D	140,410	Research and Technology Development		
12.910	I	-14,538	Research and Technology Development	531-0226-1	Purdue University
12.910	I	140,922	Research and Technology Development	10270482	Univ of Cal-San Diego
12.910	I	110,533	Research and Technology Development	UF07127 / 00068318	Univ of Florida
14	I	5,708	U.S. Department of Housing and Urban Development	2005-0337	Lumbee Tribe of NC
14.516	D	8,124	Doctoral Dissertation Research Grants		
15	D	416,743	U.S. Department of the Interior		
15	I	12,351	U.S. Department of the Interior	640 (2005)	East. Band of Cherokee
15	I	41,612	U.S. Department of the Interior	TCR NO: 640 FY08	East. Band of Cherokee
15	I	-6	U.S. Department of the Interior	2007-9986	VA. Dept of Game
15.225	D	17,402	Recreation Resource Management		
15.605	I	52,209	Sport Fish Restoration Program	2008-001322	Puerto Rico Dept. Natural Resources
15.605	I	9,394	Sport Fish Restoration Program	133-05-000768	Puerto Rico Dept. Natural Resources
15.611	I	6,070	Wildlife Restoration	133-06-000916	Puerto Rico Dept. Natural Resources
15.615	D	16,847	Cooperative Endangered Species Conservation Fund		
15.628	D	2,668	Multi-State Conservation Grant Program		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
15.634	I	27,435	State Wildlife Grants	0077053073	SC Dept Natural Resources
15.805	D	56,117	Assistance to State Water Resources Research Institutes		
15.808	D	429,367	U.S. Geological Survey- Research and Data Collection		
15.812	D	869,594	Cooperative Research Units Program		
16	D	28,842	U.S. Department of Justice		
16	I	125,524	U.S. Department of Justice	0209237 Girls Stud	RTI International
16.560	D	39,297	National Institute of Justice Research, Evaluation, and Development Project Grants		
16.589	I	4,853	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Grant Program	2005-10	NCJFCJ
17	D	33,544	U.S. Department of Labor		
20	D	682,741	U.S. Department of Transportation		
20	I	22,359	U.S. Department of Transportation	881.101.1	Perform Tech, Inc.
20	I	1,501	U.S. Department of Transportation	0620-06-1622	Triangle Trans. Auth
20	I	10,582	U.S. Department of Transportation	06-050384-01	Univ of South Alabama
20	I	7,468	U.S. Department of Transportation	2007-1799	CVSA
20	I	653	U.S. Department of Transportation	2007-0197	Mulkey, Inc.
20	I	211,709	U.S. Department of Transportation	HR 03-78A	Nat'l Acad. of Sci.
20	I	41,666	U.S. Department of Transportation	TASK ORD#10-FHWA L	Nichols Consulting
20	I	7,349	U.S. Department of Transportation	07-NCSU-E1	Univ of Tennessee
20	I	19,862	U.S. Department of Transportation	07-NCSU-S3	Univ of Tennessee
20	I	30,706	U.S. Department of Transportation	Alt Inlrstct Trmnt	Vanasse Hangen Brust
20.200	D	13,946	Highway Research and Development Program		
20.205	D	175,189	Highway Planning and Construction		
20.205	I	18,760	Highway Planning and Construction	S070070	Texas A & M Research
20.507	I	117,923	Federal Transit-Formula Grants	07-025	Triangle Trans. Authority
20.701	D	2,570	University Transportation Centers Program		
20.701	I	46,896	University Transportation Centers Program	RES-05-001	Alaska DOT
20.701	I	86,076	University Transportation Centers Program	99-NCSU-E1	Univ of Tennessee
20.761	I	35,121	Biobased Transportation Research	101568	Univ of Tennessee
20.761	I	33,991	Biobased Transportation Research	101571	Univ of Tennessee
20.761	I	3,771	Biobased Transportation Research	102406	Univ of Tennessee
42	D	222,780	Library of Congress		
43	D	1,760,926	National Aeronautics and Space Administration		
43	I	72,584	National Aeronautics and Space Administration	GO6-7061A	Smithsonian Astrophysical Observatory
43	I	5,674	National Aeronautics and Space Administration	HST-ED-90311.01-A	Space Telescope Sci.
43	I	8,500	National Aeronautics and Space Administration	N/A	United Negro College
43	I	29,995	National Aeronautics and Space Administration	0448-1377	Aptima, Inc.
43	I	615	National Aeronautics and Space Administration	1264893	California Inst.
43	I	7,381	National Aeronautics and Space Administration	1276736	California Inst.
43	I	112	National Aeronautics and Space Administration	1276758	California Inst.

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
43	I	14,208	National Aeronautics and Space Administration	1288057	California Inst.
43	I	27,395	National Aeronautics and Space Administration	1294541	California Inst.
43	I	4,414	National Aeronautics and Space Administration	CSGF 002-034-03	California Space Grant
43	I	-1,030	National Aeronautics and Space Administration	04-002	Hampton University
43	I	88,841	National Aeronautics and Space Administration	2006-1249	Kalscott Engineering
43	I	-3,136	National Aeronautics and Space Administration	642731	Michigan State Univ.
43	I	56,653	National Aeronautics and Space Administration	2005-0372-02	Nat'l Inst. of Aeros
43	I	80,673	National Aeronautics and Space Administration	NCSU-03-01-2598-NC	Nat'l Inst. of Aeros
43	I	108,511	National Aeronautics and Space Administration	NCSU-03-01-3520	Nat'l Inst. of Aeros
43	I	-12	National Aeronautics and Space Administration	NCSU-03-01-4815-NC	Nat'l Inst. of Aeros
43	I	12,621	National Aeronautics and Space Administration	NCSU-03-01-4825-NC	Nat'l Inst. of Aeros
43	I	13,681	National Aeronautics and Space Administration	NCSU-03-01-4827-NC	Nat'l Inst. of Aeros
43	I	7,344	National Aeronautics and Space Administration	NCSU-03-01-4832-NC	Nat'l Inst. of Aeros
43	I	39,376	National Aeronautics and Space Administration	NCSU-03-01-4837-NC	Nat'l Inst. of Aeros
43	I	43,421	National Aeronautics and Space Administration	NCSU-03-01-4838-NC	Nat'l Inst. of Aeros
43	I	40,008	National Aeronautics and Space Administration	NCSU-03-01-4844-NC	Nat'l Inst. of Aeros
43	I	32,212	National Aeronautics and Space Administration	NCSU-03-01-4848-NC	Nat'l Inst. of Aeros
43	I	57,773	National Aeronautics and Space Administration	NCSU-03-01-4856-NC	Nat'l Inst. of Aeros
43	I	41,959	National Aeronautics and Space Administration	NCSU-05-JPL	Nat'l Inst. of Aeros
43	I	48,222	National Aeronautics and Space Administration	T05-6000-6024-NC	Nat'l Inst. of Aeros
43	I	3,391	National Aeronautics and Space Administration	T05-6000-6113-NC	Nat'l Inst. of Aeros
43	I	50,043	National Aeronautics and Space Administration	X06-9016-NC	Nat'l Inst. of Aeros
43	I	28,294	National Aeronautics and Space Administration	GO6-7059X	Smithsonian Astrophysical Observatory
43	I	2,573	National Aeronautics and Space Administration	115326	Smithsonian Astrophysical Observatory
43	I	-7,609	National Aeronautics and Space Administration	GO5-6051A	Smithsonian Astrophysical Observatory
43	I	3,674	National Aeronautics and Space Administration	GO5-6053A	Smithsonian Astrophysical Observatory
43	I	10,102	National Aeronautics and Space Administration	UCF01-0000148240	Univ of Central Florida
43	I	12,231	National Aeronautics and Space Administration	1996-1305-04	Univ of Hawaii
43	I	752	National Aeronautics and Space Administration	177298	Univ of Washington
43	I	-8,491	National Aeronautics and Space Administration	07605-003-052	USRA
43	I	27,913	National Aeronautics and Space Administration	UF-EIES-0702038-NC	Univ of Florida
43.001	D	257,634	Aerospace Education Services Program		
43.001	I	3,102	Aerospace Education Services Program	1265236	California Inst. of
43.001	I	20,197	Aerospace Education Services Program	NCSU-03-01-2536-NC	Nat'l Inst. of Aeros
43.001	I	280,386	Aerospace Education Services Program	NCSU-03-01-3520-NC	Nat'l Inst. of Aeros
43.001	I	18,333	Aerospace Education Services Program	NCSU-03-01-4806-NC	Nat'l Inst. of Aeros
43.001	I	15,593	Aerospace Education Services Program	0000003524	Univ of Maryland
45.024	D	5,813	Promotion of the Arts-Grants to Organizations and Individuals		
45.161	D	68,363	Promotion of the Humanities-Research		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
45.163	D	28,832	Promotion of the Humanities-Professional Development		
45.169	D	16,282	Promotion of the Humanities-Office of Digital Humanities		
47	D	27,613	National Science Foundation		
47	I	2,951	National Science Foundation	N/A	Puget Sound Center
47	I	1,177	National Science Foundation	C304	South Carolina Sea Grant Consortium
47	I	28,376	National Science Foundation	N/A	Assoc. for Inst. Res
47	I	-3	National Science Foundation	C101	South Carolina Sea Grant Consortium
47	I	11,135	National Science Foundation	C201	South Carolina Sea Grant Consortium
47	I	28,741	National Science Foundation	C301	South Carolina Sea Grant Consortium
47	I	163,984	National Science Foundation	S08-40265	Univ Corp Atmos Res
47	I	67,052	National Science Foundation	2007-0911	Valencell Inc.
47	I	5,084	National Science Foundation	26-0299058-01/0634	Valparaiso University
47.041	D	4,750,962	Engineering Grants		
47.041	I	18,123	Engineering Grants	N/A	3F, LLC
47.041	I	88,972	Engineering Grants	2004-0272	Barr-Mullin, Inc.
47.041	I	1,987	Engineering Grants	2007-1119	Firebird Advanced
47.041	I	61,233	Engineering Grants	5710001766	Mass. Inst. of Tech.
47.041	I	-70	Engineering Grants	N/A	Orobridge, Inc.
47.041	I	101,916	Engineering Grants	2006-1305	SISU Chemical, LLC
47.041	I	48,628	Engineering Grants	8306	Univ of Delaware
47.041	I	67,739	Engineering Grants	H31506	Univ of Southern California
47.049	D	5,968,398	Mathematical and Physical Sciences		
47.049	I	366,021	Mathematical and Physical Sciences	03-SC-NSF-1008	Duke University
47.049	I	2,485	Mathematical and Physical Sciences	GA10153-121489	Univ of Virginia
47.050	D	1,259,158	Geosciences		
47.050	I	30,300	Geosciences	202601552-02	Florida International
47.070	D	3,671,229	Computer and Information Science and Engineering		
47.070	I	-36,337	Computer and Information Science and Engineering	04-SC-NSF-1034	Duke University
47.070	I	42,510	Computer and Information Science and Engineering	0830 310 A644 1488	Northwestern Univ.
47.070	I	14,425	Computer and Information Science and Engineering	501-1409-1	Purdue University
47.070	I	-18,080	Computer and Information Science and Engineering	UF-EIES-0305006NCS	Univ of Florida
47.074	D	6,211,465	Biological Sciences		
47.074	I	-3,019	Biological Sciences	G-3194-1-Recreated	Colorado State Univ.
47.074	I	12,076	Biological Sciences	51200-8396	Cornell University
47.074	I	210,323	Biological Sciences	05-SC-NSF-1041	Duke University
47.074	I	12,925	Biological Sciences	420-40-29	Iowa State Univ.
47.074	I	52,491	Biological Sciences	5710001924	Mass. Inst. of Tech.
47.074	I	117,703	Biological Sciences	II-RR 014195-NCST	Univ of Cal - Davis
47.074	I	68,838	Biological Sciences	S-000208	Univ of Cal-Riverside

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
47.074	I	14,513	Biological Sciences	FRS #524639 PSA #6	Univ of Connecticut
47.074	I	-2,682	Biological Sciences	T4146359201	Univ of Minnesota
47.074	I	149,132	Biological Sciences	646G203	Univ of Wisconsin
47.074	I	3,500	Biological Sciences	II-RR 014195-NCST	University of California
47.074	I	109,040	Biological Sciences	19071-477392	VA. Polytech. Inst.
47.074	I	3,197	Biological Sciences	CR-19071-477208	VA. Polytech. Inst.
47.075	D	256,573	Social, Behavioral, and Economic Sciences		
47.075	I	9,616	Social, Behavioral, and Economic Sciences	05-599	Arizona State Univ.
47.075	I	132,866	Social, Behavioral, and Economic Sciences	07-823	Arizona State Univ.
47.076	D	4,221,909	Education and Human Resources		
47.076	I	33,443	Education and Human Resources	N/A	AAAS
47.076	I	21,026	Education and Human Resources	2005-1507-02	AAAS
47.076	I	23,874	Education and Human Resources	2005-1507-03	AAAS
47.076	I	38,020	Education and Human Resources	2003-0919	Proper("Bay Area Discovery M")
47.076	I	5,505	Education and Human Resources	N/A	Carleton College
47.076	I	2,124	Education and Human Resources	05-SC-NSF-1059	Duke University
47.076	I	18,792	Education and Human Resources	08-SC-NSF-1031	Duke University
47.076	I	14,422	Education and Human Resources	108023-5011219	Harvard University
47.076	I	6,445	Education and Human Resources	745421	Ohio State Univ.
47.076	I	4,795	Education and Human Resources	501-2400-01	Purdue University
47.076	I	78,611	Education and Human Resources	21827-561402-01075	Syracuse University
47.078	D	123,090	Polar Programs		
47.079	D	79,205	International Science and Engineering (OISE)		
47.079	I	21,947	International Science and Engineering (OISE)	B10537	Rensselaer Polytechn
47.079	I	21,426	International Science and Engineering (OISE)	C00014827-1	Univ of Missouri
47.080	D	50,978	Office of Cyberinfrastructure		
59	D	251,748	Small Business Administration		
59.037	D	522,227	Small Business Development Centers		
66	D	288,060	Environmental Protection Agency		
66	I	66,130	Environmental Protection Agency	4-321-0210288 / MO	RTI International
66	I	32,670	Environmental Protection Agency	236H994	Univ of Wisconsin
66.034	D	170,218	Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act		
66.202	I	14,240	Congressionally Mandated Projects	1-321-0210976	RTI International
66.436	D	54,951	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act		
66.460	I	5,937	Nonpoint Source Implementation Grants	2007-1532	Southwestern NC R C
66.460	I	13,578	Nonpoint Source Implementation Grants	2007-0665	Upper Neuse River Basin
66.461	D	1,252	Regional Wetland Program Development Grants		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
66.480	D	12,626	Assessment and Watershed Protection Program Grants		
66.500	D	15,435	Environmental Protection-Consolidated Research		
66.509	D	462,508	Science To Achieve Results (STAR) Research Program		
66.509	I	22,432	Science To Achieve Results (STAR) Research Program	4915 - 523792	Univ of Connecticut
66.511	D	860,793	Office of Research and Development Consolidated Research/Training		
66.514	D	17,474	Science To Achieve Results (STAR) Fellowship Program		
66.516	D	962	P3 Award: National Student Design Competition for Sustainability		
66.606	I	21,783	Surveys, Studies, Investigations and Special Purpose Grants	080600-331712-19	Mississippi State
66.606	I	30,381	Surveys, Studies, Investigations and Special Purpose Grants	TCE 427011	Texas A & M Univ.
66.606	I	14,851	Surveys, Studies, Investigations and Special Purpose Grants	TCE 428003	Texas A & M Univ.
66.606	I	55,753	Surveys, Studies, Investigations and Special Purpose Grants	03-CTS-16T	WERF
66.607	D	29,952	Training and Fellowships for the Environmental Protection Agency		
66.611	D	10,507	Environmental Policy and Innovation Grants		
66.808	D	90,458	Solid Waste Management Assistance Grants		
77	D	25,000	Nuclear Regulatory Commission		
81	I	7,189	U.S. Department of Energy	00042959 #7	Battelle Energy Alliance
81	I	4,200	U.S. Department of Energy	2006-1869	Carolina Solar Energy
81	I	95,372	U.S. Department of Energy	IREC/SOC-NCSU-0806	IREC
81	I	41,139	U.S. Department of Energy	IREC/SOC-NCSU-1107	IREC
81	I	69,503	U.S. Department of Energy	IREC-NMSU/SAI-NCSU	IREC
81	I	45,763	U.S. Department of Energy	N/A	Krell Institute
81	I	838	U.S. Department of Energy	GT05-324-001	Mississippi Development
81	I	6,009	U.S. Department of Energy	GT06-024-001/NSCU0	Mississippi Development
81	I	153,965	U.S. Department of Energy	NCSU 2006-0083	NASEO
81	I	188,307	U.S. Department of Energy	XAX-6-66010-01	NREL
81	I	55,083	U.S. Department of Energy	4000010698	UT-Battelle LLC
81	D	3,822,314	U.S. Department of Energy		
81	I	77,637	U.S. Department of Energy	4300055471	B&W Y-12, LLC
81	I	22,740	U.S. Department of Energy	00042959 #00001	Battelle Energy Alliance
81	I	83,380	U.S. Department of Energy	00042959 #00001 #5	Battelle Energy Alliance
81	I	11,714	U.S. Department of Energy	00042959 #10	Battelle Energy Alliance
81	I	-11,436	U.S. Department of Energy	00042959 #3	Battelle Energy Alliance
81	I	7,730	U.S. Department of Energy	00042959 #3 MOD #4	Battelle Energy Alliance
81	I	-8,306	U.S. Department of Energy	00042959 #6	Battelle Energy Alliance
81	I	45,000	U.S. Department of Energy	00042959 #6 AMEND	Battelle Energy Alliance
81	I	15,560	U.S. Department of Energy	00042959 #8	Battelle Energy Alliance
81	I	32,348	U.S. Department of Energy	00042959 #9	Battelle Energy Alliance
81	I	50,023	U.S. Department of Energy	68393-01	Battelle Energy Alliance
81	I	30,081	U.S. Department of Energy	2006-1763	Calabazas Creek Rese

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
81	I	157,673	U.S. Department of Energy	2006-2115	Cleantech Partners,
81	I	47,470	U.S. Department of Energy	2007-1722	Enernex Corporation
81	I	-124	U.S. Department of Energy	03-03/23/05	Instrumentation Assoc
81	I	38,375	U.S. Department of Energy	N/A	Krell Institute
81	I	-2,275	U.S. Department of Energy	6464866	L. Berkeley Nat'l Lab
81	I	-5,036	U.S. Department of Energy	6720489	L. Berkeley Nat'l Lab
81	I	2,830	U.S. Department of Energy	B563988	Lawrence Livermore N
81	I	24,966	U.S. Department of Energy	B573133	Lawrence Livermore N
81	I	99,060	U.S. Department of Energy	37696-001-06	Los Alamos Nat'l Lab
81	I	155,801	U.S. Department of Energy	55547-0001-07	Los Alamos Nat'l Lab
81	I	-6,998	U.S. Department of Energy	57831-001-02 97	Los Alamos Nat'l Lab
81	I	18,513	U.S. Department of Energy	62250-001-08	Los Alamos Nat'l Lab
81	I	2,448	U.S. Department of Energy	63039-001-08	Los Alamos Nat'l Lab
81	I	-28,515	U.S. Department of Energy	7665-001-05	Los Alamos Nat'l Lab
81	I	34,470	U.S. Department of Energy	AAT-2-31605-05	MRI-NREL
81	I	-4,144	U.S. Department of Energy	2006-2210	Orbit Energy, Inc.
81	I	141,841	U.S. Department of Energy	726318	Sandia National Lab
81	I	2,420	U.S. Department of Energy	483139	South Dakota State University
81	I	3,362	U.S. Department of Energy	100543	Univ of Tennessee
81	I	8,052	U.S. Department of Energy	OR10986-001.01	Univ of Tennessee
81	I	19,968	U.S. Department of Energy	4000062889	UT-Battelle LLC
81	I	21,455	U.S. Department of Energy	4000003388	UT-Battelle LLC
81	I	33,943	U.S. Department of Energy	4000006079	UT-Battelle LLC
81	I	-20	U.S. Department of Energy	4000018765	UT-Battelle LLC
81	I	65,030	U.S. Department of Energy	4000028105	UT-Battelle LLC
81	I	35,170	U.S. Department of Energy	4000029406	UT-Battelle LLC
81	I	67,572	U.S. Department of Energy	4000040729	UT-Battelle LLC
81	I	46,428	U.S. Department of Energy	4000047024	UT-Battelle LLC
81	I	2,983	U.S. Department of Energy	4000048326	UT-Battelle LLC
81	I	50,404	U.S. Department of Energy	4000056870	UT-Battelle LLC
81	I	9,183	U.S. Department of Energy	4000057155	UT-Battelle LLC
81	I	54,409	U.S. Department of Energy	4000058620	UT-Battelle LLC
81	I	74,380	U.S. Department of Energy	4000059924	UT-Battelle LLC
81	I	28,728	U.S. Department of Energy	4000061675	UT-Battelle LLC
81	I	108,690	U.S. Department of Energy	4000063401	UT-Battelle LLC
81	I	23,854	U.S. Department of Energy	4000065691	UT-Battelle LLC
81	I	347,349	U.S. Department of Energy	4000063955	UT-Battelle LLC
81	I	53,380	U.S. Department of Energy	AC634860	Washington Savannah

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
81.041	I	16,033	State Energy Program	C05-6061	Virginia Dmme
81.049	D	852,515	Office of Science Financial Assistance Program		
81.049	I	53,264	Office of Science Financial Assistance Program	06-SC-DOE-1051	Duke University
81.049	I	71,268	Office of Science Financial Assistance Program	07-SC-NICCR-1057	Duke University
81.049	I	37,424	Office of Science Financial Assistance Program	5710001893	Mass. Inst. of Tech.
81.049	I	-1,271	Office of Science Financial Assistance Program	G0081A-A	Oregon State Univ.
81.049	I	28,974	Office of Science Financial Assistance Program	2007-2004	Soltronics, LLC
81.049	I	54,876	Office of Science Financial Assistance Program	19071-429224	VA. Polytech. Inst.
81.086	D	99,183	Conservation Research and Development		
81.087	I	5,623	Renewable Energy Research and Development	GO12026-199	CPBR, Inc.
81.087	I	616	Renewable Energy Research and Development	GO12026-213	CPBR, Inc.
81.087	I	37,151	Renewable Energy Research and Development	GO12026-225	CPBR, Inc.
81.112	D	267,048	Stewardship Science Grant Program		
81.114	D	1,010,722	University Reactor Infrastructure and Education Support		
81.117	D	2,954	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance		
81.117	I	20,063	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	2007-0339	TGI-USA
81.117	I	46,345	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	2007-0550	TGI-USA
81.121	D	547,162	Nuclear Energy Research, Development and Demonstration		
81.121	I	155,976	Nuclear Energy Research, Development and Demonstration	C00017079-2	Univ of Missouri
81.121	I	136,822	Nuclear Energy Research, Development and Demonstration	OR10531-001.01	Univ of Tennessee
81.122	I	98,312	Electricity Delivery and Energy Reliability, Research, Development and Analysis	704114	Silicon Power Corporation
84.007	D	465,809	Federal Supplemental Educational Opportunity Grants		
84.015	I	80,022	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	07-SC-DED-1003	Duke University
84.015	I	23,774	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	08-SC-DED-1035	Duke University
84.016	D	42,931	Undergraduate International Studies and Foreign Language Programs		
84.017	D	86,365	International Research and Studies		
84.032	D	35,519,853	Federal Family Education Loans		
84.033	D	746,041	Federal Work-Study Program		
84.038	D	13,390,624	Federal Perkins Loan Program-Federal Capital Contributions		
84.044	D	370,478	TRIO-Talent Search		
84.047	D	497,789	TRIO-Upward Bound		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.063	D	11,357,151	Federal Pell Grant Program		
84.116	D	71,418	Fund for the Improvement of Postsecondary Education		
84.116	I	3,971	Fund for the Improvement of Postsecondary Education	UF IFAS 00070915	Univ of Florida
84.133	D	61,244	National Institute on Disability and Rehabilitation Research		
84.133	I	5,193	National Institute on Disability and Rehabilitation Research	2007-0928	RAF Models, Inc.
84.195	D	82	Bilingual Education-Professional Development		
84.200	D	631,961	Graduate Assistance in Areas of National Need		
84.325	D	3,875	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		
84.342	D	7,610	Preparing Tomorrow's Teachers to Use Technology		
84.375	D	750,967	Academic Competitiveness Grants		
84.376	D	887,727	National Science and Mathematics Access to Retain Talent (SMART) Grants		
84.928	I	11,070	National Writing Project	N/A	Natl Writing Proj Co
84.928	I	50,890	National Writing Project	95-NC09	Natl Writing Proj Co
93	D	225,791	U.S. Department of Health and Human Services		
93	I	8,677	U.S. Department of Health and Human Services	N/A	APTIV Inc.
93	I	17,844	U.S. Department of Health and Human Services	GC11451.126451	Univ of Virginia
93	I	60,684	U.S. Department of Health and Human Services	GC11572.128520	Univ of Virginia
93	I	6,906	U.S. Department of Health and Human Services	NCSU-001/1 R43 HD0	Vortant Technologies
93.103	I	24,093	Food and Drug Administration-Research	Z-179902	Univ of Maryland
93.113	D	1,469,963	Environmental Health		
93.113	I	122,168	Environmental Health	P119381/ ACCT NO:6	Univ of Miami
93.113	I	6,726	Environmental Health	2007-1363	Valencell Inc.
93.121	D	38,839	Oral Diseases and Disorders Research		
93.172	D	648,186	Human Genome Research		
93.172	I	176,863	Human Genome Research	5710002181	Mass. Inst. of Tech.
93.172	I	18,764	Human Genome Research	66374P	Univ of Miami
93.173	I	20,103	Research Related to Deafness and Communication Disorders	2005-2832-1	Univ of Illinois
93.262	D	567,935	Occupational Safety and Health Program		
93.273	D	307,605	Alcohol Research Programs		
93.279	D	52,943	Drug Abuse and Addiction Research Programs		
93.282	D	30,305	Mental Health National Research Service Awards for Research Training		
93.283	I	4,640	Centers for Disease Control and Prevention-Investigations and Technical Assistance	2006-0197	Emory University
93.286	D	53,283	Discovery and Applied Research for Technological Innovations to Improve Human Health		
93.286	I	21,429	Discovery and Applied Research for Technological Innovations to Improve Human Health	2006-0346	Bruce Technologies,
93.286	I	1,210	Discovery and Applied Research for Technological Innovations to Improve Human Health	04-SC-NIH-1019	Duke University
93.286	I	274	Discovery and Applied Research for Technological Innovations to Improve Human Health	2007-1924	Univ of Cal - Irvine
93.286	I	26,285	Discovery and Applied Research for Technological Innovations to Improve Human Health	1543214	Univ of Colorado
93.310	I	26,823	Trans-NIH Research Support	23931-02-355	Wistar Institute

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.389	D	4,640	National Center for Research Resources		
93.389	I	21,202	National Center for Research Resources	2006-0345	Bruce Technologies,
93.390	D	122,516	Academic Research Enhancement Award		
93.393	D	546,577	Cancer Cause and Prevention Research		
93.393	I	182,163	Cancer Cause and Prevention Research	570363	Texas A & M Univ.
93.394	D	224,326	Cancer Detection and Diagnosis Research		
93.395	D	55,856	Cancer Treatment Research		
93.395	I	1	Cancer Treatment Research	130039	Duke University
93.395	I	224,417	Cancer Treatment Research	140750/130039	Duke University
93.395	I	300,026	Cancer Treatment Research	147695/140750/1300	Duke University
93.395	I	-2	Cancer Treatment Research	130039	Duke University
93.396	D	939,471	Cancer Biology Research		
93.398	D	119,272	Cancer Research Manpower		
93.821	D	11,390	Cell Biology and Biophysics Research		
93.837	D	572,272	Heart and Vascular Diseases Research		
93.837	I	11,916	Heart and Vascular Diseases Research	144074	Duke University
93.837	I	42,019	Heart and Vascular Diseases Research	5R01HL03663420	Mayo Clinic Rocheste
93.837	I	-1,705	Heart and Vascular Diseases Research	662126	Univ of Miami
93.837	I	22,061	Heart and Vascular Diseases Research	06-002	Wake Forest University
93.838	D	692,691	Lung Diseases Research		
93.838	I	51,806	Lung Diseases Research	147665	Duke University
93.846	D	312,975	Arthritis, Musculoskeletal and Skin Diseases Research		
93.846	I	31,356	Arthritis, Musculoskeletal and Skin Diseases Research	F011841	Univ of Michigan
93.847	D	16,860	Diabetes, Endocrinology and Metabolism Research		
93.848	D	161,847	Digestive Diseases and Nutrition Research		
93.853	D	312,063	Extramural Research Programs in the Neurosciences and Neurological Disorders		
93.855	D	1,473,143	Allergy, Immunology and Transplantation Research		
93.855	I	25,713	Allergy, Immunology and Transplantation Research	132572	
93.855	I	147,623	Allergy, Immunology and Transplantation Research	546063	Tulane University
93.855	I	7,296	Allergy, Immunology and Transplantation Research	008-003/1R15AI0606	Univ of North Florida
93.855	I	56,000	Allergy, Immunology and Transplantation Research	6119-1041-00-A	Univ of North Florida
93.855	I	18,994	Allergy, Immunology and Transplantation Research	6119-1041-00-B	Univ of North Florida
93.855	I	31,059	Allergy, Immunology and Transplantation Research	08-008	Univ of Texas
93.856	D	1,154,167	Microbiology and Infectious Diseases Research		
93.856	I	49,091	Microbiology and Infectious Diseases Research	PRIME: 1 R41 AI072	Nirvana Pharmaceutic
93.859	D	3,329,478	Biomedical Research and Research Training		
93.859	I	160,446	Biomedical Research and Research Training	32515	Univ of Chicago
93.859	I	-523	Biomedical Research and Research Training	Z-193001	Univ of Maryland
93.862	D	265,693	Genetics and Developmental Biology Research and Research Training		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.864	D	74,605	Population Research		
93.865	D	481,455	Child Health and Human Development Extramural Research		
93.866	D	444,390	Aging Research		
93.866	I	20,551	Aging Research	07-SC-NIH-1020	Duke University
93.866	I	36,425	Aging Research	07-SC-NIH-1023	Duke University
93.866	I	7,132	Aging Research	145911	Duke University
93.867	D	955,906	Vision Research		
93.867	I	5,407	Vision Research	S0180458	Univ of Cal-Santa Cruz
93.867	I	85,073	Vision Research	25 7010170 / EY012	West Michigan Univ.
93.894	D	35,732	Resource and Manpower Development in the Environmental Health Sciences		
93.989	D	62,364	International Research and Research Training		
97	D	85,255	U S Department of Homeland Security		
97	I	125,550	U S Department of Homeland Security	N/A	Fire Protection Rese
97.061	I	2,642	Centers for Homeland Security	X9106025104	Univ of Minnesota
98	D	82,561	United States Agency for International Development		
98	I	18,473	United States Agency for International Development	2007-1200-03	Oregon State Univ.
98	I	9,381	United States Agency for International Development	RD011G-C	Oregon State Univ.
98.001	I	2,181	USAID Foreign Assistance for Programs Overseas	2006-0150-03	VA. Polytech. Inst.
98.001	I	8,758	USAID Foreign Assistance for Programs Overseas	2006-0150-04	VA. Polytech. Inst.
98.001	I	7,000	USAID Foreign Assistance for Programs Overseas	2006-0150-05	VA. Polytech. Inst.
10	D	2,153,428	Other Federal Assistance		
		<u>205,873,075</u>	Total — North Carolina State University		

University of North Carolina - General Administration

11.473	I	39,756	Coastal Services Center	S107	SC Sea Grant Consortium
12.300	D	1,427,435	Basic and Applied Scientific Research		
47.076	D	1,675,969	Education and Human Resources		
64.124	D	364,982	All-Volunteer Force Educational Assistance		
84.334	D	3,389,057	Gaining Early Awareness and Readiness for Undergraduate Programs		
84.350	D	403,054	Transition to Teaching		
84.367	D	1,532,807	Improving Teacher Quality State Grants		
		<u>8,833,060</u>	Total — University of North Carolina - General Administration		

University of North Carolina at Asheville

10.206	D	161,316	Grants for Agricultural Research-Competitive Research Grants		
10.206	I	20,222	Grants for Agricultural Research-Competitive Research Grants	06-234B	Idaho State Univ
10.652	D	442,436	Forestry Research		
10.664	D	23,395	Cooperative Forestry Assistance		
11.431	D	631	Climate and Atmospheric Research		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
11.440	D	58,384	Environmental Sciences, Applications, Data, and Education		
43.001	D	361,765	Aerospace Education Services Program		
43.001	I	30,720	Aerospace Education Services Program	16228099	Univ of Central FL
45.161	D	73,345	Promotion of the Humanities-Research		
47.049	D	251,397	Mathematical and Physical Sciences		
47.049	I	20,878	Mathematical and Physical Sciences	520739	College of Charleston
47.049	I	9,175	Mathematical and Physical Sciences	RR551-209/6330977	Univ of Georgia
66.951	D	4,354	Environmental Education Grants		
81.036	I	122,024	Inventions and Innovations	4000032096	UT-Batelle LLC
81.117	I	1,071	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	4000046282	UT-Batelle LLC
81.117	I	1,566	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	4000032057	UT-Batelle LLC
84.007	D	63,788	Federal Supplemental Educational Opportunity Grants		
84.033	D	95,347	Federal Work-Study Program		
84.038	D	1,366,245	Federal Perkins Loan Program-Federal Capital Contributions		
84.063	D	2,178,685	Federal Pell Grant Program		
84.268	D	8,322,776	Federal Direct Student Loans		
84.375	D	63,466	Academic Competitiveness Grants		
84.376	D	78,825	National Science and Mathematics Access to Retain Talent (SMART) Grants		
99	D	1,329	Other Federal Assistance		
		<u>13,753,140</u>	Total — University of North Carolina at Asheville		

University of North Carolina at Chapel Hill

10	D	137,760	U.S. Department of Agriculture		
10	I	101,574	U.S. Department of Agriculture	N/A	American Egg Board
10	I	25,032	U.S. Department of Agriculture	N/A	American Egg Board
10	I	16,643	U.S. Department of Agriculture	018000-320979	Mississippi State Univ
10	I	11,391	U.S. Department of Agriculture	FY08-2260-PO1	Univ Research Co LLC
10.001	D	13,681	Agricultural Research-Basic and Applied Research		
10.206	D	151,821	Grants for Agricultural Research-Competitive Research Grants		
10.206	I	26,927	Grants for Agricultural Research-Competitive Research Grants	F041300	Univ Wisconsin
11	I	27,221	U.S. Department of Commerce	N/A	Greene Cty NC
11	I	6,805	U.S. Department of Commerce	RU 3234/4-21463	Rutgers
11	I	2,189	U.S. Department of Commerce	S105	SC Sea Grant Consortium
11	I	15,713	U.S. Department of Commerce	S106	SC Sea Grant Consortium
11	I	105,280	U.S. Department of Commerce	S351	SC Sea Grant Consortium
11	I	3,665	U.S. Department of Commerce	PO# Z758028-01	Univ of Hawaii
11	I	93,968	U.S. Department of Commerce	07-10-029	Univ of Mississippi

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
11.312	D	1,105	Research and Evaluation Program		
11.419	I	88,035	Coastal Zone Management Administration Awards	07-093	Univ New Hampshire
11.419	I	185,181	Coastal Zone Management Administration Awards	07-094	Univ New Hampshire
11.420	D	21,269	Coastal Zone Management Estuarine Research Reserves		
11.430	I	-141	Undersea Research	05-09-022	Univ of Mississippi
11.430	I	22,352	Undersea Research	06-08-015	Univ of Mississippi
11.430	I	610	Undersea Research	06-09-021	Univ of Mississippi
11.430	I	45,178	Undersea Research	07-01-071	Univ of Mississippi
11.430	I	11,493	Undersea Research	08-11-047	Univ of Mississippi
11.431	D	53,100	Climate and Atmospheric Research		
11.431	I	34,095	Climate and Atmospheric Research	08-1474	Univ of S Carolina
11.457	I	25,182	Chesapeake Bay Studies	710221/01	VA Inst of Marine Science
11.460	I	19,913	Special Oceanic and Atmospheric Projects	F014525	Univ of Michigan
11.467	I	21,735	Meteorologic and Hydrologic Modernization Development	S07-66810	Univ Corp Atmospheric Research
11.473	D	158,144	Coastal Services Center		
11.473	I	152,841	Coastal Services Center	2007-402	SURA (SE Univ Rsch)
11.473	I	949	Coastal Services Center	UF-EIES-0704031-UNC	Univ of Florida
11.473	I	30	Coastal Services Center	A100574	Woods Hole Oceanographic Inst
11.478	D	222,781	Center for Sponsored Coastal Ocean Research-Coastal Ocean Program		
12	D	4,969,028	U.S. Department of Defense		
12	I	164,504	U.S. Department of Defense	TS00003	Ascend Intel LLC
12	I	83,553	U.S. Department of Defense	13508	BBN Technologies
12	I	29,820	U.S. Department of Defense	1150060-99245	Carnegie-Mellon Univ
12	I	137,490	U.S. Department of Defense	19823 056011	Children's Hosp/Pittsburgh
12	I	21,068	U.S. Department of Defense	27204-3300	Ensco Inc
12	I	61,129	U.S. Department of Defense	00000128246	Henry M Jackson Fdn
12	I	3,381	U.S. Department of Defense	0509/SP0103-04-5-000	Logistics Manage Ins
12	I	27,204	U.S. Department of Defense	PO 13552	Optra Inc.
12	I	-45	U.S. Department of Defense	PO# 13000	Optra Inc.
12	I	26,463	U.S. Department of Defense	P1107	Renaissance Science
12	I	28,154	U.S. Department of Defense	P1111	Renaissance Science
12	I	424,280	U.S. Department of Defense	1-321-0210294	RTI International
12	I	13,651	U.S. Department of Defense	4400128244	Science Applications
12	I	93,618	U.S. Department of Defense	PO# ML05000858	Serco-N America
12	I	103,305	U.S. Department of Defense	02-32-941-840-906U	Shaw University
12	I	1,110	U.S. Department of Defense	SURA-2006-302	Sura (SE Univ Rsch)
12	I	972	U.S. Department of Defense	172648	The Boeing Company
12	I	17,984	U.S. Department of Defense	KT3408	The Boeing Company
12	I	131,268	U.S. Department of Defense	243142	Univ of Wash-Seattle

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
12	I	182,117	U.S. Department of Defense	18824-S2	Vanderbilt U Med C
12	I	89,339	U.S. Department of Defense	N/A	Woolpert Inc.
12	I	-254	U.S. Department of Defense	N/A	Xintek, Inc
12.300	D	880,258	Basic and Applied Scientific Research		
12.300	I	61,303	Basic and Applied Scientific Research	66057G/PO#777399	Univ of Miami
12.300	I	27,183	Basic and Applied Scientific Research	200978	Univ of Notre Dame
12.420	D	4,082,206	Military Medical Research and Development		
12.420	I	130,234	Military Medical Research and Development	19823 056337	Children's Hosp/Pittsburgh
12.420	I	1,958	Military Medical Research and Development	313-2074	Duke University
12.420	I	160,180	Military Medical Research and Development	12-12990-01-01-C3	H Lee Moffitt Cancer
12.420	I	3,279	Military Medical Research and Development	PO# 8001-21024-X	Johns Hopkins Univ
12.420	I	152	Military Medical Research and Development	0258-2931-4609	Mt Sinai Sch of Med
12.420	I	3,984	Military Medical Research and Development	1-46U-9054	RTI International
12.431	D	926,129	Basic Scientific Research		
12.630	D	467,959	Basic, Applied, and Advanced Research in Science and Engineering		
12.800	D	240,741	Air Force Defense Research Sciences Program		
12.901	D	24,691	Mathematical Sciences Grants Program		
12.910	D	-206	Research and Technology Development		
12.910	I	60,724	Research and Technology Development	00001110	Princeton Univ
12.910	I	191,709	Research and Technology Development	130379	Univ of Wash-Seattle
14	D	224	U.S. Department of Housing and Urban Development		
14	I	31,924	U.S. Department of Housing and Urban Development	N/A	Durham Housing Authority
15	D	361,597	U.S. Department of the Interior		
15	I	43,261	U.S. Department of the Interior	N/A	Assoc of Rsch Library
15	I	25,195	U.S. Department of the Interior	0001	URS Corp
15.608	D	7,177	Fish and Wildlife Management Assistance		
15.807	I	42,152	Earthquake Hazards Reduction Program	PO119509	Univ Southern California
15.808	I	-833	U.S. Geological Survey- Research and Data Collection	4000516990	Univ of Iowa
15.904	D	50,698	Historic Preservation Fund Grants-In-Aid		
16	D	22,158	U.S. Department of Justice		
16	I	3,517	U.S. Department of Justice	N/A	Ame Colle Emerg Phys
16	I	9,220	U.S. Department of Justice	WFUHS 12077	Wake Forest Univ Sch Med
16.560	I	35,122	National Institute of Justice Research, Evaluation, and Development Project Grants	08-SC-NIJ-1007	Duke University
19	D	227,385	U.S. Department of State		
19	I	-2,620	U.S. Department of State	S-NEAPI-04-CA-115	SE Consort Intl Dev
19.300	I	-5,827	Program for Study of Eastern Europe and the Independent States of the Former Soviet Union	820-9	Natl Cncl Eurasian
20	D	1,475,931	U.S. Department of Transportation		
20	I	1,427	U.S. Department of Transportation	37769.00	Bellomo-Mcgee, Inc

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
20	I	3,247	U.S. Department of Transportation	TASK BMISG05B025	Bellomo-Mcgee, Inc
20	I	6,193	U.S. Department of Transportation	N/A	El Pueblo, Inc.
20	I	25,554	U.S. Department of Transportation	SA-1911-08/SP-1900-0	Kansas Dept Transportation
20	I	17,127	U.S. Department of Transportation	5710002033	MA Insti Technology
20	I	12,826	U.S. Department of Transportation	5710002072	MA Insti Technology
20	I	86,222	U.S. Department of Transportation	5710002208	MA Insti Technology
20	I	70,900	U.S. Department of Transportation	N/A	Motorcycle Safety Fd
20	I	56	U.S. Department of Transportation	HR 3-62	Natl Acad of Science
20	I	84,656	U.S. Department of Transportation	HR17-25	Natl Acad of Science
20	I	159,727	U.S. Department of Transportation	HR17-35/DOT-6505-099	Natl Acad of Science
20	I	31,261	U.S. Department of Transportation	HR20-07(212)	Natl Acad of Science
20	I	59,430	U.S. Department of Transportation	SHRP-S 01(D)	Natl Acad of Science
20	I	-8,534	U.S. Department of Transportation	N/A	Natl Safety Council
20	I	19,223	U.S. Department of Transportation	N/A	Natl Safety Council
20	I	10,457	U.S. Department of Transportation	2155.114A	Performtech Inc
20	I	19,722	U.S. Department of Transportation	2155.115A	Performtech Inc
20	I	41,546	U.S. Department of Transportation	2155.513A	Performtech Inc
20	I	4,148	U.S. Department of Transportation	S040043	Texas A & M Rsch Fdn
20	I	34,185	U.S. Department of Transportation	S060062	Texas A & M Rsch Fdn
20	I	118,834	U.S. Department of Transportation	DTNH22-05-D-05043	Transanalytics
20	I	17,888	U.S. Department of Transportation	N/A	Transanalytics
20	I	6,586	U.S. Department of Transportation	07-UNCCH-E1	Univ of Tennessee
20	I	13,226	U.S. Department of Transportation	07-UNCCH-R-S5/DTRS99	Univ of Tennessee
20	I	222,526	U.S. Department of Transportation	PO#0000133976/250602	Univ of Utah
20	I	115,133	U.S. Department of Transportation	37769.00	Vanasse Hangen Brust
20	I	35,908	U.S. Department of Transportation	367769	Vanasse Hangen Brust
20	I	17,997	U.S. Department of Transportation	N/A	Vanasse Hangen Brust
20.200	D	365,139	Highway Research and Development Program		
20.205	D	1,281,601	Highway Planning and Construction		
42	I	127,477	Library of Congress	C08-085837	CACI-ISS Inc.
42	I	172,047	Library of Congress	F011777	Univ of Michigan
43	D	485,803	National Aeronautics and Space Administration		
43	I	52,810	National Aeronautics and Space Administration	1307958	Calif Inst Technology
43	I	3,649	National Aeronautics and Space Administration	PO#21179	Marine Biological LA
43	I	22,025	National Aeronautics and Space Administration	91978/NAS13-99030	Mississippi Space Ser
43	I	95,834	National Aeronautics and Space Administration	00000534	Princeton Univ
43	I	76,186	National Aeronautics and Space Administration	ACK774	Univ of Idaho
43.001	I	97,299	Aerospace Education Services Program	200/536969.571	Dartmouth College
43.002	I	-24	Technology Transfer	072402/535842	Univ of Rhode Island

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
45.000	D	20,069	National Foundation on the Arts and the Humanities		
45.024	I	5,000	Promotion of the Arts-Grants to Organizations and Individuals	27799	Arts Midwest
45.129	I	9,057	Promotion of the Humanities-Federal/State Partnership	W07-01	NC Humanities Cncl
45.149	D	162,191	Promotion of the Humanities-Division of Preservation and Access		
45.161	D	39,482	Promotion of the Humanities-Research		
45.301	D	3,195	Museums for America		
45.301	I	458	Museums for America	R00237	Florida State
45.312	D	207,359	National Leadership Grants		
45.313	D	764,046	Laura Bush 21st Century Librarian Program		
47	D	75,896	National Science Foundation		
47	I	1	National Science Foundation	N/A	Conference Board Mathematical Sciences
47	I	4,276	National Science Foundation	N/A	Consort Ocean Leader
47	I	139,862	National Science Foundation	R38719-73900004	Rice University
47	I	106,501	National Science Foundation	2003-01685-1/A6734	Univ of Ill Champaign
47.041	D	1,313,435	Engineering Grants		
47.041	I	-3,414	Engineering Grants	02-093	Arizona State Univ
47.041	I	50,643	Engineering Grants	1159-7558-206-200628	Clemson University
47.041	I	-3,037	Engineering Grants	PO#RF00946953/741493	Ohio State U Res Fdn
47.049	D	9,082,672	Mathematical and Physical Sciences		
47.049	I	296,932	Mathematical and Physical Sciences	03-SC-NSF-1009	Duke University
47.049	I	172,877	Mathematical and Physical Sciences	08-SC-NIH-1026	Duke University
47.049	I	93,184	Mathematical and Physical Sciences	431140	Univ of Wash-Seattle
47.049	I	27,497	Mathematical and Physical Sciences	919690	Univ of Wash-Seattle
47.049	I	180,904	Mathematical and Physical Sciences	647F275	Univ Wisconsin-Madison
47.050	D	1,886,844	Geosciences		
47.050	I	29,655	Geosciences	UF-EIES-0810013-UNC	Univ of Florida
47.050	I	1,750	Geosciences	RR100-508/3506528	Univ of Georgia
47.050	I	286	Geosciences	05-652	Univ of Texas-Austin
47.070	D	2,269,773	Computer and Information Science and Engineering		
47.070	I	12,004	Computer and Information Science and Engineering	235388	Drexel Univ
47.070	I	-1	Computer and Information Science and Engineering	01-SC-NSF-1010	Duke University
47.070	I	754	Computer and Information Science and Engineering	04-SC-NSF-1033	Duke University
47.070	I	407	Computer and Information Science and Engineering	SA5874-10808PG	Univ Calif-Berkeley
47.070	I	59,938	Computer and Information Science and Engineering	PO# 10267787	Univ of California
47.070	I	202,396	Computer and Information Science and Engineering	30085-J	Univ of Chicago
47.070	I	298,107	Computer and Information Science and Engineering	A6118/2005-06198-03	Univ of Ill Champaign
47.070	I	-105	Computer and Information Science and Engineering	UTA06-262	Univ of Texas-Austin
47.070	I	582	Computer and Information Science and Engineering	0R11000-01.01	Univ Tennessee/Knoxville
47.074	D	5,541,333	Biological Sciences		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
47.074	I	26,752	Biological Sciences	5-34028.5710	Dartmouth College
47.074	I	53,699	Biological Sciences	04-SC-NSF-1032	Duke University
47.074	I	220,361	Biological Sciences	06-SC-NSF-1070	Duke University
47.074	I	91,246	Biological Sciences	07-SC-NSF-1051	Duke University
47.074	I	47,845	Biological Sciences	2919/200200632	Inst Ecosystem Studies
47.074	I	17,989	Biological Sciences	02-0285	Univ Louisiana @ Lafayette
47.074	I	4,573	Biological Sciences	30602	Univ of Chicago
47.074	I	1,571	Biological Sciences	FY2003-028	Univ of Kansas
47.074	I	129,700	Biological Sciences	USD-07-07	Univ South Dakota
47.074	I	211,295	Biological Sciences	X105335	Univ Wisconsin-Madison
47.074	I	64,128	Biological Sciences	G001594-001	Washington St Univ
47.075	D	1,650,032	Social, Behavioral, and Economic Sciences		
47.075	I	45,327	Social, Behavioral, and Economic Sciences	N/A	American Bar Foundation
47.075	I	41,807	Social, Behavioral, and Economic Sciences	07-SC-NSF-1045	Duke University
47.075	I	16,390	Social, Behavioral, and Economic Sciences	2958/200200735	Inst Ecosystem Studies
47.075	I	34,768	Social, Behavioral, and Economic Sciences	2005-01042-01	Univ of Ill Champaign
47.075	I	9,301	Social, Behavioral, and Economic Sciences	2007-01334-01/A4650	Univ of Ill Champaign
47.075	I	36,230	Social, Behavioral, and Economic Sciences	3000595881	Univ of Michigan
47.076	D	1,656,867	Education and Human Resources		
47.076	I	-773	Education and Human Resources	PM105603	Michigan St Univ
47.078	D	8,404	Polar Programs		
47.079	I	14,844	International Science and Engineering (OISE)	3000835643	Univ of Michigan
47.080	D	136,100	Office of Cyberinfrastructure		
47.080	I	35,690	Office of Cyberinfrastructure	48-124-31/PO 347117	Indiana Univ
64.000	D	19,532	U.S. Department of Veterans Affairs		
66	D	2,112,060	Environmental Protection Agency		
66	I	585	Environmental Protection Agency	2579	AWWA Research Fdn
66	I	2,719	Environmental Protection Agency	3177	AWWA Research Fdn
66	I	1,565	Environmental Protection Agency	2666/2741	AWWA Research Fdn
66	I	-7,407	Environmental Protection Agency	S1003215	Computer Science Cor
66	I	91,105	Environmental Protection Agency	106016-UNC-01	Constella Clinical
66	I	126,300	Environmental Protection Agency	106029-UNC-02	Constella Clinical
66	I	-15,497	Environmental Protection Agency	01-3	Health Effects Inst
66	I	66,805	Environmental Protection Agency	PO#200706639	Mactec Federal Program
66	I	73,561	Environmental Protection Agency	N/A	Miox Corporation
66	I	6,837	Environmental Protection Agency	71731	So Calif Metrop Water
66.439	D	69,425	Targeted Watersheds Grants		
66.463	I	2,122	Water Quality Cooperative Agreements	042G106066-A	Boise State Univ
66.500	D	1,039,571	Environmental Protection-Consolidated Research		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
66.509	D	2,148,921	Science To Achieve Results (STAR) Research Program		
66.510	D	7,417	Surveys, Studies, Investigations and Special Purpose Grants within the Office of Research and Development		
66.511	D	1,488,995	Office of Research and Development Consolidated Research/Training		
66.511	I	23,453	Office of Research and Development Consolidated Research/Training	2-340-0210384	RTI International
66.511	I	9,099	Office of Research and Development Consolidated Research/Training	06-HHE-5PP	Water Environ Rsch
66.514	D	103,798	Science To Achieve Results (STAR) Fellowship Program		
66.516	D	4,055	P3 Award: National Student Design Competition for Sustainability		
66.606	D	277,757	Surveys, Studies, Investigations and Special Purpose Grants		
66.606	I	26,249	Surveys, Studies, Investigations and Special Purpose Grants	20-23016-UNC0707	Houston Adv Res Ctr
81	D	2,262,515	U.S. Department of Energy		
81	I	8,123	U.S. Department of Energy	63244	UT-Battelle LLC
81	I	29,637	U.S. Department of Energy	60426-001-08 F3	Los Alamos Nat'l Lab
81	I	-3,271	U.S. Department of Energy	XAK-8-17619-11	Nat Rnl Enrg Lab/MRI
81	I	29,776	U.S. Department of Energy	PO# 5-17171	Oak Ridge Assoc Univ
81	I	-7,046	U.S. Department of Energy	4000050221	Oak Ridge Nat'l Labs
81	I	-502	U.S. Department of Energy	4000050690	Oak Ridge Nat'l Labs
81	I	-1,340	U.S. Department of Energy	R7A12J/R7B12J	Rice University
81	I	807	U.S. Department of Energy	B542708	U Cal Lawrence Livermore
81	I	34,037	U.S. Department of Energy	B571062	U Cal Lawrence Livermore
81	I	23,269	U.S. Department of Energy	5F-00428	U Chicago Argonne LLC
81	I	-446	U.S. Department of Energy	2003-02379-1/A8555	Nat Rnl Enrg Lab/MRI
81	I	14,298	U.S. Department of Energy	412781-G	Univ of Rochester
81	I	84	U.S. Department of Energy	4000016791	UT-Battelle/Ornl
81	I	14,134	U.S. Department of Energy	4000036179	UT-Battelle/Ornl
81.049	D	1,459,991	Office of Science Financial Assistance Program		
81.049	I	89,405	Office of Science Financial Assistance Program	TUL-536-06/07	Tulane University
81.049	I	79,161	Office of Science Financial Assistance Program	371979	Univ of Wash-Seattle
81.112	I	10,255	Stewardship Science Grant Program	414089-G/ 5-23730	Univ of Rochester
83	I	175	Federal Emergency Management Agency	68469/75355	URS Corp
84	D	651,335	U.S. Department of Education		
84	I	42,578	U.S. Department of Education	N/A	Comm Campus Partnership
84	I	25,939	U.S. Department of Education	N/A	Wake Co Pub Sch Syst
84	I	6,768	U.S. Department of Education	ED-01-CO-0120	Westat
84.007	D	398,980	Federal Supplemental Educational Opportunity Grants		
84.015	D	1,116,432	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.015	I	4,911	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	04-SC-DED-1010	Duke University
84.015	I	13,970	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	06-SC-DED-1061	Duke University
84.015	I	106,680	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	06-SC-DED-1069	Duke University
84.015	I	97,343	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	06-SC-DED-1081	Duke University
84.015	I	9,772	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	06-SC-DED-1082	Duke University
84.015	I	9,840	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	07-SC-DED-1001	Duke University
84.015	I	1,563	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	07-SC-DED-1002	Duke University
84.015	I	129,286	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	07-SC-DED-1044	Duke University
84.015	I	203,015	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	07-SC-DED-1046	Duke University
84.015	I	148,316	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	07-SC-DED-1064	Duke University
84.017	D	43,031	International Research and Studies		
84.022	D	17,009	Overseas Programs - Doctoral Dissertation Research Abroad		
84.033	D	19,603	Federal Work-Study Program		
84.038	D	34,067,675	Federal Perkins Loan Program-Federal Capital Contributions		
84.047	D	344,523	TRIO-Upward Bound		
84.051	D	7,281	Career and Technical Education -- National Programs		
84.063	D	7,598,293	Federal Pell Grant Program		
84.087	D	873	Indian Education - Fellowships for Indian Students		
84.116	D	24,244	Fund for the Improvement of Postsecondary Education		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.133	D	30,948	National Institute on Disability and Rehabilitation Research		
84.170	D	5,812	Javits Fellowships		
84.181	I	15,187	Special Education-Grants for Infants and Families	3208-33	Nevada St Hlth Div
84.200	D	355,747	Graduate Assistance in Areas of National Need		
84.206	D	487,183	Javits Gifted and Talented Students Education Grant Program		
84.220	D	420,572	Centers for International Business Education		
84.295	I	96,415	Ready-To-Learn Television	N/A	Michael Cohen Group
84.305	D	4,527,045	Education Research, Development and Dissemination		
84.305	I	114,351	Education Research, Development and Dissemination	GM10087-126361	Univ of Virginia
84.324	D	1,090,171	Research in Special Education		
84.324	I	237,203	Research in Special Education	51-000476	SRI International
84.324	I	80,826	Research in Special Education	51-000949	SRI International
84.325	D	1,831,155	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		
84.326	D	3,010,410	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities		
84.326	I	929	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	51-000681	SRI International
84.326	I	16,144	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	51-000682	SRI International
84.326	I	4,931	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	UKRF 3046824700-08-3	Univ of Kentucky
84.326	I	57,196	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	282101D	Univ of Oregon
84.327	D	132,475	Special Education-Technology and Media Services for Individuals with Disabilities		
84.349	I	144,386	Early Childhood Educator Professional Development	N/A	Zero to Three
84.359	I	99,469	Early Reading First	N/A	Richmond Co School
84.373	D	263,380	Special Education-Technical Assistance on State Data Collection		
89.003	D	78,786	National Historical Publications and Records Grants		
91.002	D	20,144	Solicited Grant Program		
93	D	15,907,426	U.S. Department of Health and Human Services		
93	I	173,133	U.S. Department of Health and Human Services	N/A	Academyhealth
93	I	2,545	U.S. Department of Health and Human Services	N/A	Am Med Stud Assoc Fd
93	I	78,356	U.S. Department of Health and Human Services	6666	Amer Coll Radiology
93	I	-783	U.S. Department of Health and Human Services	N/A	Amer Coll Radiology
93	I	1,480	U.S. Department of Health and Human Services	N/A	Amer Coll Radiology
93	I	13,831	U.S. Department of Health and Human Services	CA80098-S1	Amer Coll Radiology
93	I	24,005	U.S. Department of Health and Human Services	N/A	Amer Coll Radiology
93	I	37,489	U.S. Department of Health and Human Services	N/A	Assn State&Territ Pu

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93	I	-149	U.S. Department of Health and Human Services	S3253-23/24	Assoc Sch Pub Health
93	I	-113	U.S. Department of Health and Human Services	S3521-24/24	Assoc Sch Pub Health
93	I	39,131	U.S. Department of Health and Human Services	S3754-25/25	Assoc Sch Pub Health
93	I	16,773	U.S. Department of Health and Human Services	79184CBS36	Booz Allen & Hamilton
93	I	11,107	U.S. Department of Health and Human Services	79184CBS36/TO1:TASK1	Booz Allen & Hamilton
93	I	4,742	U.S. Department of Health and Human Services	79184CBS36/TO1:TASK2	Booz Allen & Hamilton
93	I	2,720	U.S. Department of Health and Human Services	79184CBS36/TO1:TASK3	Booz Allen & Hamilton
93	I	100,188	U.S. Department of Health and Human Services	N/A	CALGB Fdn
93	I	46,925	U.S. Department of Health and Human Services	N/A	CALGB/Univ Chicago
93	I	44,775	U.S. Department of Health and Human Services	N/A	Carolina Donor Srvc
93	I	82,136	U.S. Department of Health and Human Services	N/A	Case Western Reserve
93	I	73,034	U.S. Department of Health and Human Services	RES421126	Case Western Reserve
93	I	5,805	U.S. Department of Health and Human Services	20728-01-04	Children's Hosp Phil
93	I	2,518	U.S. Department of Health and Human Services	0000137702	Children's Hosp/Bost
93	I	-14,064	U.S. Department of Health and Human Services	413390300101.07655	Children's Hosp Reg Med
93	I	10,290	U.S. Department of Health and Human Services	N/A	Columbia Univ
93	I	20,905	U.S. Department of Health and Human Services	680430119	Consortium for Children
93	I	18,852	U.S. Department of Health and Human Services	N/A	Courtesy Assoc. Inc.
93	I	2,249	U.S. Department of Health and Human Services	5-30621	Dartmouth College
93	I	46,581	U.S. Department of Health and Human Services	5-32014	Dartmouth College
93	I	137,735	U.S. Department of Health and Human Services	N/A	Dir Hlth Prom & Educ
93	I	8,892	U.S. Department of Health and Human Services	117161	Duke University
93	I	76,909	U.S. Department of Health and Human Services	125466	Duke Univ Med Ctr
93	I	22,965	U.S. Department of Health and Human Services	N/A	Duke Univ Med Ctr
93	I	13,983	U.S. Department of Health and Human Services	3036656/131860	Duke Univ Med Ctr
93	I	3,113	U.S. Department of Health and Human Services	DS 443	Duke Univ Med Ctr
93	I	875	U.S. Department of Health and Human Services	HL07069	Duke Univ Med Ctr
93	I	-10,362	U.S. Department of Health and Human Services	UNC-CH-COHEN-01	Duke Univ Med Ctr
93	I	1,930	U.S. Department of Health and Human Services	125466	Duke University
93	I	-5,202	U.S. Department of Health and Human Services	N/A	Duke University
93	I	2,024	U.S. Department of Health and Human Services	303.7374.73870	Duke University
93	I	153,207	U.S. Department of Health and Human Services	303-8546/129578	Duke University
93	I	11,283	U.S. Department of Health and Human Services	DS603/100528	Duke University
93	I	27,031	U.S. Department of Health and Human Services	N/A	Duke University
93	I	10,942	U.S. Department of Health and Human Services	N/A	Emmes Corporation
93	I	56,040	U.S. Department of Health and Human Services	PO 1568 P HB330	Emmes Corporation
93	I	7	U.S. Department of Health and Human Services	5-23356-G2	Emory University
93	I	7,118	U.S. Department of Health and Human Services	N/A	Emory University
93	I	-57,074	U.S. Department of Health and Human Services	N/A	Ercole Biotech, Inc.

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93	I	25,254	U.S. Department of Health and Human Services	861	Family Health Intl
93	I	-7,270	U.S. Department of Health and Human Services	630-4	Family Health Intl
93	I	17,122	U.S. Department of Health and Human Services	0000644233	Fred Hutchinsn Cancer Research Center
93	I	194,830	U.S. Department of Health and Human Services	N/A	Global Vaccines Inc
93	I	16,400	U.S. Department of Health and Human Services	N/A	H Lee Moffitt Cancer
93	I	331,625	U.S. Department of Health and Human Services	10-14025-02-06/05-C1	H Lee Moffitt Cancer
93	I	-9,580	U.S. Department of Health and Human Services	2005-013	H Lee Moffitt Cancer
93	I	4,702	U.S. Department of Health and Human Services	HHSN261200622008C	H Lee Moffitt Cancer
93	I	12,628	U.S. Department of Health and Human Services	N/A	Ho-Chunk Nation
93	I	13,861	U.S. Department of Health and Human Services	N/A	Icoria, Inc
93	I	15,231	U.S. Department of Health and Human Services	N/A	Indiana Univ
93	I	-2,317	U.S. Department of Health and Human Services	PO #39206-0165	Indiana Univ
93	I	29,237	U.S. Department of Health and Human Services	PO#199931	Indiana Univ
93	I	39,036	U.S. Department of Health and Human Services	2005-9090-3	ISED Solutions
93	I	82,278	U.S. Department of Health and Human Services	PO#P0007321/N01-HC-9	Jackson State Univ
93	I	11,128	U.S. Department of Health and Human Services	EY14231	Jaeb Ctr for Hlth Re
93	I	-25	U.S. Department of Health and Human Services	N/A	Johns Hopkins Univ
93	I	21,610	U.S. Department of Health and Human Services	8502-90010-6	Johns Hopkins Univ
93	I	36,815	U.S. Department of Health and Human Services	N/A	Johns Hopkins Univ
93	I	55,811	U.S. Department of Health and Human Services	PO# 7810-96242	Johns Hopkins Univ
93	I	-89,008	U.S. Department of Health and Human Services	PO#8011-39050-0	Johns Hopkins Univ
93	I	951,955	U.S. Department of Health and Human Services	U01-AI46749	Johns Hopkins Univ
93	I	5,185	U.S. Department of Health and Human Services	N/A	Joslin Diabetes Ctr
93	I	79,669	U.S. Department of Health and Human Services	N/A	Kitware Inc
93	I	9,249	U.S. Department of Health and Human Services	SPH07-E1065	Louisiana State Univ
93	I	1,153	U.S. Department of Health and Human Services	N/A	Maryland Med Res Ins
93	I	74,001	U.S. Department of Health and Human Services	N/A	Mass Gen Hosp
93	I	369	U.S. Department of Health and Human Services	N/A	Mayo Clinic Rocheste
93	I	220,851	U.S. Department of Health and Human Services	2010-115	Mcking Consult Corp
93	I	8,477	U.S. Department of Health and Human Services	N/A	Mclean Hospital
93	I	108,093	U.S. Department of Health and Human Services	N/A	Mclean University
93	I	427,818	U.S. Department of Health and Human Services	N/A	ME College of Wi
93	I	48,022	U.S. Department of Health and Human Services	N/A	Med Univ of Science
93	I	7,770	U.S. Department of Health and Human Services	94253601	Medical College Ohio
93	I	32,725	U.S. Department of Health and Human Services	N/A	Metrolina Aids Project
93	I	-1,799	U.S. Department of Health and Human Services	HHSN261200422010C-00	MI-Corporation
93	I	6,860	U.S. Department of Health and Human Services	PO# 1104	MI-Corporation
93	I	3,061	U.S. Department of Health and Human Services	N/A	Mt Sinai Sch Of Med
93	I	198,292	U.S. Department of Health and Human Services	N/A	Napa Cnty Office Edu

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93	I	10,154	U.S. Department of Health and Human Services	16641	Natl Childhd Cnrc Fdn
93	I	80,814	U.S. Department of Health and Human Services	98543-1067	Natl Childhd Cnrc Fdn
93	I	13,587	U.S. Department of Health and Human Services	N/A	NERI
93	I	68,430	U.S. Department of Health and Human Services	N/A	New Hanover Reg Med
93	I	2,397	U.S. Department of Health and Human Services	N/A	Northwestern Univ
93	I	54,785	U.S. Department of Health and Human Services	TFED36-117	NSAPB Foundation
93	I	-630	U.S. Department of Health and Human Services	7-6295 Release 2	Oak Ridge Inst Science
93	I	-1,905	U.S. Department of Health and Human Services	7-6295 Release 3	Oak Ridge Inst Science
93	I	-1,878	U.S. Department of Health and Human Services	7-6295 Release 5	Oak Ridge Inst Science
93	I	3,861	U.S. Department of Health and Human Services	N/A	Oak Ridge Inst Science
93	I	641	U.S. Department of Health and Human Services	N/A	Ohio State Univ
93	I	46,899	U.S. Department of Health and Human Services	3409010335	Oklahoma St Dept Hlt
93	I	42,253	U.S. Department of Health and Human Services	N/A	Organix, Inc.
93	I	52,859	U.S. Department of Health and Human Services	0081.01.01	Pacific Inst Resch
93	I	55,141	U.S. Department of Health and Human Services	CHGME PP: G-37	Quality Resource Sys
93	I	80,146	U.S. Department of Health and Human Services	N/A	RTI International
93	I	6,199	U.S. Department of Health and Human Services	1-312-0207901	RTI International
93	I	110,394	U.S. Department of Health and Human Services	1-312-0208290	RTI International
93	I	113,351	U.S. Department of Health and Human Services	1-312-0208452/290-02	RTI International
93	I	106,268	U.S. Department of Health and Human Services	1-312-0209322/GS-10F	RTI International
93	I	64,074	U.S. Department of Health and Human Services	1-312-0209783	RTI International
93	I	170,291	U.S. Department of Health and Human Services	1-312-0210088	RTI International
93	I	81,796	U.S. Department of Health and Human Services	2-312-0210358	RTI International
93	I	71,066	U.S. Department of Health and Human Services	3-312-0209686	RTI International
93	I	7,269	U.S. Department of Health and Human Services	4-312-0207897	RTI International
93	I	26,236	U.S. Department of Health and Human Services	N/A	Science Lrng Res Inc
93	I	13,673	U.S. Department of Health and Human Services	5-20797	Scripps Resch Inst
93	I	13,769	U.S. Department of Health and Human Services	5-20882	Scripps Resch Inst
93	I	100,093	U.S. Department of Health and Human Services	5-22123	Scripps Resch Inst
93	I	22,672	U.S. Department of Health and Human Services	5-22694	Scripps Resch Inst
93	I	158,324	U.S. Department of Health and Human Services	PO#5-22602	Scripps Resch Inst
93	I	654,174	U.S. Department of Health and Human Services	BRS-ACURE-Q-06-00160	Social & Scientific
93	I	636,210	U.S. Department of Health and Human Services	BRS-IMPCT-Q-06-00102	Social & Scientific
93	I	-46,178	U.S. Department of Health and Human Services	120039010	St Jude Childrn Rsch
93	I	74,754	U.S. Department of Health and Human Services	120039020	St Jude Childrn Rsch
93	I	234,653	U.S. Department of Health and Human Services	N/A	St Louis Univ
93	I	5,236	U.S. Department of Health and Human Services	N/A	Tohomo O'Adham Nation
93	I	4,830	U.S. Department of Health and Human Services	N/A	U Med & Dentstry NJ
93	I	20,187	U.S. Department of Health and Human Services	PO#P0303760/P0242352	U Med & Dentstry NJ

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93	I	3,796	U.S. Department of Health and Human Services	2-5-80344	Univ Colorado Hlth
93	I	890	U.S. Department of Health and Human Services	N/A	Univ Health Network
93	I	1,563	U.S. Department of Health and Human Services	N/A	Univ Md-Baltimore
93	I	14,474	U.S. Department of Health and Human Services	PO SR00000171	Univ Md-Baltimore
93	I	-16	U.S. Department of Health and Human Services	N/A	Univ of Alabama
93	I	106,585	U.S. Department of Health and Human Services	N/A	Univ of Alabama
93	I	206,664	U.S. Department of Health and Human Services	N/A	Univ of Alabama
93	I	-45,683	U.S. Department of Health and Human Services	N/A	Univ of Florida
93	I	332,047	U.S. Department of Health and Human Services	PO Z836156	Univ of Hawaii
93	I	-569	U.S. Department of Health and Human Services	P.O.#S01117	Univ of Maryland
93	I	924	U.S. Department of Health and Human Services	R01AR47711-01/S0210	Univ of Maryland
93	I	59,515	U.S. Department of Health and Human Services	66242L/ PO M117862	Univ of Miami
93	I	-14,338	U.S. Department of Health and Human Services	B6367251103	Univ of Minnesota
93	I	-18,321	U.S. Department of Health and Human Services	S6656567101	Univ of Minnesota
93	I	106	U.S. Department of Health and Human Services	104407	Univ of Pittsburgh
93	I	6,045	U.S. Department of Health and Human Services	106908	Univ of Pittsburgh
93	I	49,025	U.S. Department of Health and Human Services	N/A	Univ of Utah
93	I	24,101	U.S. Department of Health and Human Services	GC11451.126448	Univ of Virginia
93	I	34,880	U.S. Department of Health and Human Services	GC11451.126454	Univ of Virginia
93	I	249,432	U.S. Department of Health and Human Services	GC11572.128516	Univ of Virginia
93	I	230,221	U.S. Department of Health and Human Services	GC11572.128523	Univ of Virginia
93	I	3,624	U.S. Department of Health and Human Services	04-8132	Univ Wisconsin
93	I	5,400	U.S. Department of Health and Human Services	N/A	Univ Wisconsin
93	I	24,427	U.S. Department of Health and Human Services	P844060	Univ Wisconsin
93	I	-10,381	U.S. Department of Health and Human Services	N/A	Universidad Metropol
93	I	54,149	U.S. Department of Health and Human Services	07417-014-000-00-UNC	Urban Institute
93	I	-309	U.S. Department of Health and Human Services	GMO-010108/N01MH900	UT Southwest Med Ctr
93	I	97,624	U.S. Department of Health and Human Services	GMO010108/N01MH90003	UT Southwest Med Ctr
93	I	16,192	U.S. Department of Health and Human Services	GMO-010137	UT Southwest Med Ctr
93	I	3,425	U.S. Department of Health and Human Services	GMO-010171	UT Southwest Med Ctr
93	I	5,819	U.S. Department of Health and Human Services	GMO-500206	UT Southwest Med Ctr
93	I	249,689	U.S. Department of Health and Human Services	N/A	Wake Forest Univ Sch Med
93	I	-161	U.S. Department of Health and Human Services	31184 WHIMS MRI-UNCC	Wake Forest University
93	I	28,873	U.S. Department of Health and Human Services	N01-WH-4-4221	Wake Forest University
93	I	107,459	U.S. Department of Health and Human Services	0665-08428	Wash Dept Soc & Hlth
93	I	18,451	U.S. Department of Health and Human Services	2905791A/ WU-08-104	Wash Univ-St Louis
93	I	-534	U.S. Department of Health and Human Services	PO 29006Q/WU-04-211/	Wash Univ-St Louis
93	I	13,554	U.S. Department of Health and Human Services	N/A	White Mtn Apache Nation
93	I	81,322	U.S. Department of Health and Human Services	N/A	Wits Health Consort.

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93	I	2,280	U.S. Department of Health and Human Services	N/A	Yale University
93	I	53,375	U.S. Department of Health and Human Services	N/A	YMCA Young Men Christian Assoc.
93.061	D	352,395	Innovations in Applied Public Health Research		
93.061	I	24,297	Innovations in Applied Public Health Research	1-312-0209362	RTI International
93.061	I	-1,412	Innovations in Applied Public Health Research	1-46U-9362	RTI International
93.061	I	13,753	Innovations in Applied Public Health Research	PO# 29525P	Wash Univ-St Louis
93.063	D	104,510	Centers for Genomics and Public Health		
93.086	D	471,866	Healthy Marriage Promotion and Responsible Fatherhood Grants		
93.103	I	2,100	Food and Drug Administration-Research	Z-179903	Univ Md College Park
93.107	D	842,904	Model State-Supported Area Health Education Centers		
93.110	D	2,913,631	Maternal and Child Health Federal Consolidated Programs		
93.110	I	-85	Maternal and Child Health Federal Consolidated Programs	N/A	Southeast Reg Genet
93.113	D	6,599,485	Environmental Health		
93.113	I	2,484	Environmental Health	PG-4013-01	Univ of Montana
93.114	D	389,987	Applied Toxicological Research and Testing		
93.115	D	96,908	Biometry and Risk Estimation - Health Risks from Environmental Exposures		
93.117	D	177,301	Grants for Preventive Medicine		
93.121	D	10,668,078	Oral Diseases and Disorders Research		
93.121	I	41,234	Oral Diseases and Disorders Research	MOA# P50MH080272	Beth Israel Deacon M
93.121	I	1,632	Oral Diseases and Disorders Research	06WVOLL-02-M2	Kaiser Fdn Res Insti
93.121	I	17,956	Oral Diseases and Disorders Research	N/A	Kaiser Fdn Res Insti
93.121	I	46,539	Oral Diseases and Disorders Research	F5629-01	New York University
93.121	I	179,365	Oral Diseases and Disorders Research	HS2356	Tufts University
93.121	I	-718	Oral Diseases and Disorders Research	2963SC	Univ Calif-San Francisco
93.121	I	19,820	Oral Diseases and Disorders Research	5 U01 DE016747-03/00	Univ of Alabama-Birm
93.121	I	26	Oral Diseases and Disorders Research	N/A	Univ of Alabama-Birm
93.121	I	26	Oral Diseases and Disorders Research	F011314	Univ of Michigan
93.121	I	12,511	Oral Diseases and Disorders Research	549852	Univ of Pennsylvania
93.121	I	-24,390	Oral Diseases and Disorders Research	PO#1757416/1566158	Univ of Pennsylvania
93.121	I	-9,091	Oral Diseases and Disorders Research	892504	Univ of Wash-Seattle
93.127	D	135,297	Emergency Medical Services for Children		
93.134	I	-1,618	Grants to Increase Organ Donations	N/A	Carolina Donor Svcs
93.135	D	5,187,527	Centers for Research and Demonstration for Health Promotion and Disease Prevention		
93.136	D	2,033,940	Injury Prevention and Control Research and State and Community Based Programs		
93.136	I	2,698	Injury Prevention and Control Research and State and Community Based Programs	N/A	Savir Soc for Advanc
93.143	D	2,957,142	NIEHS Superfund Hazardous Substances-Basic Research and Education		
93.155	D	901,789	Rural Health Research Centers		
93.172	D	3,855,883	Human Genome Research		
93.172	I	330,588	Human Genome Research	146500	Duke University

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.172	I	57,656	Human Genome Research	SA5763-11790	Univ Calif-Berkeley
93.172	I	646	Human Genome Research	N/A	Univ of Tex Houston
93.172	I	17,079	Human Genome Research	0006055A	Univ of Tex Houston
93.172	I	-3,767	Human Genome Research	UTA05-116	Univ of Texas-Austin
93.173	D	2,401,943	Research Related to Deafness and Communication Disorders		
93.173	I	76,456	Research Related to Deafness and Communication Disorders	2000184642	Johns Hopkins Univ
93.178	D	208,111	Nursing Workforce Diversity		
93.185	D	64,168	Immunization Research, Demonstration, Public Information and Education-Training and Clinical Skills Improvement Projects		
93.186	D	339,236	National Research Service Award in Primary Care Medicine		
93.191	D	-2,960	Allied Health Special Projects		
93.192	D	-1,665	Quentin N. Burdick Program for Rural Interdisciplinary Training		
93.213	D	2,134,636	Research and Training in Complementary and Alternative Medicine		
93.213	I	2,244	Research and Training in Complementary and Alternative Medicine	145529	Duke Univ Med Ctr
93.213	I	103,788	Research and Training in Complementary and Alternative Medicine	764267	Univ of Miami
93.217	I	95,628	Family Planning-Services	6 FPHPA046005-02-01	Planned Parenthood
93.225	D	338,917	National Research Service Awards-Health Services Research Training		
93.226	D	1,034,226	Research on Healthcare Costs, Quality and Outcomes		
93.226	I	2,168	Research on Healthcare Costs, Quality and Outcomes	N/A	Nat Init Chld Hlthcr
93.226	I	47,406	Research on Healthcare Costs, Quality and Outcomes	004	Shaw University
93.226	I	15,391	Research on Healthcare Costs, Quality and Outcomes	006	Shaw University
93.226	I	11,951	Research on Healthcare Costs, Quality and Outcomes	004A	Shaw University
93.230	I	3,451	Consolidated Knowledge Development and Application (KD&A) Program	P.O.#0038020	Nat Dev Rsch Institu
93.236	D	3,961	Grants for Dental Public Health Residency Training		
93.239	I	99	Policy Research and Evaluation Grants	UKRF 3046947400-07-0	Univ of Kentucky
93.239	I	11,993	Policy Research and Evaluation Grants	UKRF 3048058900-07-1	Univ of Kentucky
93.241	I	89,966	State Rural Hospital Flexibility Program	S6659053104	Univ of Minnesota
93.241	I	278,554	State Rural Hospital Flexibility Program	S6659053105	Univ of Minnesota
93.242	D	14,919,398	Mental Health Research Grants		
93.242	I	69,960	Mental Health Research Grants	68E-1080101	Calif Inst Technolog
93.242	I	-3,449	Mental Health Research Grants	8	Columbia Univ
93.242	I	-10,461	Mental Health Research Grants	303-7231/DS805	Duke University
93.242	I	36,095	Mental Health Research Grants	303-7424/DS803	Duke University
93.242	I	9,389	Mental Health Research Grants	147050	Duke University
93.242	I	43,334	Mental Health Research Grants	137293/303-7153	Duke University
93.242	I	-457	Mental Health Research Grants	8602-61118-1	Johns Hopkins Univ
93.242	I	15,006	Mental Health Research Grants	PO#69409	Johns Hopkins Univ
93.242	I	42,229	Mental Health Research Grants	205283	Mass Gen Hosp
93.242	I	99,747	Mental Health Research Grants	0255-7432-4609	Mt Sinai Sch of Med

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.242	I	70,083	Mental Health Research Grants	N/A	Organix, Inc.
93.242	I	2,082	Mental Health Research Grants	403968	Salk Insitute
93.242	I	20,999	Mental Health Research Grants	1557 G JB758	U Cal Los Angelos
93.242	I	16,201	Mental Health Research Grants	N/A	Univ of Alabama-Birm
93.242	I	15,085	Mental Health Research Grants	UF06106	Univ of Florida
93.242	I	-1	Mental Health Research Grants	F008906	Univ of Michigan
93.242	I	16,747	Mental Health Research Grants	3R30V/330V0	Univ of New Mexico
93.242	I	9,305	Mental Health Research Grants	110726-05	Univ of Pittsburgh
93.242	I	93,923	Mental Health Research Grants	K083633/144-PL12	Univ Wisconsin-Milwa
93.242	I	4,336	Mental Health Research Grants	WFUHS 51509	Wake Forest Univ Sch Med
93.243	D	76,872	Substance Abuse and Mental Health Services-Projects of Regional and National Significance		
93.243	I	50,385	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	07-SC-SAMSHA-1029	Duke University
93.243	I	100,056	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	08-SC-SAMHSA-1045	Duke University
93.247	D	125,357	Advanced Education Nursing Grant Program		
93.249	D	368,379	Public Health Training Centers Grant Program		
93.262	D	1,649,138	Occupational Safety and Health Program		
93.262	I	-219	Occupational Safety and Health Program	PO# 4000520249	Univ of Iowa
93.263	D	-98	Occupational Safety and Health - Training Grants		
93.264	D	179,997	Nurse Faculty Loan Program (NFLP)		
93.265	D	198,473	Comprehensive Geriatric Education Program(CGEP)		
93.271	D	427,777	Alcohol Research Career Development Awards for Scientists and Clinicians		
93.272	D	414,378	Alcohol National Research Service Awards for Research Training		
93.273	D	5,954,508	Alcohol Research Programs		
93.273	I	3,176	Alcohol Research Programs	303-7239/DS823	Duke University
93.273	I	11,833	Alcohol Research Programs	05-SC-NIH-1055	Duke University
93.273	I	215,173	Alcohol Research Programs	150453.0004	Harvard Univ
93.273	I	42,814	Alcohol Research Programs	108942	Loyola Univ-Chicago
93.273	I	7,084	Alcohol Research Programs	GBNEU0169BL	Oregon Hlth Sciences
93.273	I	18,274	Alcohol Research Programs	WFUHS 52260	Wake Forest Univ Sch Med
93.277	D	117,057	Career Development Awards		
93.278	D	119,885	Drug Abuse National Research Service Awards for Research Training		
93.279	D	4,318,027	Drug Abuse and Addiction Research Programs		
93.279	I	69,362	Drug Abuse and Addiction Research Programs	145929	Duke University
93.279	I	31,972	Drug Abuse and Addiction Research Programs	139881/133050	Duke University
93.279	I	55,563	Drug Abuse and Addiction Research Programs	2R44DA020217-02	Flying Bridge Techno
93.279	I	6,622	Drug Abuse and Addiction Research Programs	0367.01.01	Pacific Inst Resch
93.279	I	12,649	Drug Abuse and Addiction Research Programs	PIRE	Pacific Inst Resch
93.279	I	103,404	Drug Abuse and Addiction Research Programs	3110-UNC-DHHS-0075	Penn State Univ
93.279	I	153,065	Drug Abuse and Addiction Research Programs	N/A	St Jude Chldrn Rsch

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.279	I	57,293	Drug Abuse and Addiction Research Programs	F014699	Univ of Michigan
93.281	D	1,020,478	Mental Health Research Career/Scientist Development Awards		
93.282	D	733,391	Mental Health National Research Service Awards for Research Training		
93.283	D	4,802,575	Centers for Disease Control and Prevention-Investigations and Technical Assistance		
93.283	I	33,510	Centers for Disease Control and Prevention-Investigations and Technical Assistance	MM-0645-04/04	Assc Amer Medical
93.283	I	196,893	Centers for Disease Control and Prevention-Investigations and Technical Assistance	MM-0975-07/07	Assc Amer Medical
93.283	I	162	Centers for Disease Control and Prevention-Investigations and Technical Assistance	MM-644-04/04	Assc Amer Medical
93.283	I	1	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3407-23/24	Assoc Sch Pub Health
93.283	I	17,532	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3453-23/23	Assoc Sch Pub Health
93.283	I	-75	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3460-23/23	Assoc Sch Pub Health
93.283	I	286,785	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3486-23/24	Assoc Sch Pub Health
93.283	I	246,260	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3493-23/24	Assoc Sch Pub Health
93.283	I	105,710	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3521-24/25	Assoc Sch Pub Health
93.283	I	127,415	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3521-24/26	Assoc Sch Pub Health
93.283	I	219,638	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3554-24/25	Assoc Sch Pub Health
93.283	I	154,224	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3554-24/26	Assoc Sch Pub Health
93.283	I	135,969	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3665-24/26	Assoc Sch Pub Health
93.283	I	38,491	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3665-25/25	Assoc Sch Pub Health
93.283	I	24,703	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3698-25/25	Assoc Sch Pub Health
93.283	I	105,893	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3698-25/26	Assoc Sch Pub Health
93.283	I	139,011	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3715-25/25	Assoc Sch Pub Health
93.283	I	133,587	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3715-25-26	Assoc Sch Pub Health
93.283	I	3,039	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3753-25/25	Assoc Sch Pub Health
93.283	I	562,595	Centers for Disease Control and Prevention-Investigations and Technical Assistance	S3810-26/26	Assoc Sch Pub Health
93.283	I	19,237	Centers for Disease Control and Prevention-Investigations and Technical Assistance	15910	Natl Childhd Cnrc Fdn
93.283	I	69,585	Centers for Disease Control and Prevention-Investigations and Technical Assistance	17-312-0208235	RTI International
93.286	D	3,350,701	Discovery and Applied Research for Technological Innovations to Improve Human Health		
93.286	I	67,258	Discovery and Applied Research for Technological Innovations to Improve Human Health	9-526-2184	Albert Einstein College
93.286	I	76,140	Discovery and Applied Research for Technological Innovations to Improve Human Health	149881	Brigham Women's Hosp
93.286	I	54,715	Discovery and Applied Research for Technological Innovations to Improve Human Health	N/A	Brigham Women's Hosp
93.307	D	2,440,575	Minority Health and Health Disparities Research		
93.310	D	465,762	Trans-NIH Research Support		
93.342	D	3,576,606	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students		
93.358	D	102,720	Advanced Education Nursing Traineeships		
93.359	D	128,081	Nurse Education, Practice and Retention Grants		
93.361	D	4,538,815	Nursing Research		
93.361	I	14,680	Nursing Research	0004257/111754-2	Univ of Pittsburgh
93.375	D	86,089	Minority Biomedical Research Support		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.389	D	14,183,218	National Center for Research Resources		
93.389	I	80,795	National Center for Research Resources	CHMC 103824	Children's Hosp/Cinn
93.389	I	4,378	National Center for Research Resources	2006-1719	Univ Calif-Irvine
93.390	D	2,021,492	Academic Research Enhancement Award		
93.392	I	7,110	Cancer Construction	H3155-01	Georgia State Univ
93.393	D	7,705,599	Cancer Cause and Prevention Research		
93.393	I	5,999	Cancer Cause and Prevention Research	20728-02-04	Children's Hosp Phil
93.393	I	14,811	Cancer Cause and Prevention Research	Subaward 1	Columbia Univ
93.393	I	45,895	Cancer Cause and Prevention Research	132702	Duke Clinical Rsch
93.393	I	7,821	Cancer Cause and Prevention Research	153192/132702	Duke Clinical Rsch
93.393	I	76,848	Cancer Cause and Prevention Research	303-2189/DS836	Duke University
93.393	I	1,356	Cancer Cause and Prevention Research	303-2501/DS494	Duke University
93.393	I	1,377	Cancer Cause and Prevention Research	303-2551/DS494	Duke University
93.393	I	4,050	Cancer Cause and Prevention Research	303-2795/DS494	Duke University
93.393	I	365	Cancer Cause and Prevention Research	5-40635-G4	Emory University
93.393	I	8,064	Cancer Cause and Prevention Research	R00884	Florida State
93.393	I	15,063	Cancer Cause and Prevention Research	PO#39506 0048	Indiana Univ
93.393	I	19,734	Cancer Cause and Prevention Research	0255-1051-4609	Mt Sinai Sch of Med
93.393	I	273	Cancer Cause and Prevention Research	Y433337	Univ of Arizona
93.393	I	28,738	Cancer Cause and Prevention Research	POZ743595,POZ799958	Univ of Hawaii
93.393	I	29,910	Cancer Cause and Prevention Research	QG840220	Univ of Kansas
93.393	I	6,177	Cancer Cause and Prevention Research	66294Y/POM114522	Univ of Miami
93.393	I	61,900	Cancer Cause and Prevention Research	F011807	Univ of Michigan
93.393	I	11,384	Cancer Cause and Prevention Research	N/A	Univ of Michigan
93.393	I	39,334	Cancer Cause and Prevention Research	883402	Univ of Wash-Seattle
93.393	I	-464	Cancer Cause and Prevention Research	H32720	Univ Southern California
93.393	I	255,966	Cancer Cause and Prevention Research	H35332	Univ Southern California
93.393	I	87,131	Cancer Cause and Prevention Research	X086170/144-PY41	Univ Wisconsin
93.393	I	12,640	Cancer Cause and Prevention Research	UNCCH/CA119069/50901	Wake Forest Univ Sch Med
93.394	D	2,381,242	Cancer Detection and Diagnosis Research		
93.394	I	16,970	Cancer Detection and Diagnosis Research	0210603	Boston University
93.394	I	19,547	Cancer Detection and Diagnosis Research	5710002271	MA Insti Technology
93.394	I	40	Cancer Detection and Diagnosis Research	5-37816/PO#926417	Univ of Pennsylvania
93.394	I	-1,365	Cancer Detection and Diagnosis Research	2112042/PO0000121538	Univ of Utah
93.394	I	-1,169	Cancer Detection and Diagnosis Research	WU-06-23/PO#29631J	Univ of Wash-Seattle
93.394	I	243,364	Cancer Detection and Diagnosis Research	PO#2904076A	Wash Univ-St Louis
93.394	I	11,724	Cancer Detection and Diagnosis Research	WU-07-37/PO29574N	Wash Univ-St Louis
93.395	D	3,608,928	Cancer Treatment Research		
93.395	I	16,958	Cancer Treatment Research	132944 FC 303-3346	Duke University

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.395	I	3,396	Cancer Treatment Research	0000614936	Fred Hutchinsn Cancer Research Center
93.395	I	44,828	Cancer Treatment Research	0000634582	Fred Hutchinsn Cancer Research Center
93.395	I	137,328	Cancer Treatment Research	N/A	Gynecologic Oncology
93.395	I	-40,048	Cancer Treatment Research	10-14025-02-06/05-C1	H Lee Moffitt Cancer
93.395	I	-1,030	Cancer Treatment Research	SA308-1105-4377	LIT
93.395	I	-700	Cancer Treatment Research	14144	Natl Chldhd Cnrc Fdn
93.395	I	-51	Cancer Treatment Research	15432	Natl Chldhd Cnrc Fdn
93.395	I	26,424	Cancer Treatment Research	16138	Natl Chldhd Cnrc Fdn
93.395	I	9,330	Cancer Treatment Research	16966	Natl Chldhd Cnrc Fdn
93.395	I	9,755	Cancer Treatment Research	N/A	New Eng Med Ctr Hos
93.395	I	7,780	Cancer Treatment Research	60012380	Ohio State U Res Fdn
93.395	I	51,080	Cancer Treatment Research	4422SC	Univ Calif-San Francisco
93.395	I	4,006	Cancer Treatment Research	6067359/RFS700037	Univ Mass
93.395	I	-42	Cancer Treatment Research	071	Univ of Alabama-Birm
93.395	I	-147	Cancer Treatment Research	UF0269CG	Univ of Florida
93.395	I	42,437	Cancer Treatment Research	66249P	Univ of Miami
93.395	I	13,797	Cancer Treatment Research	F008827	Univ of Michigan
93.395	I	48,346	Cancer Treatment Research	VUMC33643-R	Vanderbilt U Med C
93.395	I	-1,195	Cancer Treatment Research	57874	Wake Forest Univ Hlt Sci
93.396	D	8,742,295	Cancer Biology Research		
93.396	I	15,194	Cancer Biology Research	N/A	Vanderbilt U Med C
93.396	I	128,116	Cancer Biology Research	VUMC8874	Vanderbilt U Med C
93.396	I	30,769	Cancer Biology Research	WU-07-221/PO269687S	Wash Univ-St Louis
93.397	D	12,401,458	Cancer Centers Support Grants		
93.397	I	9,892	Cancer Centers Support Grants	Y452435/Y482886	Univ of Arizona
93.398	D	4,041,490	Cancer Research Manpower		
93.399	D	6,650,227	Cancer Control		
93.399	I	-8,243	Cancer Control	530190.5735	Dartmouth College
93.399	I	50,162	Cancer Control	530196.5735	Dartmouth College
93.399	I	-945	Cancer Control	530244.575	Dartmouth College
93.399	I	541	Cancer Control	530547.575	Dartmouth College
93.399	I	2,207	Cancer Control	531007.5750	Dartmouth College
93.399	I	218,316	Cancer Control	502032.5000.L00378	Dartmouth College
93.399	I	3,954	Cancer Control	2000304568	Johns Hopkins Univ
93.399	I	-1,450	Cancer Control	N/A	NSAPB Fdn
93.399	I	4,168	Cancer Control	FY06.024.008	UC Hlth Science Ctr
93.399	I	895	Cancer Control	PO#P0005496	Univ of New Mexico
93.399	I	5,255	Cancer Control	07-028	Univ Texas-Galveston
93.399	I	24,865	Cancer Control	08-025	Univ Texas-Galveston

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.399	I	82,732	Cancer Control	WU-06-164/29512M	Wash Univ-St Louis
93.481	D	123,260	Different Bacterial Species Selectively Induce TH1 Cells		
93.600	D	439,873	Head Start		
93.631	D	340,968	Developmental Disabilities Projects of National Significance		
93.632	D	494,309	University Centers for Excellence in Developmental Disabilities Education, Research, and Service		
93.647	D	1,016,255	Social Services Research and Demonstration		
93.648	D	342,867	Child Welfare Services Training Grants		
93.670	D	729,723	Child Abuse and Neglect Discretionary Activities		
93.822	D	4,856	Health Careers Opportunity Program		
93.837	D	12,774,863	Heart and Vascular Diseases Research		
93.837	I	33,551	Heart and Vascular Diseases Research	DS800	Duke Univ Med Ctr
93.837	I	3,675	Heart and Vascular Diseases Research	136454/137434	Duke University
93.837	I	1,840	Heart and Vascular Diseases Research	303-6092	Duke University
93.837	I	27,775	Heart and Vascular Diseases Research	303-6566	Duke University
93.837	I	314	Heart and Vascular Diseases Research	303-6800	Duke University
93.837	I	44,353	Heart and Vascular Diseases Research	E-17-669-G3	Georgia Inst of Tech
93.837	I	-18,406	Heart and Vascular Diseases Research	2 FRAM 771-01	Northern Calif Inst
93.837	I	45,272	Heart and Vascular Diseases Research	9920070110	Rand Corporation,Inc
93.837	I	57,190	Heart and Vascular Diseases Research	9920070130	Rand Corporation,Inc
93.837	I	149	Heart and Vascular Diseases Research	1107.06	SW Fdn Biomed Res
93.837	I	24,253	Heart and Vascular Diseases Research	07-1107.006	SW Fdn Biomed Res
93.837	I	68,871	Heart and Vascular Diseases Research	66143-03UNC/02-66141	Univ Miss Med Ctr
93.837	I	50,375	Heart and Vascular Diseases Research	3000803800	Univ of Michigan
93.837	I	11,189	Heart and Vascular Diseases Research	06636266507	Univ of Minnesota
93.837	I	102,569	Heart and Vascular Diseases Research	0000926/112946-1	Univ of Pittsburgh
93.837	I	1,252	Heart and Vascular Diseases Research	PO 41874/05-1052	Univ of S Carolina
93.837	I	581,338	Heart and Vascular Diseases Research	0004524B	Univ of Texas-Houston
93.837	I	195,717	Heart and Vascular Diseases Research	0004524C	Univ of Texas-Houston
93.837	I	34,515	Heart and Vascular Diseases Research	0005624A	Univ of Texas-Houston
93.837	I	53,228	Heart and Vascular Diseases Research	2409028-1/PO00001343	Univ of Utah
93.837	I	5,737	Heart and Vascular Diseases Research	2409028-1/PO00131592	Univ of Utah
93.837	I	-1,045	Heart and Vascular Diseases Research	GC11231-124755	Univ of Virginia
93.837	I	157,874	Heart and Vascular Diseases Research	GC11231-127326	Univ of Virginia
93.837	I	171,625	Heart and Vascular Diseases Research	GC11231-129647	Univ of Virginia
93.837	I	4,753	Heart and Vascular Diseases Research	214097	Univ of Wash-Seattle
93.837	I	31,494	Heart and Vascular Diseases Research	918761	Univ of Wash-Seattle
93.837	I	21,022	Heart and Vascular Diseases Research	N/A	Vascular Pharmaceutic
93.838	D	15,027,594	Lung Diseases Research		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.838	I	119,168	Lung Diseases Research	413390300301.076.S5	Chldrns Hosp Reg Med
93.838	I	16,165	Lung Diseases Research	150261	Duke Univ Med Ctr
93.838	I	8,467	Lung Diseases Research	5352/7R01HL072938-04	Educ Dev Ctr, Inc
93.838	I	58,606	Lung Diseases Research	4915SC	Univ Calif-San Francisco
93.838	I	11,624	Lung Diseases Research	FY05.102.042 AMD 4 U	Univ of Colorado
93.838	I	131,110	Lung Diseases Research	199722	Univ of Wash-Seattle
93.839	D	8,436,183	Blood Diseases and Resources Research		
93.839	I	5,257	Blood Diseases and Resources Research	468(20468)-07-02	Children's Hosp Phil
93.839	I	150,971	Blood Diseases and Resources Research	468(20468)-08-02	Children's Hosp Phil
93.839	I	91	Blood Diseases and Resources Research	139006/303-6850	Duke Univ Med Ctr
93.839	I	-7,186	Blood Diseases and Resources Research	139006/303-6851	Duke Univ Med Ctr
93.839	I	133,401	Blood Diseases and Resources Research	139354/302-6003	Duke Univ Med Ctr
93.839	I	13,399	Blood Diseases and Resources Research	144098 303-6932	Duke Univ Med Ctr
93.839	I	439,235	Blood Diseases and Resources Research	145041/139006	Duke Univ Med Ctr
93.839	I	7,583	Blood Diseases and Resources Research	303-6160/DS746	Duke Univ Med Ctr
93.839	I	106	Blood Diseases and Resources Research	303-6843/139006	Duke Univ Med Ctr
93.839	I	-2,330	Blood Diseases and Resources Research	303-6845/139006	Duke Univ Med Ctr
93.839	I	242,021	Blood Diseases and Resources Research	303-6651	Duke University
93.839	I	176,727	Blood Diseases and Resources Research	N/A	Ercole Biotech, Inc.
93.839	I	28,191	Blood Diseases and Resources Research	0600 370 F054 487	Northwestern Univ
93.839	I	32,645	Blood Diseases and Resources Research	3048060200-07-370	Univ of Kentucky
93.839	I	212,928	Blood Diseases and Resources Research	24-1106-0002-200	Univ of Nebraska
93.839	I	32,566	Blood Diseases and Resources Research	J065240	Univ Wisconsin
93.846	D	5,455,368	Arthritis, Musculoskeletal and Skin Diseases Research		
93.846	I	36,444	Arthritis, Musculoskeletal and Skin Diseases Research	101643	Brigham Women's Hosp
93.846	I	2,795	Arthritis, Musculoskeletal and Skin Diseases Research	148431/141082 303-17	Duke Univ Med Ctr
93.846	I	8,095	Arthritis, Musculoskeletal and Skin Diseases Research	141082/303-1718	Duke University
93.846	I	19,337	Arthritis, Musculoskeletal and Skin Diseases Research	P60-AR049459	Med Univ of Science
93.846	I	8,334	Arthritis, Musculoskeletal and Skin Diseases Research	R01-AR045476	Med Univ of Science
93.846	I	310,451	Arthritis, Musculoskeletal and Skin Diseases Research	9000577	Univ of Pittsburgh
93.846	I	-30,231	Arthritis, Musculoskeletal and Skin Diseases Research	9000577/111758-1	Univ of Pittsburgh
93.846	I	126,135	Arthritis, Musculoskeletal and Skin Diseases Research	9000585/112642-1	Univ of Pittsburgh
93.847	D	6,975,167	Diabetes, Endocrinology and Metabolism Research		
93.847	I	-524	Diabetes, Endocrinology and Metabolism Research	N/A	Archimage, Inc.
93.847	I	429	Diabetes, Endocrinology and Metabolism Research	N/A	Corpora Systems Inc
93.847	I	9,749	Diabetes, Endocrinology and Metabolism Research	S-DPP0809-JT10	George Washington University
93.847	I	140,787	Diabetes, Endocrinology and Metabolism Research	N/A	IGBMC
93.847	I	35,090	Diabetes, Endocrinology and Metabolism Research	Q6636505206	Univ of Minnesota
93.847	I	-391	Diabetes, Endocrinology and Metabolism Research	S6636505205	Univ of Minnesota

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.847	I	45,397	Diabetes, Endocrinology and Metabolism Research	101H710	Univ Wisconsin-Madison
93.848	D	10,323,856	Digestive Diseases and Nutrition Research		
93.848	I	34,025	Digestive Diseases and Nutrition Research	MUSC07-032	Med Univ of Science
93.848	I	132,056	Digestive Diseases and Nutrition Research	NIH 1-R41-DK074193-0	Theralogics
93.848	I	10,269	Digestive Diseases and Nutrition Research	543833	Tulane University
93.848	I	12,675	Digestive Diseases and Nutrition Research	Roy C Orlando ,MD 544	Tulane University
93.848	I	104,984	Digestive Diseases and Nutrition Research	TRACS25844	Univ of Chicago
93.848	I	1	Digestive Diseases and Nutrition Research	N/A	VA Commonwealth Univ
93.848	I	37,169	Digestive Diseases and Nutrition Research	PT096479-SC100534	VA Commonwealth Univ
93.848	I	40,425	Digestive Diseases and Nutrition Research	CR-19467-431526	VA Polytechnic Inst
93.848	I	120,432	Digestive Diseases and Nutrition Research	PO#29880X/WU-04-210	Wash Univ-St Louis
93.849	D	3,220,033	Kidney Diseases, Urology and Hematology Research		
93.849	I	32,683	Kidney Diseases, Urology and Hematology Research	12.7892.K-UNC	Children Hosp Oakland
93.849	I	128,130	Kidney Diseases, Urology and Hematology Research	303-1415/123110	Duke Univ Med Ctr
93.849	I	235,469	Kidney Diseases, Urology and Hematology Research	303-1251	Duke University
93.849	I	289,691	Kidney Diseases, Urology and Hematology Research	303-1252	Duke University
93.849	I	70,641	Kidney Diseases, Urology and Hematology Research	N/A	Feinstein Inst Med R
93.849	I	25,876	Kidney Diseases, Urology and Hematology Research	2000196602	Johns Hopkins Univ
93.849	I	-2,580	Kidney Diseases, Urology and Hematology Research	8502-90010-6	Johns Hopkins Univ
93.849	I	3,580	Kidney Diseases, Urology and Hematology Research	PO 8502-90010-6	Johns Hopkins Univ
93.849	I	699,091	Kidney Diseases, Urology and Hematology Research	N/A	Rhode Island Hospital
93.849	I	-549	Kidney Diseases, Urology and Hematology Research	701-7515	Rhode Island Hospital
93.849	I	330,735	Kidney Diseases, Urology and Hematology Research	N/A	Rhode Island Hospital
93.853	D	13,171,929	Extramural Research Programs in the Neurosciences and Neurological Disorders		
93.853	I	-12,633	Extramural Research Programs in the Neurosciences and Neurological Disorders	21D-1057534	Calif Inst Technolog
93.853	I	6,519	Extramural Research Programs in the Neurosciences and Neurological Disorders	128217	Duke University
93.853	I	21,962	Extramural Research Programs in the Neurosciences and Neurological Disorders	136398	Duke University
93.853	I	17,804	Extramural Research Programs in the Neurosciences and Neurological Disorders	5R01NS051769-02	Mayo Clinic Rochester
93.853	I	50,977	Extramural Research Programs in the Neurosciences and Neurological Disorders	R01NS517691A1	Mayo Clinic Rochester
93.853	I	28,694	Extramural Research Programs in the Neurosciences and Neurological Disorders	13500000-32115-B	Stanford University
93.853	I	56,331	Extramural Research Programs in the Neurosciences and Neurological Disorders	SPOTS19449/1003888	Univ Cincinnati
93.853	I	-1,542	Extramural Research Programs in the Neurosciences and Neurological Disorders	P.O. 4000092925	Univ of Iowa
93.853	I	25,860	Extramural Research Programs in the Neurosciences and Neurological Disorders	N/A	Univ of Miami
93.853	I	75,498	Extramural Research Programs in the Neurosciences and Neurological Disorders	PO#1978162/548762	Univ of Pennsylvania
93.853	I	3,969	Extramural Research Programs in the Neurosciences and Neurological Disorders	WU-04-125	Univ of Wash-Seattle
93.853	I	-2,133	Extramural Research Programs in the Neurosciences and Neurological Disorders	VUMC30286-R/5-R01-NS	Vanderbilt U Med C
93.853	I	28,477	Extramural Research Programs in the Neurosciences and Neurological Disorders	WFUHS 17025	Wake Forest University
93.853	I	-2,902	Extramural Research Programs in the Neurosciences and Neurological Disorders	PO#29024P/WU-04-118	Wash Univ-St Louis
93.853	I	-6,472	Extramural Research Programs in the Neurosciences and Neurological Disorders	PO#29881G/WU-06-13	Wash Univ-St Louis

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.853	I	19,614	Extramural Research Programs in the Neurosciences and Neurological Disorders	PO#29993P/WU-07-104	Wash Univ-St Louis
93.853	I	103	Extramural Research Programs in the Neurosciences and Neurological Disorders	WU-06-181/PO29995L	Wash Univ-St Louis
93.853	I	18,412	Extramural Research Programs in the Neurosciences and Neurological Disorders	WU-06-236	Wash Univ-St Louis
93.853	I	864	Extramural Research Programs in the Neurosciences and Neurological Disorders	WU-07-109	Wash Univ-St Louis
93.853	I	11	Extramural Research Programs in the Neurosciences and Neurological Disorders	WU-08-196/PO#2905986	Wash Univ-St Louis
93.853	I	41,135	Extramural Research Programs in the Neurosciences and Neurological Disorders	WU-08-57/PO#2905096A	Washington St Univ
93.853	I	11,311	Extramural Research Programs in the Neurosciences and Neurological Disorders	A06074	Yale University
93.853	I	-860	Extramural Research Programs in the Neurosciences and Neurological Disorders	A06314	Yale University
93.853	I	55,631	Extramural Research Programs in the Neurosciences and Neurological Disorders	A06954 (M-08-128)	Yale University
93.854	D	13,017	Biological Basis Research in the Neurosciences		
93.855	D	20,647,393	Allergy, Immunology and Transplantation Research		
93.855	I	15,689	Allergy, Immunology and Transplantation Research	100892	Brigham Women's Hospital
93.855	I	12,294	Allergy, Immunology and Transplantation Research	140514-2/303-0926	Duke Univ Med Ctr
93.855	I	60,830	Allergy, Immunology and Transplantation Research	140061	Duke University
93.855	I	-18,018	Allergy, Immunology and Transplantation Research	131714-1	Duke University
93.855	I	-11,415	Allergy, Immunology and Transplantation Research	131714-2	Duke University
93.855	I	20,148	Allergy, Immunology and Transplantation Research	140514-1/303-0925	Duke University
93.855	I	143,388	Allergy, Immunology and Transplantation Research	140514-1/303-1116	Duke University
93.855	I	193,707	Allergy, Immunology and Transplantation Research	140514-2/303-1117	Duke University
93.855	I	45,635	Allergy, Immunology and Transplantation Research	144433/132572	Duke University
93.855	I	402,341	Allergy, Immunology and Transplantation Research	303-1081	Duke University
93.855	I	576,974	Allergy, Immunology and Transplantation Research	303-1082	Duke University
93.855	I	593,819	Allergy, Immunology and Transplantation Research	303-1083	Duke University
93.855	I	465,231	Allergy, Immunology and Transplantation Research	303-1084	Duke University
93.855	I	189,429	Allergy, Immunology and Transplantation Research	303-1085	Duke University
93.855	I	276,692	Allergy, Immunology and Transplantation Research	303-1086	Duke University
93.855	I	130,874	Allergy, Immunology and Transplantation Research	303-1087	Duke University
93.855	I	28,177	Allergy, Immunology and Transplantation Research	303-1088	Duke University
93.855	I	31,483	Allergy, Immunology and Transplantation Research	303-1089	Duke University
93.855	I	9,803	Allergy, Immunology and Transplantation Research	801-03	Family Health Intl
93.855	I	-1	Allergy, Immunology and Transplantation Research	0000612174	Fred Hutchinsn Cancer Research Center
93.855	I	25,653	Allergy, Immunology and Transplantation Research	0000623812	Fred Hutchinsn Cancer Research Center
93.855	I	41,292	Allergy, Immunology and Transplantation Research	0000631092	Fred Hutchinsn Cancer Research Center
93.855	I	15,578	Allergy, Immunology and Transplantation Research	0000650981	Fred Hutchinsn Cancer Research Center
93.855	I	2,913,449	Allergy, Immunology and Transplantation Research	2000098352	Johns Hopkins Univ
93.855	I	44,941	Allergy, Immunology and Transplantation Research	2000139191	Johns Hopkins Univ
93.855	I	34,805	Allergy, Immunology and Transplantation Research	PO# 2000056553	Johns Hopkins Univ
93.855	I	9,981	Allergy, Immunology and Transplantation Research	UN-1031	Seattle Biomed Rsch
93.855	I	12,148	Allergy, Immunology and Transplantation Research	GR 1-R41-AI069602-01	Theralogics

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.855	I	52,485	Allergy, Immunology and Transplantation Research	2006-1719	Univ Calif-Irvine
93.855	I	6,367	Allergy, Immunology and Transplantation Research	3048103204-07-498	Univ of Kentucky
93.855	I	126,390	Allergy, Immunology and Transplantation Research	412A775	Univ Wisconsin
93.856	D	1,000,476	Microbiology and Infectious Diseases Research		
93.856	I	-7,441	Microbiology and Infectious Diseases Research	303-0012	Duke Univ Med Ctr
93.856	I	32,914	Microbiology and Infectious Diseases Research	303-0877	Duke Univ Med Ctr
93.856	I	37,165	Microbiology and Infectious Diseases Research	303-0933	Duke Univ Med Ctr
93.856	I	23,427	Microbiology and Infectious Diseases Research	303-0934	Duke Univ Med Ctr
93.856	I	11,446	Microbiology and Infectious Diseases Research	303-0935	Duke Univ Med Ctr
93.856	I	1,097	Microbiology and Infectious Diseases Research	303-0936	Duke Univ Med Ctr
93.856	I	13,687	Microbiology and Infectious Diseases Research	303-0937	Duke Univ Med Ctr
93.856	I	1,081	Microbiology and Infectious Diseases Research	303-0312/130071	Duke University
93.856	I	21,305	Microbiology and Infectious Diseases Research	303-0836/137507	Duke University
93.856	I	1,325,634	Microbiology and Infectious Diseases Research	303-0974/143263	Duke University
93.856	I	150,674	Microbiology and Infectious Diseases Research	123273	Harvard Univ
93.856	I	-19,285	Microbiology and Infectious Diseases Research	P.O.#8011-39050	Johns Hopkins Univ
93.856	I	429	Microbiology and Infectious Diseases Research	1-R01-AI060373-01A1	Med Univ of Science
93.856	I	16,762	Microbiology and Infectious Diseases Research	710-7663	Miriam Hospital
93.856	I	101,739	Microbiology and Infectious Diseases Research	AACTG.27.5199.01	Social & Scientific
93.856	I	10,969	Microbiology and Infectious Diseases Research	AACTG.27.5199.13	Social & Scientific
93.856	I	39,097	Microbiology and Infectious Diseases Research	AACTG.42.UICTU.03	Social & Scientific
93.856	I	-49,636	Microbiology and Infectious Diseases Research	AACTG.45.IICTU.07	Social & Scientific
93.856	I	126,426	Microbiology and Infectious Diseases Research	AACTG.45.IICTU.08	Social & Scientific
93.856	I	-26,967	Microbiology and Infectious Diseases Research	AACTG.50.5208.05	Social & Scientific
93.856	I	-10,476	Microbiology and Infectious Diseases Research	N/A	Univ of Alabama-Birm
93.856	I	3,090	Microbiology and Infectious Diseases Research	PO#4000533936/100053	Univ of Iowa
93.856	I	44,434	Microbiology and Infectious Diseases Research	288697	Univ of Wash-Seattle
93.856	I	1,641	Microbiology and Infectious Diseases Research	485235	Univ of Wash-Seattle
93.856	I	86,688	Microbiology and Infectious Diseases Research	853684	Univ of Wash-Seattle
93.856	I	90,588	Microbiology and Infectious Diseases Research	VUMC31558-R	Vanderbilt U Med C
93.859	D	31,594,922	Biomedical Research and Research Training		
93.859	I	18,195	Biomedical Research and Research Training	133612/146729	Duke Univ Med Ctr
93.859	I	37,758	Biomedical Research and Research Training	139097 303-4044/1276	Duke University
93.859	I	47,742	Biomedical Research and Research Training	3139-01/15-0032-02	Hlth Research Inc
93.859	I	-16,418	Biomedical Research and Research Training	GM076468-01 TASK P1	Jackson Laboratory
93.859	I	124,905	Biomedical Research and Research Training	PO# 600857	Jackson Laboratory
93.859	I	40,265	Biomedical Research and Research Training	TBN	Jackson Laboratory
93.859	I	80,898	Biomedical Research and Research Training	MUSC08-030	Med Univ of Science
93.859	I	24,013	Biomedical Research and Research Training	60008330/RF01095672	Ohio State Univ

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.859	I	62,093	Biomedical Research and Research Training	6084755/RFS800061	Univ Mass
93.859	I	62,879	Biomedical Research and Research Training	PO#G270110913/ARIA 3	Univ of Arkansas
93.859	I	43,214	Biomedical Research and Research Training	PO#G280111682/ARIA 3	Univ of Arkansas
93.859	I	-1,581	Biomedical Research and Research Training	S0175925	Univ of California
93.859	I	40,328	Biomedical Research and Research Training	M8446041102	Univ of Minnesota
93.859	I	28,983	Biomedical Research and Research Training	PO# 52546	Univ of S Carolina
93.859	I	95,091	Biomedical Research and Research Training	A07008(M-08-156)	Yale University
93.864	D	2,062,633	Population Research		
93.864	I	146	Population Research	4-312-0208254/HD3963	RTI International
93.864	I	12,789	Population Research	1540187/PO#000041996	Univ of Colorado
93.864	I	-27,972	Population Research	PO#1391547/5-41134-C	Univ of Pennsylvania
93.865	D	36,233,690	Child Health and Human Development Extramural Research		
93.865	I	569	Child Health and Human Development Extramural Research	900900	Children's Mem Hosp
93.865	I	4,334	Child Health and Human Development Extramural Research	137288	Duke University
93.865	I	97,677	Child Health and Human Development Extramural Research	143812/130643	Duke University
93.865	I	60,738	Child Health and Human Development Extramural Research	151750/143812/130643	Duke University
93.865	I	26,191	Child Health and Human Development Extramural Research	5-41305-G3	Emory University
93.865	I	14,601	Child Health and Human Development Extramural Research	209-2	Family Health Intl
93.865	I	59	Child Health and Human Development Extramural Research	N/A	Mt Sinai Sch of Med
93.865	I	323,647	Child Health and Human Development Extramural Research	3107-UNC-DHHS-1502	Penn State Univ
93.865	I	235,080	Child Health and Human Development Extramural Research	3-312-0207778	RTI International
93.865	I	93,250	Child Health and Human Development Extramural Research	3000583782	Univ of Michigan
93.865	I	31,597	Child Health and Human Development Extramural Research	716656	Univ of Wash-Seattle
93.865	I	5,944	Child Health and Human Development Extramural Research	896625	Univ of Wash-Seattle
93.865	I	202,703	Child Health and Human Development Extramural Research	VUMC 33345	Vanderbilt U Med C
93.865	I	190,522	Child Health and Human Development Extramural Research	VUMC33449	Vanderbilt U Med C
93.865	I	15,545	Child Health and Human Development Extramural Research	WFUHS 51078	Wake Forest Univ Sch Med
93.866	D	3,474,581	Aging Research		
93.866	I	33,119	Aging Research	N/A	Boston University
93.866	I	-11,717	Aging Research	7339-5	Boston University
93.866	I	331,439	Aging Research	RA228353BAJ/7732	Boston University
93.866	I	841	Aging Research	JHU 8205-53703	Johns Hopkins Univ
93.866	I	78,281	Aging Research	3747SC	Univ Calif-San Francisco
93.866	I	404	Aging Research	0000004732	Univ Md-Baltimore
93.866	I	53,676	Aging Research	0000004939	Univ Md-Baltimore
93.866	I	11,049	Aging Research	2007-05744-01/A3845	Univ of Ill Champaign
93.866	I	17,546	Aging Research	463300	Univ of Wash-Seattle
93.867	D	1,642,063	Vision Research		
93.867	I	12,899	Vision Research	12254	Johns Hopkins Univ

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.867	I	98,026	Vision Research	2000011614	Johns Hopkins Univ
93.867	I	69,795	Vision Research	2000133834	Johns Hopkins Univ
93.867	I	254	Vision Research	22-2283320	Western Michigan Univ
93.879	D	118,336	Medical Library Assistance		
93.884	D	637,517	Grants for Training in Primary Care Medicine and Dentistry		
93.894	D	863,760	Resource and Manpower Development in the Environmental Health Sciences		
93.894	I	2,584	Resource and Manpower Development in the Environmental Health Sciences	06-SC-NIH-1074	Duke Univ Med Ctr
93.894	I	39,072	Resource and Manpower Development in the Environmental Health Sciences	07-SC-NIH-1049	Duke Univ Med Ctr
93.900	D	-1	Grants for Faculty Development in General Internal Medicine and/or General Pediatrics		
93.918	D	703,772	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease		
93.928	D	941,889	Special Projects of National Significance		
93.929	I	142,587	Center for Medical Rehabilitation Research	N/A	Univ of Alabama-Birm
93.929	I	31	Center for Medical Rehabilitation Research	GC10817-119854	Univ of Virginia
93.931	D	1,547,102	Demonstration Grants to States for Community Scholarship		
93.934	D	38,513	Fogarty International Research Collaboration Award		
93.941	D	323,110	HIV Demonstration, Research, Public and Professional Education Projects		
93.943	D	1,899,974	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups		
93.945	D	8,606	Assistance Programs for Chronic Disease Prevention and Control		
93.945	I	104,899	Assistance Programs for Chronic Disease Prevention and Control	5-20210-G1	Emory University
93.955	D	1,017,866	Health and Safety Programs for Construction Work		
93.964	D	170,642	Public Health Traineeships		
93.969	D	350,940	Geriatric Education Centers		
93.989	D	1,656,434	International Research and Research Training		
93.989	I	50,739	International Research and Research Training	Three (3)	Columbia Univ
93.989	I	8	International Research and Research Training	543438	Tulane University
94.005	D	321,596	Learn and Serve America-Higher Education		
94.005	I	4,247	Learn and Serve America-Higher Education	31-2462-321/31-1894-	Temple Univ
97.000	D	261,374	U S Department of Homeland Security		
97.001	I	122,651	Pilot Demonstration or Earmarked Projects	N/A	MDC-Mak Diff Comm S.
98	D	17,380,857	United States Agency for International Development		
98	I	64,565	United States Agency for International Development	20576	ABT Assoc Inc
98	I	25,257	United States Agency for International Development	2620-09-0-00-P-0108	Academy Edu Dev
98	I	47,043	United States Agency for International Development	08-0379	Ctr Commnty Selfhelp
98	I	1,114,091	United States Agency for International Development	MSA-04-392	Eastern VA Med Sch
98	I	52,092	United States Agency for International Development	PSA-06-09	Eastern VA Med Sch
98	I	-2,972	United States Agency for International Development	N/A	Engenderhealth, Inc
98	I	26,264	United States Agency for International Development	FCO 116107	Family Health Intl
98	I	7,185	United States Agency for International Development	FCO 172008	Family Health Intl

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
98	I	627	United States Agency for International Development	FCO 213353/497-A-00-	Family Health Intl
98	I	11,741	United States Agency for International Development	FCO 402794	Family Health Intl
98	I	2,614	United States Agency for International Development	FCO 84078/HRN-A-00-9	Family Health Intl
98	I	3,508,183	United States Agency for International Development	GHS-I-00-07-00002-00	John Snow Institute
98	I	123,250	United States Agency for International Development	08-UNC-97	Kenan Institute Asia
98	I	13,467	United States Agency for International Development	AERA-0499	Kenan Institute Asia
98	I	78,347	United States Agency for International Development	FPHPA046005-01-00	Planned Parenthood
98	I	20,476	United States Agency for International Development	N/A	Wits Health Consort.
98.004	I	372	Non-Governmental Organization Strengthening (NGO)	FPHPA043220-06-00	Planned Parenthood
99	I	32,479	Other Federal Assistance	N/A	MDC-Mak Diff Comm S.
		<u>536,302,115</u>	Total — University of North Carolina at Chapel Hill		

University of North Carolina at Charlotte

10.206	D	59,014	Grants for Agricultural Research-Competitive Research Grants		
10.652	D	19,817	Forestry Research		
10.680	D	5,076	Forest Health Protection		
11.300	D	-41,778	Investments for Public Works and Economic Development Facilities		
11.467	I	1,999	Meteorologic and Hydrologic Modernization Development	S06-58390	Univ. Corporation for R
11.478	D	52,265	Center for Sponsored Coastal Ocean Research-Coastal Ocean Program		
11.609	D	29,876	Measurement and Engineering Research and Standards		
12.002	I	35,616	Procurement Technical Assistance For Business Firms	Memo dated 12/5/06	Small Bus. & Tech Cntr
12.002	I	28,484	Procurement Technical Assistance For Business Firms	Letter dated 12/5/07	Small Bus. & Tech Cntr
12.300	D	74,519	Basic and Applied Scientific Research		
12.431	D	233,660	Basic Scientific Research		
12.431	I	8,781	Basic Scientific Research	G-2618-1	Colorado State Univ
12.431	I	20,951	Basic Scientific Research	Letter dated 8/30/07	Academy of Appl. Science
12.800	D	23,469	Air Force Defense Research Sciences Program		
12.901	D	72,772	Mathematical Sciences Grants Program		
12.902	D	49,592	Information Security Grant Program		
12.910	D	61,548	Research and Technology Development		
15.810	D	8,270	National Cooperative Geologic Mapping Program		
16.560	D	37,174	National Institute of Justice Research, Evaluation, and Development Project Grants		
20.701	I	10,584	University Transportation Centers Program	SubAward #08-015	Univ of Alabama-Tuscaloosa
43.002	D	634	Technology Transfer		
45.149	D	3,176	Promotion of the Humanities-Division of Preservation and Access		
45.149	I	52	Promotion of the Humanities-Division of Preservation and Access	PA-51155-05	Univ of Missouri-KC
47.041	D	1,078,849	Engineering Grants		
47.041	I	16,660	Engineering Grants	20070594	InsituTec Inc
47.049	D	514,860	Mathematical and Physical Sciences		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
47.050	D	112,574	Geosciences		
47.070	D	1,296,730	Computer and Information Science and Engineering		
47.074	D	352,406	Biological Sciences		
47.075	D	258,410	Social, Behavioral, and Economic Sciences		
47.076	D	1,873,504	Education and Human Resources		
47.076	I	14,725	Education and Human Resources	AGMT Dated 10/17/06	Amer Educ Rsch Assoc
47.076	I	543	Education and Human Resources	930105	NC Science & Math Alliance
47.079	D	36,391	International Science and Engineering (OISE)		
59.037	I	93,730	Small Business Development Centers	Letter Dated 12/13/06	Small Bus. & Tech Cntr
59.037	I	57,990	Small Business Development Centers	Letter Dated 12/11/07	Small Bus. & Tech Cntr
59.037	I	13	Small Business Development Centers	Letter Dated 12/15/03	Small Bus. & Tech Cntr
59.037	I	122	Small Business Development Centers	Letter Dated 12/1/05	Small Bus. & Tech Cntr
66.509	D	54,929	Science To Achieve Results (STAR) Research Program		
66.511	D	5,868	Office of Research and Development Consolidated Research/Training		
66.814	D	55,735	Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements		
81.049	D	272,525	Office of Science Financial Assistance Program		
81.089	D	131,214	Fossil Energy Research and Development		
84.007	D	959,270	Federal Supplemental Educational Opportunity Grants		
84.032	D	2,953,184	Federal Family Education Loans		
84.033	D	193,697	Federal Work-Study Program		
84.038	D	6,808,209	Federal Perkins Loan Program-Federal Capital Contributions		
84.042	D	252,773	TRIO-Student Support Services		
84.063	D	13,964,689	Federal Pell Grant Program		
84.116	D	140,282	Fund for the Improvement of Postsecondary Education		
84.184	D	119,374	Safe and Drug-Free Schools and Communities-National Programs		
84.200	D	33,337	Graduate Assistance in Areas of National Need		
84.217	D	135,376	TRIO-McNair Post-Baccalaureate Achievement		
84.305	D	1,407	Education Research, Development and Dissemination		
84.324	D	959,129	Research in Special Education		
84.324	I	32,384	Research in Special Education	223311A	University of Oregon
84.324	I	187,966	Research in Special Education	4-68504-05-268	Univ of Kentucky-RF
84.325	D	431,094	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		
84.326	D	1,051,824	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities		
84.375	D	561,710	Academic Competitiveness Grants		
84.376	D	391,363	National Science and Mathematics Access to Retain Talent (SMART) Grants		
93.121	D	606	Oral Diseases and Disorders Research		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.124	D	6,709	Nurse Anesthetist Traineeships		
93.136	D	82,946	Injury Prevention and Control Research and State and Community Based Programs		
93.213	I	10,053	Research and Training in Complementary and Alternative Medicine	147311	Duke University
93.226	I	-153	Research on Healthcare Costs, Quality and Outcomes	Letter Dated 6/12/06	Carolinas Healthcare Sys
93.242	D	51,552	Mental Health Research Grants		
93.279	D	416,026	Drug Abuse and Addiction Research Programs		
93.281	D	116,671	Mental Health Research Career/Scientist Development Awards		
93.286	D	90,826	Discovery and Applied Research for Technological Innovations to Improve Human Health		
93.307	I	8,180	Minority Health and Health Disparities Research	1557 G HC942	The Regents of Univ of California
93.358	D	48,698	Advanced Education Nursing Traineeships		
93.393	D	240,999	Cancer Cause and Prevention Research		
93.838	D	245,071	Lung Diseases Research		
93.846	D	335,410	Arthritis, Musculoskeletal and Skin Diseases Research		
93.846	I	16,012	Arthritis, Musculoskeletal and Skin Diseases Research	PO 1000610186	University of Iowa
93.848	D	195,248	Digestive Diseases and Nutrition Research		
93.849	D	13,123	Kidney Diseases, Urology and Hematology Research		
93.853	D	304,835	Extramural Research Programs in the Neurosciences and Neurological Disorders		
93.853	I	16,131	Extramural Research Programs in the Neurosciences and Neurological Disorders	26-1601-53-61	Univ of Texas at Arlington
93.855	D	188,605	Allergy, Immunology and Transplantation Research		
93.855	I	72,137	Allergy, Immunology and Transplantation Research	0000631774	Fred Hutchinson Cancer Research Center
93.856	D	75	Microbiology and Infectious Diseases Research		
93.856	I	65,752	Microbiology and Infectious Diseases Research	Letter Dated 8/30/07	Soymeds
93.859	D	1,240,119	Biomedical Research and Research Training		
93.865	I	17,560	Child Health and Human Development Extramural Research	R21 HD055202-01	Carolinas Healthcare Sys
93.865	I	4,964	Child Health and Human Development Extramural Research	444918-30092	Univ of California-San Francisco
93.867	D	20,431	Vision Research		
93.879	I	10,469	Medical Library Assistance	MUSC07-014	Medical University of SC
93.925	D	188,826	Scholarships for Health Professions Students from Disadvantaged Backgrounds		
		<u>40,208,278</u>	Total — University of North Carolina at Charlotte		

University of North Carolina at Greensboro

10.206	D	73,975	Grants for Agricultural Research-Competitive Research Grants		
10.217	D	84,812	Higher Education Challenge Grants		
10.250	D	33,059	Agricultural and Rural Economic Research		
12.420	I	425,570	Military Medical Research and Development	W81XWH-05-1-0383	Moses Cone Health System
14.512	D	139	Community Development Work-Study Program		
14.900	I	-390	Lead-Based Paint Hazard Control in Privately-Owned Housing	05-1148	City of Greensboro
14.900	I	2,247	Lead-Based Paint Hazard Control in Privately-Owned Housing	2007-1022	City of Greensboro
14.900	I	1,052	Lead-Based Paint Hazard Control in Privately-Owned Housing	2008-1017	City of Greensboro

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
15	D	10,089	U.S. Department of the Interior		
16.560	D	161,485	National Institute of Justice Research, Evaluation, and Development Project Grants		
27.011	D	114,451	Intergovernmental Personnel Act (IPA) Mobility Program		
43	I	3,004	National Aeronautics and Space Administration	1329344	California Inst of Technology Jet Propulsion Lab
45.024	D	32,287	Promotion of the Arts-Grants to Organizations and Individuals		
45.160	D	95,422	Promotion of the Humanities-Fellowships and Stipends		
45.164	D	947	Promotion of the Humanities-Public Programs		
47	I	12,783	National Science Foundation	PO210929	Indiana Univ./Purdue Univ.
47	D	1,720	National Science Foundation		
47.049	D	178,040	Mathematical and Physical Sciences		
47.049	I	1,017	Mathematical and Physical Sciences	DMS-0536991	Mathematical Association of America,The
47.049	I	15,740	Mathematical and Physical Sciences	08175-000-00-UNC-01	Urban Institute
47.070	D	65,758	Computer and Information Science and Engineering		
47.074	D	778,146	Biological Sciences		
47.074	I	33,347	Biological Sciences	0423641	National Evolutionary Synthesis Center
47.074	I	6,963	Biological Sciences	SA5787-21649	University of California
47.075	D	235,491	Social, Behavioral, and Economic Sciences		
47.075	I	5,142	Social, Behavioral, and Economic Sciences	WFUHS 16308	Wake Forest University
47.076	D	181,744	Education and Human Resources		
47.076	I	-5,983	Education and Human Resources	ESI 0407373	Science Museum of Minnesota
47.079	D	15,126	International Science and Engineering (OISE)		
66	I	9,573	Environmental Protection Agency	20060341	Southeast TechInventures, Inc.
66.509	I	1,452	Science To Achieve Results (STAR) Research Program	F012487	University of Michigan
66.509	D	41,691	Science To Achieve Results (STAR) Research Program		
81.049	I	58,400	Office of Science Financial Assistance Program	G-42-6C7-G2	Georgia Inst. of Technology
84	D	7,971,047	U.S. Department of Education		
84	I	2,013	U.S. Department of Education	PO52763	Southwest Education Alliance
84	I	76,079	U.S. Department of Education	S450005013	Edvantia, Inc.
84	I	40,400	U.S. Department of Education	S450005013	Edvantia, Inc.
84	I	66,045	U.S. Department of Education	ED04C00123	Northwest Regional Educational Laboratory
84	I	47,264	U.S. Department of Education	ED04C00123	Northwest Regional Educational Laboratory
84	I	11,400	U.S. Department of Education	SRV06TA-014	Northeastern Regional Collaborative
84	I	44,518	U.S. Department of Education	PO 53784	Southwest Educational Development Laboratory
84	I	84,581	U.S. Department of Education	PO 53784	Southwest Educational Development Laboratory
84	I	30,561	U.S. Department of Education	P/O 761	Guilford County Schools
84	I	2,369	U.S. Department of Education	54322	Southwest Educational Development Laboratory
84	I	65,169	U.S. Department of Education	PO 54595	Southwest Educational Development Laboratory
84	I	72,209	U.S. Department of Education	PO 54595	Southwest Educational Development Laboratory
84.007	D	603,108	Federal Supplemental Educational Opportunity Grants		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.032	D	10,977,084	Federal Family Education Loans		
84.033	D	393,173	Federal Work-Study Program		
84.038	D	6,665,154	Federal Perkins Loan Program-Federal Capital Contributions		
84.042	D	266,268	TRIO-Student Support Services		
84.063	D	11,992,019	Federal Pell Grant Program		
84.170	D	27,098	Javits Fellowships		
84.214	D	393,555	Even Start-Migrant Education		
84.305	D	443,789	Education Research, Development and Dissemination		
84.305	I	50,731	Education Research, Development and Dissemination	GM 10087-125783	University of Virginia
84.310	I	19,432	Parental Information and Resource Centers	U310A060130	Exceptional Children's Assistance Center
84.325	D	991,822	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		
84.349	I	50,951	Early Childhood Educator Professional Development	P28080	South Carolina Department of Education
84.375	D	805,095	Academic Competitiveness Grants		
84.376	D	205,151	National Science and Mathematics Access to Retain Talent (SMART) Grants		
93	I	14,090	U.S. Department of Health and Human Services	2R44DA015592-02	Tanglewood Research
93	D	32,866	U.S. Department of Health and Human Services		
93.110	I	269,926	Maternal and Child Health Federal Consolidated Programs	6U38MC00217-05-01	Sickle Cell Disease Association of America
93.110	I	12,708	Maternal and Child Health Federal Consolidated Programs	6U93MC00217-02-01	Sickle Cell Disease Association of America
93.113	D	35,384	Environmental Health		
93.115	I	42,877	Biometry and Risk Estimation - Health Risks from Environmental Exposures	WFUHS 14517	Wake Forest University
93.121	I	15,603	Oral Diseases and Disorders Research	WFUHS 50029	Wake Forest University
93.124	D	23,023	Nurse Anesthetist Traineeships		
93.191	D	130,375	Allied Health Special Projects		
93.242	D	414,927	Mental Health Research Grants		
93.242	I	429	Mental Health Research Grants	OR57-001.02	University of Tennessee
93.242	I	32,022	Mental Health Research Grants	2U01 HD 0400533-07	University of Alabama
93.242	I	203,782	Mental Health Research Grants	MH048762 UNC-G SUB	Duke University
93.242	I	63,821	Mental Health Research Grants	WFUHS/UNCG-159000-51	Wake Forest University
93.242	I	7,454	Mental Health Research Grants	500499.5000.L00203	Dartmouth College
93.242	I	6,340	Mental Health Research Grants	147050	Duke University
93.243	I	20,749	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	4102-17087	Purdue Univ.
93.247	D	474,453	Advanced Education Nursing Grant Program		
93.260	D	456,857	Family Planning-Personnel Training		
93.265	D	179,150	Comprehensive Geriatric Education Program(CGEP)		
93.273	D	20,655	Alcohol Research Programs		
93.273	I	9,790	Alcohol Research Programs	WFUHS13237	Wake Forest University
93.273	I	33,694	Alcohol Research Programs	WFUHS 12001	Wake Forest University
93.277	D	115,927	Career Development Awards		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.279	D	118,423	Drug Abuse and Addiction Research Programs		
93.279	I	2,921	Drug Abuse and Addiction Research Programs	541750P620989	Northeastern University
93.279	I	2,364	Drug Abuse and Addiction Research Programs	06-SC-NIH-1014	Duke University
93.279	I	81,465	Drug Abuse and Addiction Research Programs	R414269	University at Buffalo, SUNY
93.279	I	19,290	Drug Abuse and Addiction Research Programs	PO #110532	California Pacific Medical Center
93.279	I	39,067	Drug Abuse and Addiction Research Programs	20080074	Prevention Strategies LLC
93.279	I	37,711	Drug Abuse and Addiction Research Programs	20080082	Prevention Strategies LLC
93.279	I	22,629	Drug Abuse and Addiction Research Programs	542650P823560	Northeastern University
93.279	I	3,012	Drug Abuse and Addiction Research Programs	B6296386201	University of Minnesota
93.279	I	33,520	Drug Abuse and Addiction Research Programs	205256	Temple Univ.
93.281	D	116,928	Mental Health Research Career/Scientist Development Awards		
93.282	D	29,602	Mental Health National Research Service Awards for Research Training		
93.307	D	595,449	Minority Health and Health Disparities Research		
93.358	D	89,489	Advanced Education Nursing Traineeships		
93.361	D	20,045	Nursing Research		
93.361	I	13,319	Nursing Research	3527-UNCG-DHHS-8910	Pennsylvania State Univ.
93.365	I	35,207	Sickle Cell Treatment Demonstration Program	4-312-0210355	Research Triangle Institute International
93.390	D	6,685	Academic Research Enhancement Award		
93.395	I	8,988	Cancer Treatment Research	0255-2461-4609	Mount Sinai School of Medicine
93.398	I	16,952	Cancer Research Manpower	5 R25 CA106870-04	University of Alabama
93.630	I	17,661	Developmental Disabilities Basic Support and Advocacy Grants	RFA #1 06-07	NC Council on Developmental Disabilities
93.652	I	11,936	Adoption Opportunities	90CQ0001/01	Adoption Exchange Association
93.652	I	1,108	Adoption Opportunities	90CQ0002/01	Adoption Exchange Association
93.846	D	325,794	Arthritis, Musculoskeletal and Skin Diseases Research		
93.847	D	213,718	Diabetes, Endocrinology and Metabolism Research		
93.848	D	262,381	Digestive Diseases and Nutrition Research		
93.848	I	33,112	Digestive Diseases and Nutrition Research	1R01DK064986-01	Duke University
93.848	I	144,839	Digestive Diseases and Nutrition Research	148522/135942	Duke University
93.853	D	25,119	Extramural Research Programs in the Neurosciences and Neurological Disorders		
93.853	I	122,158	Extramural Research Programs in the Neurosciences and Neurological Disorders	123467/139612/146343	Duke University
93.855	D	49,762	Allergy, Immunology and Transplantation Research		
93.855	I	1,843	Allergy, Immunology and Transplantation Research	5U2RTW006246-05	University of Alabama
93.859	D	247,682	Biomedical Research and Research Training		
93.865	D	345,862	Child Health and Human Development Extramural Research		
93.865	I	61,175	Child Health and Human Development Extramural Research	FY2001-086M11	Univ. of Kansas
93.865	I	79,487	Child Health and Human Development Extramural Research	8608-53745	Johns Hopkins Univ.
93.865	I	76,162	Child Health and Human Development Extramural Research	One (1)	Columbia Univ.
93.865	I	155,836	Child Health and Human Development Extramural Research	431500-19728	Virginia Polytechnic Institute and State University
93.865	I	21,062	Child Health and Human Development Extramural Research	WFUHS 50528	Wake Forest University

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
93.941	D	117,727	HIV Demonstration, Research, Public and Professional Education Projects		
93.974	D	268,750	Family Planning-Service Delivery Improvement Research Grants		
93.994	I	13,119	Maternal and Child Health Services Block Grant to the States	U01MC00001	Association of Maternal and Child Health Pg
		<u>51,578,645</u>	Total — University of North Carolina at Greensboro		

University of North Carolina at Pembroke

17.259	I	257,542	WIA Youth Activities	06-44-5467	LRCOG
47.049	D	83,168	Mathematical and Physical Sciences		
47.076	I	36,218	Education and Human Resources	603356	RCC
84.007	D	95,164	Federal Supplemental Educational Opportunity Grants		
84.032	D	618,823	Federal Family Education Loans		
84.033	D	218,177	Federal Work-Study Program		
84.038	D	1,725,921	Federal Perkins Loan Program-Federal Capital Contributions		
84.042	D	362,609	TRIO-Student Support Services		
84.047	D	308,147	TRIO-Upward Bound		
84.063	D	7,898,658	Federal Pell Grant Program		
84.287	D	108,108	Twenty-First Century Community Learning Centers		
84.299	D	248,388	Indian Education-Special Programs		
84.350	D	104,281	Transition to Teaching		
84.375	D	397,550	Academic Competitiveness Grants		
84.376	D	116,000	National Science and Mathematics Access to Retain Talent (SMART) Grants		
93.375	D	327,638	Minority Biomedical Research Support		
93.822	D	39,316	Health Careers Opportunity Program		
93.865	D	45,179	Child Health and Human Development Extramural Research		
93.910	D	214,445	Family and Community Violence Prevention Program		
93.926	D	481,973	Healthy Start Initiative		
		<u>13,687,305</u>	Total — University of North Carolina at Pembroke		

University of North Carolina at Wilmington

10.200	D	190,202	Grants for Agricultural Research, Special Research Grants		
10.500	I	1,978	Cooperative Extension Service	622181	Texas A&M
11.417	D	293,043	Sea Grant Support		
11.417	I	5,080	Sea Grant Support	R-122-1-04	University of Puerto Rico
11.417	I	3,592	Sea Grant Support	R-UNCW-6-05	University of Puerto Rico
11.417	I	29,346	Sea Grant Support	S103/NA05NOS4731148	South Carolina Sea Grant Consortium
11.417	I	45,065	Sea Grant Support	2226.JC-A-UNCW	Dauphin Island Sea Lab
11.417	I	378	Sea Grant Support	5000031053	University of Maine
11.419	I	20,070	Coastal Zone Management Administration Awards	712640	Virginia Institute of Marine Science
11.429	D	20,951	Marine Sanctuary Program		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
11.430	D	2,492,781	Undersea Research		
11.430	I	76,558	Undersea Research	USM-GR02804-001	University of Southern Mississippi
11.432	I	865	Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	658629/658847	The Research Corporation of the University of Hawaii
11.433	D	7,241	Marine Fisheries Initiative		
11.439	D	90,937	Marine Mammal Data Program		
11.439	I	7,024	Marine Mammal Data Program	VAQS2007	The Virginia Aquarium Foundation, Inc
11.454	D	38,916	Unallied Management Projects		
11.455	I	3,276	Cooperative Science and Education Program	2137	Rutgers State Univ
11.455	I	56,815	Cooperative Science and Education Program	06-0124	University of New Hampshire
11.455	I	9,852	Cooperative Science and Education Program	3061	Rutgers State Univ
11.455	I	31,010	Cooperative Science and Education Program	3276	Rutgers State Univ
11.460	D	1,134,265	Special Oceanic and Atmospheric Projects		
11.460	I	-4,076	Special Oceanic and Atmospheric Projects	usc no. 07-1330 (21600 FA2)	University of South Carolina
11.472	I	581	Unallied Science Program	A100402	Woods Hole Oceanographic Institution
11.473	D	201,509	Coastal Services Center		
11.478	D	338,127	Center for Sponsored Coastal Ocean Research-Coastal Ocean Program		
11.478	I	21,499	Center for Sponsored Coastal Ocean Research-Coastal Ocean Program	MML-106390A	Mote Marine Laboratory
12.109	D	237,063	Protection, Clearing and Straightening Channels		
12.300	D	133,036	Basic and Applied Scientific Research		
15.630	D	2,527	Coastal Program		
15.808	D	347,325	U.S. Geological Survey- Research and Data Collection		
15.921	D	18,368	Rivers, Trails and Conservation Assistance		
15.929	D	24,309	Save America's Treasures		
45.024	D	-2,336	Promotion of the Arts-Grants to Organizations and Individuals		
45.129	I	3,998	Promotion of the Humanities-Federal/State Partnership	S07-20	NC Humanities Council
47.041	I	9,806	Engineering Grants	prime/cms0527387poZ805179	The Research Corporation of the University of Hawaii
47.049	D	67,894	Mathematical and Physical Sciences		
47.049	I	-290	Mathematical and Physical Sciences	TUL153-03/04	Tulane University
47.050	D	495,974	Geosciences		
47.050	I	10,344	Geosciences	10228241	University of California at San Diego
47.050	I	40,681	Geosciences	9201902	Princeton University
47.050	I	32,636	Geosciences	OCE-0603790-21131	University of California, Merced
47.050	I	7,052	Geosciences	P127756	University of Miami
47.070	I	9,846	Computer and Information Science and Engineering	1153-7558-206-2006-152	Clemson University
47.074	D	311,422	Biological Sciences		
47.074	I	15,925	Biological Sciences	02-0285	University of Louisiana Lafayette
47.074	I	11,895	Biological Sciences	Y483309	University of Arizona
47.075	D	31,856	Social, Behavioral, and Economic Sciences		
47.076	D	250,784	Education and Human Resources		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
47.076	I	20,844	Education and Human Resources	501965	Maricopa Community College
47.078	D	137,812	Polar Programs		
66.509	I	568	Science To Achieve Results (STAR) Research Program	751U9185	Research Triangle Institute
66.514	D	539	Science To Achieve Results (STAR) Fellowship Program		
81.121	I	39,714	Nuclear Energy Research, Development and Demonstration	108880-G002297	Washington State University
84.007	D	325,636	Federal Supplemental Educational Opportunity Grants		
84.033	D	321,937	Federal Work-Study Program		
84.038	D	5,562,940	Federal Perkins Loan Program-Federal Capital Contributions		
84.063	D	5,726,281	Federal Pell Grant Program		
84.116	D	42,399	Fund for the Improvement of Postsecondary Education		
84.184	D	150,079	Safe and Drug-Free Schools and Communities-National Programs		
84.268	D	47,344,792	Federal Direct Student Loans		
84.350	D	70,693	Transition to Teaching		
84.375	D	250,410	Academic Competitiveness Grants		
84.376	D	178,816	National Science and Mathematics Access to Retain Talent (SMART) Grants		
93.113	D	1,521,132	Environmental Health		
93.242	D	213,306	Mental Health Research Grants		
93.273	D	5,190	Alcohol Research Programs		
93.279	D	37,309	Drug Abuse and Addiction Research Programs		
93.279	I	25,201	Drug Abuse and Addiction Research Programs	2R42DA017994-02	Prevention Strategies
93.390	D	224,747	Academic Research Enhancement Award		
93.395	I	-15,990	Cancer Treatment Research	1U56CA10532901	Health Sciences Foundation
93.395	I	-5,561	Cancer Treatment Research	1 U56CA 105329-01	Health Sciences Foundation
93.395	I	-10,047	Cancer Treatment Research	1U56CA 105329-01	Health Sciences Foundation
93.846	D	55,403	Arthritis, Musculoskeletal and Skin Diseases Research		
93.855	I	17,596	Allergy, Immunology and Transplantation Research	5R01AI039108	Los Angeles Biomedical Research Institute at Harbor
93.859	D	94,113	Biomedical Research and Research Training		
93.859	I	18,822	Biomedical Research and Research Training	GM064443	North Dakota State University
93.865	D	114,415	Child Health and Human Development Extramural Research		
93.880	D	27,806	Minority Access to Research Careers		
		<u>69,673,902</u>	Total — University of North Carolina at Wilmington		

Western Carolina University

10	D	184,265	U.S. Department of Agriculture		
10	I	683,538	U.S. Department of Agriculture	N/A	Furman University
10.435	D	154,293	State Mediation Grants		
10.652	D	991,839	Forestry Research		
11.303	D	338,988	Economic Development-Technical Assistance		
11.469	D	22,569	Congressionally Identified Awards and Projects		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
14	D	148,500	U.S. Department of Housing and Urban Development		
15	D	165,533	U.S. Department of the Interior		
15.632	D	57,354	Conservation Grants Private Stewardship for Imperiled Species		
16.710	D	257,626	Public Safety Partnership and Community Policing Grants		
23.011	D	30	Appalachian Research, Technical Assistance, and Demonstration Projects		
42	I	263,366	Library of Congress	00G-LIB-ND001	Education & Research Consort
45	I	1,121	National Foundation on the Arts and the Humanities	PA-52057-06	The Alliance for American Quil
47.041	I	16,549	Engineering Grants	CBET 0736214	Wake Forest University
47.049	I	1,255	Mathematical and Physical Sciences	DSM-536991	Mathematica Assoc of America
47.050	I	319,700	Geosciences	GEO-0703676	Olympic Park Institute
47.074	D	128,882	Biological Sciences		
47.076	D	51,024	Education and Human Resources		
47.079	D	13,511	International Science and Engineering (OISE)		
59	D	1,753,965	Small Business Administration		
81	D	167,648	U.S. Department of Energy		
84.007	D	139,861	Federal Supplemental Educational Opportunity Grants		
84.033	D	1,004,522	Federal Work-Study Program		
84.038	D	7,255,227	Federal Perkins Loan Program-Federal Capital Contributions		
84.042	D	789,811	TRIO-Student Support Services		
84.044	D	632,705	TRIO-Talent Search		
84.047	D	1,156,687	TRIO-Upward Bound		
84.063	D	5,446,764	Federal Pell Grant Program		
84.268	D	29,560,347	Federal Direct Student Loans		
84.325	D	1,134,737	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		
93.173	I	61,867	Research Related to Deafness and Communication Disorders	60002973	Ohio State University Research
93.273	I	184,493	Alcohol Research Programs	wfuhs12001r01aa14007-06A1	Wake Forest University
93.358	D	65,446	Advanced Education Nursing Traineeships		
93.358	I	4,951	Advanced Education Nursing Traineeships	2A10HP07479-02-00	Mountain Area Health Education
93.359	I	7,479	Nurse Education, Practice and Retention Grants	1U1KHP07713-01-00	Duke University
		<u>53,166,453</u>	Total — Western Carolina University		

Winston-Salem State University

12.431	D	194,487	Basic Scientific Research		
14.219	D	197,671	Community Development Block Grants/Small Cities Program		
16.540	D	35,588	Juvenile Justice and Delinquency Prevention-Allocation to States		
16.595	D	165,702	Community Capacity Development Office		
20	D	13,200	U.S. Department of Transportation		
47.049	D	23,034	Mathematical and Physical Sciences		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
47.074	D	76,447	Biological Sciences		
47.076	D	686,765	Education and Human Resources		
59	I	92,046	Small Business Administration	N/A	Small Bus of NC
84.007	D	602,709	Federal Supplemental Educational Opportunity Grants		
84.031	D	3,543,816	Higher Education-Institutional Aid		
84.032	D	14,184,316	Federal Family Education Loans		
84.033	D	405,086	Federal Work-Study Program		
84.038	D	1,240,421	Federal Perkins Loan Program-Federal Capital Contributions		
84.042	D	264,291	TRIO-Student Support Services		
84.047	D	116,715	TRIO-Upward Bound		
84.063	D	9,357,790	Federal Pell Grant Program		
84.120	D	129,745	Minority Science and Engineering Improvement		
84.129	D	270,140	Rehabilitation Long-Term Training		
84.375	D	173,298	Academic Competitiveness Grants		
84.376	D	87,728	National Science and Mathematics Access to Retain Talent (SMART) Grants		
93.242	D	64,100	Mental Health Research Grants		
93.307	D	572,128	Minority Health and Health Disparities Research		
93.361	D	112,318	Nursing Research		
93.364	D	6,945	Nursing Student Loans		
93.389	D	159,475	National Center for Research Resources		
93.397	D	43,320	Cancer Centers Support Grants		
93.859	D	148,546	Biomedical Research and Research Training		
93.925	D	1,382,367	Scholarships for Health Professions Students from Disadvantaged Backgrounds		
		<u>34,350,194</u>	Total — Winston-Salem State University		
		<u>1,401,345,805</u>	Total — University of North Carolina System		

Community Colleges:

Alamance Community College

84.007	D	58,425	Federal Supplemental Educational Opportunity Grants		
84.033	D	68,641	Federal Work-Study Program		
84.063	D	3,636,653	Federal Pell Grant Program		
84.375	D	33,875	Academic Competitiveness Grants		
		<u>3,797,594</u>	Total — Alamance Community College		

Asheville-Buncombe Technical Community College

10.672	I	1,583	Rural Development, Forestry, and Communities	05-DG-11083150-150	Educ Research Cons.
17.258	I	80,026	WIA Adult Program	WIA-2007-0412-46	Buncombe County
17.260	I	45,741	WIA Dislocated Workers	WIA-2007-0412-46	Buncombe County

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
47.076	I	10,026	Education and Human Resources	602710	SC Adv Tech Educ
84.007	D	93,098	Federal Supplemental Educational Opportunity Grants		
84.032	D	160,289	Federal Family Education Loans		
84.033	D	76,104	Federal Work-Study Program		
84.063	D	3,244,565	Federal Pell Grant Program		
84.375	D	23,425	Academic Competitiveness Grants		
93.558	I	21,046	Temporary Assistance for Needy Families	K-11068	Buncombe County DSS
		<u>3,755,903</u>	Total — Asheville-Buncombe Technical Community College		

Beaufort County Community College

84.007	D	9,376	Federal Supplemental Educational Opportunity Grants		
84.032	D	16,197	Federal Family Education Loans		
84.033	D	32,156	Federal Work-Study Program		
84.042	D	353,875	TRIO-Student Support Services		
84.063	D	2,087,310	Federal Pell Grant Program		
84.375	D	9,450	Academic Competitiveness Grants		
		<u>2,508,364</u>	Total — Beaufort County Community College		

Bladen Community College

17	D	2,819	U.S. Department of Labor		
17.258	D	186,926	WIA Adult Program		
17.259	D	65,166	WIA Youth Activities		
17.260	D	150,162	WIA Dislocated Workers		
84.007	D	40,417	Federal Supplemental Educational Opportunity Grants		
84.033	D	37,944	Federal Work-Study Program		
84.063	D	2,991,790	Federal Pell Grant Program		
		<u>3,475,224</u>	Total — Bladen Community College		

Blue Ridge Community College

11.550	D	6,892	Public Telecommunications Facilities Planning and Construction		
84.007	D	32,476	Federal Supplemental Educational Opportunity Grants		
84.032	D	45,865	Federal Family Education Loans		
84.033	D	25,561	Federal Work-Study Program		
84.063	D	1,073,175	Federal Pell Grant Program		
		<u>1,183,969</u>	Total — Blue Ridge Community College		

Brunswick Community College

84.063	D	1,202,617	Federal Pell Grant Program		
		<u>1,202,617</u>	Total — Brunswick Community College		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>Caldwell Community College and Technical Institute</u>					
84.007	D	51,458	Federal Supplemental Educational Opportunity Grants		
84.032	D	144,870	Federal Family Education Loans		
84.033	D	63,163	Federal Work-Study Program		
84.042	D	255,406	TRIO-Student Support Services		
84.044	D	240,372	TRIO-Talent Search		
84.063	D	3,497,170	Federal Pell Grant Program		
84.375	D	34,250	Academic Competitiveness Grants		
		<u>4,286,689</u>	Total — Caldwell Community College and Technical Institute		
<u>Cape Fear Community College</u>					
84.007	D	79,350	Federal Supplemental Educational Opportunity Grants		
84.032	D	318,118	Federal Family Education Loans		
84.033	D	133,292	Federal Work-Study Program		
84.063	D	5,145,123	Federal Pell Grant Program		
		<u>5,675,883</u>	Total — Cape Fear Community College		
<u>Carteret Community College</u>					
17.258	D	89,625	WIA Adult Program		
84.007	D	31,500	Federal Supplemental Educational Opportunity Grants		
84.031	D	305,757	Higher Education-Institutional Aid		
84.032	D	58,538	Federal Family Education Loans		
84.033	D	33,594	Federal Work-Study Program		
84.042	D	227,035	TRIO-Student Support Services		
84.063	D	1,532,130	Federal Pell Grant Program		
84.335	D	30,999	Child Care Access Means Parents in School		
84.375	D	11,375	Academic Competitiveness Grants		
		<u>2,320,553</u>	Total — Carteret Community College		
<u>Catawba Valley Community College</u>					
11.112	D	183,122	Market Development Cooperator Program		
20.235	D	57,674	Commercial Motor Vehicle Operator Training Grants		
84.007	D	39,795	Federal Supplemental Educational Opportunity Grants		
84.031	D	306,701	Higher Education-Institutional Aid		
84.032	D	41,130	Federal Family Education Loans		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.033	D	56,780	Federal Work-Study Program		
84.063	D	3,711,139	Federal Pell Grant Program		
84.375	D	60,125	Academic Competitiveness Grants		
		<u>4,456,466</u>	Total — Catawba Valley Community College		
<u>Central Carolina Community College</u>					
84.007	D	52,750	Federal Supplemental Educational Opportunity Grants		
84.033	D	45,115	Federal Work-Study Program		
84.063	D	3,466,922	Federal Pell Grant Program		
84.375	D	6,275	Academic Competitiveness Grants		
		<u>3,571,062</u>	Total — Central Carolina Community College		
<u>Central Piedmont Community College</u>					
14.246	D	6,148	Community Development Block Grants/Brownfields Economic Development Initiative		
17.260	I	57,847	WIA Dislocated Workers	AN-14299-04-60	Illinois State University
17.261	I	44,677	WIA Pilots, Demonstrations, and Research Projects	AF-14518-05-60	Institute for GIS Studies
17.269	D	2,486	Community Based Job Training Grants		
84.007	D	232,008	Federal Supplemental Educational Opportunity Grants		
84.031	D	397,722	Higher Education-Institutional Aid		
84.033	D	288,780	Federal Work-Study Program		
84.042	D	239,173	TRIO-Student Support Services		
84.044	D	53,646	TRIO-Talent Search		
84.047	D	95,845	TRIO-Upward Bound		
84.051	I	44,255	Career and Technical Education -- National Programs	V051B020001	League for Innovation
84.063	D	12,725,407	Federal Pell Grant Program		
84.116	D	124,065	Fund for the Improvement of Postsecondary Education		
84.375	D	41,350	Academic Competitiveness Grants		
93.283	D	34,385	Centers for Disease Control and Prevention-Investigations and Technical Assistance		
		<u>14,387,794</u>	Total — Central Piedmont Community College		
<u>Cleveland Community College</u>					
84.007	D	34,418	Federal Supplemental Educational Opportunity Grants		
84.033	D	44,142	Federal Work-Study Program		
84.063	D	3,680,292	Federal Pell Grant Program		
84.375	D	13,625	Academic Competitiveness Grants		
		<u>3,772,477</u>	Total — Cleveland Community College		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>Coastal Carolina Community College</u>					
17.258	I	96,330	WIA Adult Program	07-2020-40-6035-07	ECWDB
84.007	D	55,128	Federal Supplemental Educational Opportunity Grants		
84.033	D	86,451	Federal Work-Study Program		
84.063	D	3,594,708	Federal Pell Grant Program		
84.375	D	43,376	Academic Competitiveness Grants		
		<u>3,875,993</u>	Total — Coastal Carolina Community College		
<u>College of the Albemarle</u>					
84.007	D	51,250	Federal Supplemental Educational Opportunity Grants		
84.033	D	37,868	Federal Work-Study Program		
84.042	D	308,647	TRIO-Student Support Services		
84.063	D	1,853,290	Federal Pell Grant Program		
84.066	D	208,726	TRIO-Educational Opportunity Centers		
84.375	D	22,713	Academic Competitiveness Grants		
		<u>2,482,494</u>	Total — College of the Albemarle		
<u>Craven Community College</u>					
84.007	D	96,000	Federal Supplemental Educational Opportunity Grants		
84.032	D	8,605	Federal Family Education Loans		
84.033	D	63,357	Federal Work-Study Program		
84.063	D	2,502,838	Federal Pell Grant Program		
84.375	D	24,325	Academic Competitiveness Grants		
		<u>2,695,125</u>	Total — Craven Community College		
<u>Davidson County Community College</u>					
84.007	D	50,600	Federal Supplemental Educational Opportunity Grants		
84.031	D	135,960	Higher Education-Institutional Aid		
84.032	D	493,346	Federal Family Education Loans		
84.033	D	55,305	Federal Work-Study Program		
84.042	D	232,112	TRIO-Student Support Services		
84.063	D	3,274,074	Federal Pell Grant Program		
84.375	D	27,725	Academic Competitiveness Grants		
		<u>4,269,122</u>	Total — Davidson County Community College		
<u>Durham Technical Community College</u>					
84.007	D	42,821	Federal Supplemental Educational Opportunity Grants		
84.033	D	35,541	Federal Work-Study Program		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.063	D	3,531,475	Federal Pell Grant Program		
94.002	D	73,960	Retired and Senior Volunteer Program		
		<u>3,683,797</u>	Total — Durham Technical Community College		
<u>Edgecombe Community College</u>					
17.258	D	73,619	WIA Adult Program		
17.259	D	90,705	WIA Youth Activities		
17.260	D	779,157	WIA Dislocated Workers		
84.033	D	4,424	Federal Work-Study Program		
84.063	D	3,059,498	Federal Pell Grant Program		
		<u>4,007,403</u>	Total — Edgecombe Community College		
<u>Fayetteville Technical Community College</u>					
84.007	D	175,996	Federal Supplemental Educational Opportunity Grants		
84.033	D	142,120	Federal Work-Study Program		
84.063	D	12,310,527	Federal Pell Grant Program		
84.116	D	96,762	Fund for the Improvement of Postsecondary Education		
84.268	D	12,105,000	Federal Direct Student Loans		
84.375	D	38,150	Academic Competitiveness Grants		
		<u>24,868,555</u>	Total — Fayetteville Technical Community College		
<u>Forsyth Technical Community College</u>					
17.261	D	996,206	WIA Pilots, Demonstrations, and Research Projects		
17.261	I	94,582	WIA Pilots, Demonstrations, and Research Projects	FG030703	Piedmont Triad Partnership
17.261	I	14,052	WIA Pilots, Demonstrations, and Research Projects	FG050701	Piedmont Triad Partnership
84.007	D	105,765	Federal Supplemental Educational Opportunity Grants		
84.031	D	426,520	Higher Education-Institutional Aid		
84.033	D	110,946	Federal Work-Study Program		
84.063	D	5,840,792	Federal Pell Grant Program		
84.375	D	95,675	Academic Competitiveness Grants		
		<u>7,684,538</u>	Total — Forsyth Technical Community College		
<u>Gaston College</u>					
84.007	D	75,008	Federal Supplemental Educational Opportunity Grants		
84.033	D	4,030,882	Federal Work-Study Program		
84.063	D	45,508	Federal Pell Grant Program		
		<u>4,151,398</u>	Total — Gaston College		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>Guilford Technical Community College</u>					
84.007	D	153,994	Federal Supplemental Educational Opportunity Grants		
84.032	D	5,314,077	Federal Family Education Loans		
84.033	D	212,016	Federal Work-Study Program		
84.063	D	11,546,268	Federal Pell Grant Program		
84.375	D	75,025	Academic Competitiveness Grants		
		<u>17,301,380</u>	Total — Guilford Technical Community College		
<u>Halifax Community College</u>					
17.258	D	274,678	WIA Adult Program		
17.259	D	22,341	WIA Youth Activities		
84.007	D	41,000	Federal Supplemental Educational Opportunity Grants		
84.032	D	106,823	Federal Family Education Loans		
84.033	D	57,306	Federal Work-Study Program		
84.042	D	302,804	TRIO-Student Support Services		
84.063	D	2,153,839	Federal Pell Grant Program		
84.066	D	45,115	TRIO-Educational Opportunity Centers		
		<u>3,003,906</u>	Total — Halifax Community College		
<u>Haywood Community College</u>					
17.261	D	464,954	WIA Pilots, Demonstrations, and Research Projects		
47.076	D	56,124	Education and Human Resources		
84.007	D	23,100	Federal Supplemental Educational Opportunity Grants		
84.033	D	36,375	Federal Work-Study Program		
84.063	D	1,759,408	Federal Pell Grant Program		
		<u>2,339,961</u>	Total — Haywood Community College		
<u>Isothermal Community College</u>					
84.007	D	28,343	Federal Supplemental Educational Opportunity Grants		
84.033	D	37,129	Federal Work-Study Program		
84.063	D	2,152,898	Federal Pell Grant Program		
84.375	D	38,605	Academic Competitiveness Grants		
		<u>2,256,975</u>	Total — Isothermal Community College		
<u>James Sprunt Community College</u>					
17.258	D	164,660	WIA Adult Program		
84.007	D	17,411	Federal Supplemental Educational Opportunity Grants		
84.032	D	493	Federal Family Education Loans		
84.033	D	29,972	Federal Work-Study Program		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.042	D	312,122	TRIO-Student Support Services		
84.044	D	255,657	TRIO-Talent Search		
84.047	D	330,449	TRIO-Upward Bound		
84.063	D	1,336,585	Federal Pell Grant Program		
84.375	D	18,999	Academic Competitiveness Grants		
93.364	D	14,000	Nursing Student Loans		
		<u>2,480,348</u>	Total — James Sprunt Community College		

Johnston Community College

84.007	D	27,723	Federal Supplemental Educational Opportunity Grants		
84.032	D	29,275	Federal Family Education Loans		
84.033	D	38,210	Federal Work-Study Program		
84.037	D	40,382	Perkins Loan Cancellations		
84.042	D	220,000	TRIO-Student Support Services		
84.063	D	2,297,156	Federal Pell Grant Program		
		<u>2,652,746</u>	Total — Johnston Community College		

Lenoir Community College

17.258	I	233,583	WIA Adult Program	07-2020-40-6169	Eastern Carolina Workforce Dev Board
17.259	I	77,746	WIA Youth Activities	07-2040-40-6169	Eastern Carolina Workforce Dev Board
17.260	I	282,720	WIA Dislocated Workers	07-2030-40-6169	Eastern Carolina Workforce Dev Board
17.260	I	36,450	WIA Dislocated Workers	07-2031-40-6169	Eastern Carolina Workforce Dev Board
17.267	I	19,034	Incentive Grants - WIA Section 503	07-2050-40-6169	Eastern Carolina Workforce Dev Board
17.267	I	12,548	Incentive Grants - WIA Section 503	06-2050-40-6169	Eastern Carolina Workforce Dev Board
45.024	I	5,000	Promotion of the Arts-Grants to Organizations and Individuals	11127	Arts Midwest
84.033	D	52,977	Federal Work-Study Program		
84.063	D	3,736,859	Federal Pell Grant Program		
84.375	D	25,772	Academic Competitiveness Grants		
		<u>4,482,689</u>	Total — Lenoir Community College		

Martin Community College

84.007	D	12,800	Federal Supplemental Educational Opportunity Grants		
84.033	D	25,165	Federal Work-Study Program		
84.063	D	986,849	Federal Pell Grant Program		
		<u>1,024,814</u>	Total — Martin Community College		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>Mayland Community College</u>					
17.258	I	198,869	WIA Adult Program	07-2020-49-1380	Region D
17.259	I	157,400	WIA Youth Activities	07-2040-49-1380	Region D
17.260	I	97,961	WIA Dislocated Workers	07-2030-49-1380	Region D
17.260	I	208,904	WIA Dislocated Workers	07-2031-49-1380	Region D
17.260	I	11,551	WIA Dislocated Workers	07-2050-49-1380	Region D
84.007	D	26,835	Federal Supplemental Educational Opportunity Grants		
84.033	D	21,890	Federal Work-Study Program		
84.042	D	298,681	TRIO-Student Support Services		
84.063	D	878,647	Federal Pell Grant Program		
84.375	D	11,850	Academic Competitiveness Grants		
		<u>1,912,588</u>	Total — Mayland Community College		
<u>McDowell Technical Community College</u>					
17.258	I	48,683	WIA Adult Program	06-2040-03	Isothermal PDC
17.259	I	53,474	WIA Youth Activities	06-2040-03	Isothermal PDC
84.003	D	23,930	Bilingual Education		
84.007	D	8,906	Federal Supplemental Educational Opportunity Grants		
84.063	D	1,167,737	Federal Pell Grant Program		
84.375	D	14,800	Academic Competitiveness Grants		
		<u>1,317,530</u>	Total — McDowell Technical Community College		
<u>Mitchell Community College</u>					
84.007	D	29,215	Federal Supplemental Educational Opportunity Grants		
84.033	D	31,757	Federal Work-Study Program		
84.063	D	2,380,984	Federal Pell Grant Program		
84.375	D	40,800	Academic Competitiveness Grants		
		<u>2,482,756</u>	Total — Mitchell Community College		
<u>Montgomery Community College</u>					
17	I	91,434	U.S. Department of Labor	N/A	Piedmont Triad
45	I	8,800	National Foundation on the Arts and the Humanities	N/A	Arts Midwest
84.007	D	14,445	Federal Supplemental Educational Opportunity Grants		
84.033	D	21,809	Federal Work-Study Program		
84.063	D	1,162,623	Federal Pell Grant Program		
84.375	D	8,975	Academic Competitiveness Grants		
		<u>1,308,086</u>	Total — Montgomery Community College		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>Nash Community College</u>					
17.258	D	110,549	WIA Adult Program		
17.259	D	508,828	WIA Youth Activities		
84.007	D	15,735	Federal Supplemental Educational Opportunity Grants		
84.033	D	26,863	Federal Work-Study Program		
84.042	D	242,678	TRIO-Student Support Services		
84.063	D	2,287,675	Federal Pell Grant Program		
84.375	D	13,875	Academic Competitiveness Grants		
		<u>3,206,203</u>	Total — Nash Community College		
<u>Pamlico Community College</u>					
10.766	D	150,000	Community Facilities Loans and Grants		
11.300	D	938,855	Investments for Public Works and Economic Development Facilities		
17.258	D	59,426	WIA Adult Program		
17.260	D	5,290	WIA Dislocated Workers		
84.007	D	10,920	Federal Supplemental Educational Opportunity Grants		
84.033	D	7,867	Federal Work-Study Program		
84.063	D	554,695	Federal Pell Grant Program		
84.375	D	3,175	Academic Competitiveness Grants		
		<u>1,730,228</u>	Total — Pamlico Community College		
<u>Piedmont Community College</u>					
17.258	I	72,210	WIA Adult Program	N/A	Council of Governments
17.258	I	5,575	WIA Adult Program	N/A	Council of Governments
17.259	I	149,442	WIA Youth Activities	N/A	Council of Governments
17.259	I	6,220	WIA Youth Activities	N/A	Council of Governments
17.260	I	237,893	WIA Dislocated Workers	N/A	Council of Governments
17.260	I	30,382	WIA Dislocated Workers	N/A	Council of Governments
17.261	I	14,645	WIA Pilots, Demonstrations, and Research Projects	N/A	Piedmont Triad Partnership
84.007	D	19,674	Federal Supplemental Educational Opportunity Grants		
84.033	D	38,844	Federal Work-Study Program		
84.042	D	324,598	TRIO-Student Support Services		
84.063	D	2,175,992	Federal Pell Grant Program		
84.066	D	528,285	TRIO-Educational Opportunity Centers		
		<u>3,603,760</u>	Total — Piedmont Community College		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>Pitt Community College</u>					
10.558	D	11,607	Child and Adult Care Food Program		
17.250	D	149,604	Job Training Partnership Act		
17.258	D	206,489	WIA Adult Program		
17.259	D	7,920	WIA Youth Activities		
84.007	D	117,842	Federal Supplemental Educational Opportunity Grants		
84.033	D	152,620	Federal Work-Study Program		
84.038	D	4,533	Federal Perkins Loan Program-Federal Capital Contributions		
84.063	D	5,773,500	Federal Pell Grant Program		
93.364	D	2,657	Nursing Student Loans		
		<u>6,426,772</u>	Total — Pitt Community College		
<u>Randolph Community College</u>					
84.007	D	36,283	Federal Supplemental Educational Opportunity Grants		
84.033	D	45,710	Federal Work-Study Program		
84.042	D	211,579	TRIO-Student Support Services		
84.063	D	1,955,663	Federal Pell Grant Program		
84.375	D	27,500	Academic Competitiveness Grants		
		<u>2,276,735</u>	Total — Randolph Community College		
<u>Richmond Community College</u>					
84.007	D	26,400	Federal Supplemental Educational Opportunity Grants		
84.033	D	49,862	Federal Work-Study Program		
84.063	D	2,664,711	Federal Pell Grant Program		
		<u>2,740,973</u>	Total — Richmond Community College		
<u>Roanoke-Chowan Community College</u>					
84.007	D	28,424	Federal Supplemental Educational Opportunity Grants		
84.033	D	38,122	Federal Work-Study Program		
84.042	D	255,016	TRIO-Student Support Services		
84.063	D	1,393,528	Federal Pell Grant Program		
84.375	D	6,000	Academic Competitiveness Grants		
		<u>1,721,090</u>	Total — Roanoke-Chowan Community College		
<u>Robeson Community College</u>					
17.259	I	225,664	WIA Youth Activities	2040-44-5465	Council of Governments
47.076	D	177,615	Education and Human Resources		
84.007	D	25,800	Federal Supplemental Educational Opportunity Grants		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.033	D	41,417	Federal Work-Study Program		
84.042	D	214,464	TRIO-Student Support Services		
84.063	D	4,233,432	Federal Pell Grant Program		
		<u>4,918,392</u>	Total — Robeson Community College		
<u>Rockingham Community College</u>					
17.259	I	68,665	WIA Youth Activities	N/A	NW Piedmont Council of Governments
84.007	D	26,259	Federal Supplemental Educational Opportunity Grants		
84.031	D	374,531	Higher Education-Institutional Aid		
84.033	D	44,848	Federal Work-Study Program		
84.063	D	1,787,136	Federal Pell Grant Program		
84.375	D	23,575	Academic Competitiveness Grants		
		<u>2,325,014</u>	Total — Rockingham Community College		
<u>Rowan-Cabarrus Community College</u>					
84.007	D	15,000	Federal Supplemental Educational Opportunity Grants		
84.033	D	5,232	Federal Work-Study Program		
84.063	D	6,018,374	Federal Pell Grant Program		
84.375	D	64,125	Academic Competitiveness Grants		
		<u>6,102,731</u>	Total — Rowan-Cabarrus Community College		
<u>Sampson Community College</u>					
84.002	D	211,740	Adult Education - Basic Grants to States		
84.007	D	43,680	Federal Supplemental Educational Opportunity Grants		
84.033	D	38,309	Federal Work-Study Program		
84.042	D	250,286	TRIO-Student Support Services		
84.063	D	1,758,145	Federal Pell Grant Program		
84.243	D	129,324	Tech-Prep Education		
84.375	D	5,250	Academic Competitiveness Grants		
97.067	D	557	Homeland Security Grant Program		
		<u>2,437,291</u>	Total — Sampson Community College		
<u>Sandhills Community College</u>					
84.007	D	46,116	Federal Supplemental Educational Opportunity Grants		
84.032	D	52,869	Federal Family Education Loans		
84.033	D	90,364	Federal Work-Study Program		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.042	D	215,325	TRIO-Student Support Services		
84.063	D	3,717,528	Federal Pell Grant Program		
84.375	D	95,675	Academic Competitiveness Grants		
		<u>4,217,877</u>	Total — Sandhills Community College		
<u>South Piedmont Community College</u>					
84.007	D	31,945	Federal Supplemental Educational Opportunity Grants		
84.033	D	50,697	Federal Work-Study Program		
84.063	D	2,007,359	Federal Pell Grant Program		
84.375	D	15,350	Academic Competitiveness Grants		
		<u>2,105,351</u>	Total — South Piedmont Community College		
<u>Southeastern Community College</u>					
17.000	I	8,838	U.S. Department of Labor	0-2020-33	Cape Fear COG
17.258	I	199,161	WIA Adult Program	0-2020-33	Cape Fear COG
17.259	I	85,484	WIA Youth Activities	0-2020-33	Cape Fear COG
17.260	I	111,123	WIA Dislocated Workers	0-2020-33	Cape Fear COG
84.007	D	38,614	Federal Supplemental Educational Opportunity Grants		
84.032	D	215,914	Federal Family Education Loans		
84.033	D	54,427	Federal Work-Study Program		
84.038	D	12,804	Federal Perkins Loan Program-Federal Capital Contributions		
84.044	D	430,587	TRIO-Talent Search		
84.047	D	403,269	TRIO-Upward Bound		
84.063	D	3,623,455	Federal Pell Grant Program		
84.375	D	8,750	Academic Competitiveness Grants		
93.364	D	21,253	Nursing Student Loans		
94.002	D	109,374	Retired and Senior Volunteer Program		
		<u>5,323,053</u>	Total — Southeastern Community College		
<u>Southwestern Community College</u>					
84.007	D	48,846	Federal Supplemental Educational Opportunity Grants		
84.032	D	404,047	Federal Family Education Loans		
84.033	D	65,003	Federal Work-Study Program		
84.042	D	260,026	TRIO-Student Support Services		
84.047	D	237,669	TRIO-Upward Bound		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
84.063	D	1,648,124	Federal Pell Grant Program		
84.334	D	1,021,195	Gaining Early Awareness and Readiness for Undergraduate Programs		
84.375	D	27,775	Academic Competitiveness Grants		
		<u>3,712,685</u>	Total — Southwestern Community College		
<u>Stanly Community College</u>					
84.007	D	17,955	Federal Supplemental Educational Opportunity Grants		
84.031	D	281,718	Higher Education-Institutional Aid		
84.033	D	39,333	Federal Work-Study Program		
84.063	D	2,094,237	Federal Pell Grant Program		
84.375	D	33,000	Academic Competitiveness Grants		
97.067	D	807	Homeland Security Grant Program		
		<u>2,467,050</u>	Total — Stanly Community College		
<u>Surry Community College</u>					
84.007	D	39,566	Federal Supplemental Educational Opportunity Grants		
84.032	D	15,561	Federal Family Education Loans		
84.033	D	52,780	Federal Work-Study Program		
84.047	D	315,977	TRIO-Upward Bound		
84.063	D	2,439,832	Federal Pell Grant Program		
84.066	D	189,740	TRIO-Educational Opportunity Centers		
		<u>3,053,456</u>	Total — Surry Community College		
<u>Tri-County Community College</u>					
84.007	D	20,849	Federal Supplemental Educational Opportunity Grants		
84.033	D	26,673	Federal Work-Study Program		
84.063	D	1,117,621	Federal Pell Grant Program		
84.375	D	10,525	Academic Competitiveness Grants		
		<u>1,175,668</u>	Total — Tri-County Community College		
<u>Vance-Granville Community College</u>					
17.258	I	285,763	WIA Adult Program	07-2020-43-4316-00-13-IR	Kerr Tar Regional COG
17.258	I	770	WIA Adult Program	06-2020-43-4316-00-13-IR	Kerr Tar Regional COG
17.259	I	105,485	WIA Youth Activities	07-2040-43-4316-00-13-IR	Kerr Tar Regional COG
17.259	I	6,763	WIA Youth Activities	06-2040-43-4316-00-13-IR	Kerr Tar Regional COG
84.007	D	64,042	Federal Supplemental Educational Opportunity Grants		
84.033	D	99,633	Federal Work-Study Program		
84.063	D	4,130,509	Federal Pell Grant Program		
		<u>4,692,965</u>	Total — Vance-Granville Community College		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
Wake Technical Community College					
47.076	D	352,609	Education and Human Resources		
84.007	D	133,224	Federal Supplemental Educational Opportunity Grants		
84.032	D	4,036,534	Federal Family Education Loans		
84.033	D	160,312	Federal Work-Study Program		
84.063	D	5,382,354	Federal Pell Grant Program		
84.116	D	73,113	Fund for the Improvement of Postsecondary Education		
84.141	D	317,570	Migrant Education-High School Equivalency Program		
84.375	D	15,000	Academic Competitiveness Grants		
		<u>10,470,716</u>	Total — Wake Technical Community College		
Wayne Community College					
17.258	I	181,464	WIA Adult Program	07-2020-40-6331-09	East. Carolina Workforce
17.259	I	111,765	WIA Youth Activities	07-2040-40-6331-09	East. Carolina Workforce
17.260	I	19,007	WIA Dislocated Workers	07-2030-40-6331-09	East. Carolina Workforce
17.260	I	137,972	WIA Dislocated Workers	07-2031-40-6331-09	East. Carolina Workforce
17.260	I	30,377	WIA Dislocated Workers	04-2031-40-6331-09-B	East. Carolina Workforce
17.267	I	893	Incentive Grants - WIA Section 503	07-2050-40-6331-09	East. Carolina Workforce
84.007	D	55,351	Federal Supplemental Educational Opportunity Grants		
84.032	D	157,571	Federal Family Education Loans		
84.033	D	95,584	Federal Work-Study Program		
84.063	D	3,573,938	Federal Pell Grant Program		
84.375	D	43,250	Academic Competitiveness Grants		
94.002	D	41,405	Retired and Senior Volunteer Program		
		<u>4,448,577</u>	Total — Wayne Community College		
Western Piedmont Community College					
84.007	D	30,720	Federal Supplemental Educational Opportunity Grants		
84.032	D	271,676	Federal Family Education Loans		
84.033	D	74,340	Federal Work-Study Program		
84.044	D	284,479	TRIO-Talent Search		
84.063	D	3,674,241	Federal Pell Grant Program		
84.335	D	45,647	Child Care Access Means Parents in School		
84.375	D	56,200	Academic Competitiveness Grants		
94.005	D	11,749	Learn and Serve America-Higher Education		
97.067	D	7,112	Homeland Security Grant Program		
		<u>4,456,164</u>	Total — Western Piedmont Community College		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>Wilkes Community College</u>					
17.249	I	265	Employment Services and Job Training Pilots-Demonstrations and Research	AF-10540-00-60	High Country Council of Governments
17.258	I	5,676	WIA Adult Program	06-2020-49-1533	High Country Council of Governments
17.258	I	226,524	WIA Adult Program	07-2020-49-1533	High Country Council of Governments
17.258	I	5,838	WIA Adult Program	06-2030-49-1533	High Country Council of Governments
17.260	I	83,962	WIA Dislocated Workers	07-2030-49-1533	High Country Council of Governments
17.260	I	1,797	WIA Dislocated Workers	06-2031-49-1533	High Country Council of Governments
17.260	I	120,204	WIA Dislocated Workers	07-2031-49-1533	High Country Council of Governments
23.002	D	159,950	Appalachian Area Development		
84	D	406	U.S. Department of Education		
84.007	D	18,000	Federal Supplemental Educational Opportunity Grants		
84.032	D	242,825	Federal Family Education Loans		
84.033	D	40,000	Federal Work-Study Program		
84.042	D	288,555	TRIO-Student Support Services		
84.063	D	2,622,830	Federal Pell Grant Program		
84.375	D	33,908	Academic Competitiveness Grants		
		<u>3,850,740</u>	Total — Wilkes Community College		
<u>Wilson Community College</u>					
84.007	D	58,651	Federal Supplemental Educational Opportunity Grants		
84.033	D	51,461	Federal Work-Study Program		
84.042	D	271,989	TRIO-Student Support Services		
84.044	D	197,872	TRIO-Talent Search		
84.047	D	215,247	TRIO-Upward Bound		
84.063	D	2,675,774	Federal Pell Grant Program		
84.375	D	17,325	Academic Competitiveness Grants		
		<u>3,488,319</u>	Total — Wilson Community College		
		<u>245,628,609</u>	Total — Community Colleges		
<i>Other Component Units:</i>					
<u>Global TransPark</u>					
20.106	D	379,533	Airport Improvement Program		
		<u>379,533</u>	Total — Global TransPark		

STATE OF NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (BY STATE AGENCY)

For the Fiscal Year Ended June 30, 2008

Federal CFDA Number	Direct/ Indirect	Program Disbursements	CFDA Program Title	Pass-Through Number	Pass-Through Entity Name
<u>NC State Ports Authority</u>					
97.067	D	574,095	Homeland Security Grant Program		
		<u>574,095</u>	Total — NC State Ports Authority		
		953,628	Total — Other Component Units		
		1,647,928,042	Total — Component Units		
		<u>\$ 15,028,044,707</u>	TOTAL EXPENDITURES OF FEDERAL AWARDS		

N/A = Not Available

The accompanying notes are an integral part of this schedule.

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NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The Schedule appears in three formats:

- Summary – The summary schedule reports expenditures of federal awards by program or program cluster.
- Detail – The detail schedule presents federal programs by federal agency and lists individual programs within program clusters.
- By State Agency – The schedule by state agency presents expenditures of federal awards by state agency and by program. In some instances, federal funds have been transferred from one state agency to another to be expended in the same program. When this is the case, the expenditure of federal awards has been reported under the organization which received the funds directly from the Federal Government.

Federal CFDA numbers are from the Catalog of Federal Domestic Assistance published by the Office of Management and Budget and the General Services Administration. Programs without a CFDA number are presented with only the federal agency's two-digit prefix in place of a CFDA number.

B. Reporting Entity

The State of North Carolina financial reporting entity is fully described in Note 1 to the financial statements. The financial reporting entity includes (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete.

The accompanying Schedule of Expenditures of Federal Awards includes all federal programs administered by the state financial reporting entity except the programs of the State Education Assistance Authority and the North Carolina Housing Finance Agency. These agencies issue separate single audit reports for their programs.

C. Basis of Accounting

An award is considered expended when the activity related to the award occurs. The activity generally pertains to events requiring compliance with laws, regulations, and the provisions of contract and grant agreements. Specific transaction types have been recognized as follows:

Direct Costs: Direct costs have been recognized on the cash basis of accounting, that is, when cash is disbursed rather than when the charge is incurred.

Indirect costs: Indirect costs are recovered from the federal government by applying a federally approved indirect cost rate or by allocating these costs among benefiting programs in accordance with a federally approved plan. Each program's share of indirect costs is recognized on the accompanying Schedule of Expenditures of Federal Awards.

Loan and loan guarantee transactions:

- Federal Perkins Loan Program - Federal Capital Contributions (CFDA 84.038), Nurse Faculty Loan Program (CFDA 93.264), Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students (CFDA 93.342), Nursing Student Loans (CFDA 93.364), Capitalization Grants for Clean Water State Revolving Funds (CFDA 66.458), Capitalization Grants for Drinking Water State Revolving Funds (66.468) and Economic Adjustment Assistance (11.307) – Expenditures of federal awards in the accompanying Schedule of Expenditures of Federal Awards include the value of new loans made during the year, the balance of loans from previous years with federal continuing compliance requirements, federal capital contributions received during the year, interest subsidy, and administrative cost allowances. Loan balances outstanding at year-end are disclosed in Note 2.
- Federal Family Education Loans (CFDA 84.032) and Federal Direct Student Loans (CFDA 84.268) – These loans are made by outside lenders to students at institutions of higher education within the State reporting entity. The institutions are responsible for certain administrative requirements for new loans. As a result, the value of loans made during the year and administrative cost allowances are recognized as expenditures of federal awards in the accompanying Schedule of Expenditures of Federal Awards. The balance of loans for previous years is not included because the lender accounts for the prior balances.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2008

Other assistance:

- Food Donation (CFDA 10.550) – Food commodities donated to the N. C. Department of Agriculture are valued at estimated fair market value at the time of receipt.
- Food Stamps (CFDA 10.551) – The State issues food stamp benefits in electronic form. Food stamp benefits are recognized as expenditures when recipients use the benefits.
- Immunization Grants (CFDA 93.268) – Vaccines donated to the N. C. Department of Health and Human Services are reported at the value assigned by the U. S. Department of Health and Human Services.
- Food Distribution Program on Indian Reservations (CFDA 10.567) – Food commodities donated to the N. C. Department of Agriculture are reported at the value assigned by the U. S. Department of Agriculture.
- Emergency Food Assistance Program (Food Commodities) (CFDA 10.569) – Food commodities donated to the N. C. Department of Agriculture are reported at the value assigned by the U. S. Department of Agriculture.
- Commodity Supplemental Food Program (CFDA 10.565) – Food commodities donated to the N. C. Department of Agriculture are reported at the value assigned by the U. S. Department of Agriculture.
- Summer Food Service Program for Children (10.559) – Food commodities donated to the N. C. Department of Agriculture are reported at the value assigned by the U. S. Department of Agriculture.

NOTE 2: FEDERAL LOANS OUTSTANDING

The State of North Carolina had the following federal loan balances outstanding at year-end:

<u>Program</u>	<u>CFDA #</u>	<u>Amount Outstanding</u>
Federal Perkins Loan Program - Federal Capital Contributions	84.038	\$105,966,487
Capitalization Grants for Drinking Water State Revolving Funds	66.468	41,733,897
Capitalization Grants for Clean Water State Revolving Funds	66.458	35,313,201
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342	3,640,847
Economic Adjustment Assistance	11.307	600,000
Nursing Student Loans	93.364	326,258
Nurse Faculty Loan Program	93.264	144,939

NOTE 3: UNEMPLOYMENT INSURANCE

State unemployment tax revenues and payments in lieu of taxes are combined with federal funds and used to pay benefits under the Unemployment Insurance program (CFDA 17.225). The state and federal portions of the total expenditures reported on the Schedule were \$980,677,431 and \$163,870,342 respectively.

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**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2008**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
97-SA-58	Health and Human Services	<p data-bbox="565 470 1247 495"><u>Enhance Controls to Prevent Payment of Incorrect Claims</u></p> <p data-bbox="565 537 1247 562">The audit finding does not warrant further action because:</p> <ol data-bbox="613 604 1463 856" style="list-style-type: none"> <li data-bbox="613 604 1463 695">1. As of today, September 3, 2008, two years have passed since the audit report in which the finding occurred was submitted on July 31, 1998 to the Federal clearinghouse; <li data-bbox="613 730 1463 793">2. The U.S. Department of Health and Human Services is not currently following up with the Department on the audit finding; and <li data-bbox="613 829 1198 856">3. A management decision has not been issued.
03-SA-91	Health and Human Services	<p data-bbox="565 898 1019 924"><u>Final Cost-Settlements Not Performed</u></p> <p data-bbox="565 966 1463 1024">Partial corrective action has been taken. As of December 2008, final cost settlements are still in progress.</p>
03-SA-105	Health and Human Services	<p data-bbox="565 1066 1463 1125"><u>Required Disclosures Not Obtained at Enrollment of Providers and Lack of Controls in the Provider Eligibility Enrollment Process</u></p> <p data-bbox="565 1167 1463 1528">Partial corrective action has been taken. Division of Medical Assistance (DMA) Provider Services has completed and implemented the comprehensive provider enrollment Desk Procedures for all provider types. As part of the Desk Procedures, a search of the Office of the Inspector General (OIG) Database and the Provider Tracking Database are now performed upon enrollment and reenrollment of Medicaid providers. DMA Provider Services is also in the process of developing comprehensive Business Rules for reporting information to the OIG, denying enrollment applications, and developing a tool to aid in the audit of enrollment packets for accuracy and completeness (i.e. reviewing for missing documents and supervisor signatures, criminal offenses, ownership and business transaction disclosure).</p> <p data-bbox="565 1570 1463 1774">The Division of Medical Assistance continues to work with agencies and create policies and procedures to prevent unacceptable providers from enrolling in Medicaid for all provider types. These processes cannot be fully implemented until the new Medicaid Management Information System (MMIS) system has been implemented. At the time of implementation of a new MMIS system, providers will be re-verified and re-enrolled and all ownership and disclosures will be collected.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
04-SA-18	Transportation	<p><u>Testing Standards Not Met in Accordance With Quality Assurance Program</u></p> <p>The audit finding does not warrant further action because:</p> <ol style="list-style-type: none"> 1. As of today, January 6, 2009, two years have passed since the audit report in which the finding occurred was submitted on March 31, 2005 to the Federal clearinghouse; 2. The Federal Highway Administration is not currently following up with the Department on the audit finding; and 3. A management decision has not been issued.
04-SA-43	Health and Human Services	<p><u>Maintenance of Effort Not Met</u></p> <p>Full corrective action has been taken.</p>
04-SA-62	Health and Human Services	<p><u>Final Cost-Settlements Not Performed</u></p> <p>Partial corrective action has been taken. See finding 03-SA-91 for a description.</p>
04-SA-71	Health and Human Services	<p><u>Required Disclosures Not Obtained at Enrollment of Providers and Lack of Controls in the Provider Eligibility Enrollment Process</u></p> <p>Partial corrective action has been taken. See finding 03-SA-105 for a description.</p>
05-SA-1	Public Instruction	<p><u>Child Nutrition Claims Payment System Audit Trail Needs Improving</u></p> <p>Full corrective action has been taken.</p>
05-SA-2	Public Instruction	<p><u>Child Nutrition Claims Payment System Audit Trail Needs Improving</u></p> <p>Full corrective action has been taken.</p>
05-SA-3	Public Instruction	<p><u>Child Nutrition Claims Payment System Audit Trail Needs Improving</u></p> <p>Full corrective action has been taken.</p>
05-SA-4	Health and Human Services	<p><u>Documentation Lacking in WIC Program Case Files</u></p> <p>The audit finding does not warrant further action because:</p> <ol style="list-style-type: none"> 1. As of today, September 10, 2008, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse;

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
05-SA-5	Health and Human Services	<p data-bbox="610 470 1476 527">2. The U.S. Department of Agriculture is not currently following up with the Department on the audit finding; and</p> <p data-bbox="610 562 1198 590">3. A management decision has not been issued.</p> <p data-bbox="565 625 1476 682"><u>Failure to Perform Timely Monitoring of Local Agencies for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)</u></p>
		The audit finding does not warrant further action because:
		<p data-bbox="610 779 1476 869">1. As of today, September 10, 2008, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse;</p> <p data-bbox="610 905 1476 961">2. The U.S. Department of Agriculture is not currently following up with the Department on the audit finding; and</p> <p data-bbox="610 997 1198 1024">3. A management decision has not been issued.</p>
05-SA-6	Health and Human Services	<p data-bbox="565 1058 1476 1115"><u>Failure to Properly Account for the Disposition of Food Instruments for the WIC Program</u></p>
		The audit finding does not warrant further action because:
		<p data-bbox="610 1199 1476 1289">1. As of today, September 10, 2008, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse;</p> <p data-bbox="610 1304 1476 1360">2. The U.S. Department of Agriculture is not currently following up with the Department on the audit finding; and</p> <p data-bbox="610 1375 1198 1402">3. A management decision has not been issued.</p>
05-SA-7	Health and Human Services	<p data-bbox="565 1444 1476 1501"><u>Insufficient Documentation of Program Changes and Authorization for System Users for the NC CARES Program</u></p>
		The audit finding does not warrant further action because:
		<p data-bbox="610 1598 1476 1688">1. As of today, September 10, 2008, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse;</p> <p data-bbox="610 1703 1476 1759">2. The U.S. Department of Agriculture is not currently following up with the Department on the audit finding; and</p> <p data-bbox="610 1795 1198 1822">3. A management decision has not been issued.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
05-SA-8	Commerce	<p data-bbox="565 468 1430 499"><u>Erroneous Amounts Reported on the Performance and Evaluation Report</u></p> <p data-bbox="565 531 1243 562">The audit finding does not warrant further action because:</p> <ol data-bbox="613 594 1463 840" style="list-style-type: none"> <li data-bbox="613 594 1463 688">1. As of today, October 7, 2008, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; <li data-bbox="613 720 1463 783">2. The Housing and Urban Development is not currently following up with the Department on the audit finding; and <li data-bbox="613 814 1195 840">3. A management decision has not been issued.
05-SA-9	Commerce	<p data-bbox="565 871 1175 903"><u>Program Change Controls Need to Be Implemented</u></p> <p data-bbox="565 919 1243 951">The audit finding does not warrant further action because:</p> <ol data-bbox="613 982 1463 1228" style="list-style-type: none"> <li data-bbox="613 982 1463 1077">1. As of today, October 7, 2008, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; <li data-bbox="613 1108 1463 1171">2. The Housing and Urban Development is not currently following up with the Department on the audit finding; and <li data-bbox="613 1203 1195 1228">3. A management decision has not been issued.
05-SA-10	Commerce	<p data-bbox="565 1260 1170 1291"><u>Monitoring Procedures Were Not Performed Timely</u></p> <p data-bbox="565 1308 1243 1339">The audit finding does not warrant further action because:</p> <ol data-bbox="613 1371 1463 1617" style="list-style-type: none"> <li data-bbox="613 1371 1463 1465">1. As of today, October 7, 2008, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; <li data-bbox="613 1497 1463 1560">2. The Housing and Urban Development is not currently following up with the Department on the audit finding; and <li data-bbox="613 1591 1195 1617">3. A management decision has not been issued.
05-SA-11	Employment Security Commission	<p data-bbox="565 1648 1260 1680"><u>Controls Over Equipment Management Need Improvement</u></p> <p data-bbox="565 1711 1243 1743">The audit finding does not warrant further action because:</p> <ol data-bbox="613 1774 1463 1858" style="list-style-type: none"> <li data-bbox="613 1774 1463 1858">1. As of today, August 20, 2008, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse;

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
05-SA-15	Commerce	<ol style="list-style-type: none"> 2. The U.S. Department of Labor is not currently following up with the Department on the audit finding; and 3. A management decision has not been issued.
05-SA-17	Commerce	<p data-bbox="565 606 1476 667"><u>Federal Financial Reports Not Reviewed for the Workforce Investment Act Program</u></p> <p data-bbox="565 701 1247 730">The audit finding does not warrant further action because:</p> <ol style="list-style-type: none"> 1. As of today, October 7, 2008, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; 2. The U.S. Department of Labor is not currently following up with the Department on the audit finding; and 3. A management decision has not been issued.
05-SA-19	Commerce	<p data-bbox="565 1455 1476 1516"><u>Federal Financial Reports Not Reviewed for the Workforce Investment Act Program</u></p> <p data-bbox="565 1535 1247 1564">The audit finding does not warrant further action because:</p> <ol style="list-style-type: none"> 1. As of today, October 7, 2008, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; 2. The U.S. Department of Labor is not currently following up with the Department on the audit finding; and 3. A management decision has not been issued.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
05-SA-24	Transportation	<u>Testing Standards Not Met in Accordance With Quality Assurance Program</u> The audit finding does not warrant further action because: <ol style="list-style-type: none"> <li data-bbox="613 594 1463 684">1. As of today, January 6, 2009, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; <li data-bbox="613 720 1463 774">2. The Federal Highway Administration is not currently following up with the Department on the audit finding; and <li data-bbox="613 810 1195 840">3. A management decision has not been issued.
05-SA-26	Transportation	<u>Financial Status Reports Contain Inaccurate Data</u> The audit finding does not warrant further action because: <ol style="list-style-type: none"> <li data-bbox="613 982 1463 1073">1. As of today, January 6, 2009, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; <li data-bbox="613 1108 1463 1163">2. The Federal Highway Administration is not currently following up with the Department on the audit finding; and <li data-bbox="613 1199 1195 1228">3. A management decision has not been issued.
05-SA-27	State Board of Elections	<u>Required Contracting Procedures Not Followed</u> Full corrective action has been taken. On September 11, 2008 we received the management decision of the Election Assistance Commission on this matter stating they considered the matter resolved and no further response to the Election Assistance Commission was needed.
05-SA-28	State Board of Elections	<u>Subrecipient Monitoring Procedures Incomplete</u> Full corrective action has been taken. On September 11, 2008 we received the management decision of the Election Assistance Commission on this matter stating they considered the matter resolved and no further response to the Election Assistance Commission was needed.
05-SA-29	Environment and Natural Resources	<u>Weaknesses in Controls Over Cash Receipts</u> The audit finding does not warrant further action because: <ol style="list-style-type: none"> <li data-bbox="613 1770 1463 1860">1. As of today, September 16, 2008, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse;

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
05-SA-30	Environment and Natural Resources	<ol style="list-style-type: none"> 2. The Environmental Protection Agency is not currently following up with the Department on the audit finding; and 3. A management decision has not been issued.
		<p><u>Progress Reports Not Obtained Prior to Payment</u></p> <p>The audit finding does not warrant further action because:</p> <ol style="list-style-type: none"> 1. As of today, September 16, 2008, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; 2. The Environmental Protection Agency is not currently following up with the Department on the audit finding; and 3. A management decision has not been issued.
05-SA-31	Environment and Natural Resources	<p><u>Weaknesses in Controls Over Cash Receipts</u></p> <p>The audit finding does not warrant further action because:</p> <ol style="list-style-type: none"> 1. As of today, September 16, 2008, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; 2. The Environmental Protection Agency is not currently following up with the Department on the audit finding; and 3. A management decision has not been issued.
05-SA-32	Crime Control and Public Safety	<p><u>Controls Over Reporting Federal Drawdowns Need Improving</u></p> <p>The audit finding does not warrant further action because:</p> <ol style="list-style-type: none"> 1. As of today, February 16, 2009, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; 2. The Department of Homeland Security is not currently following up with the Department on the audit finding; and 3. A management decision has not been issued.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
05-SA-33	Crime Control and Public Safety	<p data-bbox="565 468 1476 527"><u>Public Assistance Financial Reports are Incorrect Due to Errors and Omissions</u></p> <p data-bbox="565 543 1243 573">The audit finding does not warrant further action because:</p> <ol data-bbox="613 606 1476 852" style="list-style-type: none"> <li data-bbox="613 606 1476 699">1. As of today, February 16, 2009, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; <li data-bbox="613 730 1476 789">2. The Department of Homeland Security is not currently following up with the Department on the audit finding; and <li data-bbox="613 821 1198 852">3. A management decision has not been issued.
05-SA-34	Crime Control and Public Safety	<p data-bbox="565 888 1378 917"><u>Inadequate Tracking of Public Assistance Subrecipient Audit Reports</u></p> <p data-bbox="565 947 1243 976">The audit finding does not warrant further action because:</p> <ol data-bbox="613 1010 1476 1272" style="list-style-type: none"> <li data-bbox="613 1010 1476 1102">1. As of today, February 16, 2009, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; <li data-bbox="613 1134 1476 1192">2. The Department of Homeland Security is not currently following up with the Department on the audit finding; and <li data-bbox="613 1224 1198 1255">3. A management decision has not been issued.
05-SA-35	Crime Control and Public Safety	<p data-bbox="565 1287 1300 1316"><u>Schedule of Expenditures of Federal Awards Contained Errors</u></p> <p data-bbox="565 1341 1243 1371">The audit finding does not warrant further action because:</p> <ol data-bbox="613 1383 1476 1625" style="list-style-type: none"> <li data-bbox="613 1383 1476 1476">1. As of today, February 16, 2009, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; <li data-bbox="613 1507 1476 1566">2. The Department of Homeland Security is not currently following up with the Department on the audit finding; and <li data-bbox="613 1598 1198 1625">3. A management decision has not been issued.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
05-SA-37	Public Instruction	<p><u>Failure to Comply With Federal Suspension and Debarment Requirement</u></p> <p>The audit finding does not warrant further action because:</p> <ol style="list-style-type: none"> 1. As of today, October 22, 2008, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; 2. The U.S. Department of Education is not currently following up with the Department on the audit finding; and 3. A management decision has not been issued.
05-SA-38	Health and Human Services	<p><u>Basic Support Claims Were Not Properly Paid</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Education.</p>
05-SA-39	Health and Human Services	<p><u>Basic Support Claims Not Properly Paid</u></p> <p>Full corrective action has been taken.</p>
05-SA-40	Health and Human Services	<p><u>Basic Support Claims Were Not Properly Paid</u></p> <p>Full corrective action has been taken.</p>
05-SA-41	Health and Human Services	<p><u>Control Weaknesses Over Determination and Documentation of Client Eligibility</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Education.</p>
05-SA-42	Health and Human Services	<p><u>Inadequate Documentation and Failure to Reconcile Fixed Assets</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Education.</p>
05-SA-43	Health and Human Services	<p><u>Controls Over Fixed Assets Need Improvement</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Education.</p>
05-SA-44	Health and Human Services	<p><u>Maintenance of Effort Not Met</u></p> <p>Full corrective action has been taken.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
05-SA-50	Public Instruction	<p><u>Controls Need Improvement Over Purchasing</u></p> <p>The audit finding does not warrant further action because:</p> <ol style="list-style-type: none"> 1. As of today, October 22, 2008, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; 2. The U.S. Department of Education is not currently following up with the Department on the audit finding; and 3. A management decision has not been issued.
05-SA-61	Health and Human Services	<p><u>Ineligible Payments Charged to the State Children's Insurance Program at County DSS</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Health and Human Services.</p>
05-SA-62	N.C. Teachers' and State Employees' Comprehensive Major Medical Plan	<p><u>Claim Payments Made in Error</u></p> <p>The audit finding does not warrant further action because:</p> <ol style="list-style-type: none"> 1. As of today, November 3, 2008, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006, to the Federal clearinghouse; 2. The U.S. Department of Health and Human Services is not currently following up with the Department on the audit finding; and 3. A management decision has not been issued.
05-SA-63	Health and Human Services	<p><u>Final Cost-Settlements Not Settled</u></p> <p>Partial corrective action has been taken. See finding 03-SA-91 for a description.</p>
05-SA-64	Health and Human Services	<p><u>Provider Billing and Payment System Errors</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Health and Human Services.</p>
05-SA-65	Health and Human Services	<p><u>Inadequate Communication of Rate Changes Between Divisions</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Health and Human Services.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

 For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
05-SA-66	Health and Human Services	<p><u>Deficiencies in the Rate Setting Process</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Health and Human Services.</p>
05-SA-67	Health and Human Services	<p><u>Documentation Lacking in County DSS Medicaid Files</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Health and Human Services.</p>
05-SA-68	Health and Human Services	<p><u>Long-Term Care Facility Audits Were Not Timely Completed</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Health and Human Services.</p>
05-SA-69	Health and Human Services	<p><u>Required Disclosures Not Obtained at Enrollment of Providers and Lack of Controls in the Provider Eligibility Enrollment Process</u></p> <p>Partial corrective action has been. See finding 03-SA-105 for a description.</p>
05-SA-70	Crime Control and Public Safety	<p><u>Homeland Security Grant Administrative Costs Exceeded Allowable Amounts</u></p> <p>The audit finding does not warrant further action because:</p> <ol style="list-style-type: none"> 1. As of today, February 16, 2009, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; 2. The Department of Homeland Security is not currently following up with the Department on the audit finding; and 3. A management decision has not been issued.
05-SA-71	Crime Control and Public Safety	<p><u>SF-272 Reports Not Filed and SF-269 Reports Not Reviewed for Homeland Security Grant</u></p> <p>The audit finding does not warrant further action because:</p> <ol style="list-style-type: none"> 1. As of today, February 16, 2009, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse;

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
		<ol style="list-style-type: none"> <li data-bbox="610 470 1443 527">2. The Department of Homeland Security is not currently following up with the Department on the audit finding; and <li data-bbox="610 562 1443 590">3. A management decision has not been issued.
05-SA-72	Crime Control and Public Safety	<p data-bbox="565 659 1292 686"><u>Controls Over Reporting Federal Drawdowns Need Improving</u></p> <p data-bbox="565 718 1243 745">The audit finding does not warrant further action because:</p> <ol style="list-style-type: none"> <li data-bbox="610 779 1476 867">1. As of today, February 16, 2009, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; <li data-bbox="610 898 1443 955">2. The Department of Homeland Security is not currently following up with the Department on the audit finding; and <li data-bbox="610 987 1198 1016">3. A management decision has not been issued.
05-SA-73	Crime Control and Public Safety	<p data-bbox="565 1050 1476 1102"><u>Public Assistance Financial Reports are Incorrect Due to Errors and Omissions</u></p> <p data-bbox="565 1134 1243 1161">The audit finding does not warrant further action because:</p> <ol style="list-style-type: none"> <li data-bbox="610 1201 1476 1289">1. As of today, February 16, 2009, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; <li data-bbox="610 1320 1443 1377">2. The Department of Homeland Security is not currently following up with the Department on the audit finding; and <li data-bbox="610 1409 1198 1436">3. A management decision has not been issued.
05-SA-74	Crime Control and Public Safety	<p data-bbox="565 1514 1300 1541"><u>Schedule of Expenditures of Federal Awards Contained Errors</u></p> <p data-bbox="565 1572 1243 1600">The audit finding does not warrant further action because:</p> <ol style="list-style-type: none"> <li data-bbox="610 1640 1476 1728">1. As of today, February 16, 2009, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; <li data-bbox="610 1759 1443 1816">2. The Department of Homeland Security is not currently following up with the Department on the audit finding; and <li data-bbox="610 1848 1198 1862">3. A management decision has not been issued.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
05-SA-75	Crime Control and Public Safety	<p><u>Schedule of Expenditures of Federal Awards Contained Errors</u></p> <p>The audit finding does not warrant further action because:</p> <ol style="list-style-type: none"> 1. As of today, February 16, 2009, two years have passed since the audit report in which the finding occurred was submitted on March 29, 2006 to the Federal clearinghouse; 2. The Department of Homeland Security is not currently following up with the Department on the audit finding; and 3. A management decision has not been issued.
06-SA-1	Health and Human Services	<p><u>Improper Access to the Food Stamps Information System</u></p> <p>Partial corrective action has been taken. Written procedures have been developed for the periodic security review of the Food Stamps Information System (FSIS). The Division of Information Resource Management has developed a report that will enable the Division of Social Services to ensure access is restricted to employees whose job duties require such access. This report was released to the Division of Social Services on September 12, 2008. Periodic reviews will be performed in September and March of each year.</p>
06-SA-2	Public Instruction	<p><u>Inadequate Segregation of Duties Over Claims Processing</u></p> <p>Full corrective action has been taken.</p>
06-SA-3	Public Instruction	<p><u>Child Nutrition Claims Payment System Audit Trail Needs Improving</u></p> <p>Full corrective action has been taken.</p>
06-SA-4	Public Instruction	<p><u>Inadequate Segregation of Duties Over Claims Processing</u></p> <p>Full corrective action has been taken.</p>
06-SA-5	Public Instruction	<p><u>Child Nutrition Claims Payment System Audit Trail Needs Improving</u></p> <p>Full corrective action has been taken.</p>
06-SA-6	Public Instruction	<p><u>Inadequate Segregation of Duties Over Claims Processing</u></p> <p>Full corrective action has been taken.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
06-SA-7	Public Instruction	<u>Child Nutrition Claims Payment System Audit Trail Needs Improving</u> Full corrective action has been taken.
06-SA-8	Health and Human Services	<u>Failure to Properly Account for the Disposition of Food Instruments for the WIC Program Within the Designated Timeframe</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Agriculture.
06-SA-9	Agriculture and Consumer Services	<u>Inadequate Monitoring of Subrecipient Audit Reports</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Agriculture.
06-SA-10	Agriculture and Consumer Services	<u>Inadequate Monitoring of Subrecipient Audit Reports</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Agriculture.
06-SA-11	Wildlife Resources Commission	<u>Schedule of Expenditures of Federal Awards Misstated</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Interior - U.S. Fish & Wildlife Service.
06-SA-12	Wildlife Resources Commission	<u>Schedule of Expenditures of Federal Awards Misstated</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Interior - U.S. Fish & Wildlife Service.
06-SA-13	Employment Security Commission	<u>Controls Over Equipment Management Need Improvement</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Labor.
06-SA-14	Employment Security Commission	<u>Controls Over Federal Debarment Verification Need Improvement</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Labor.
06-SA-16	Commerce	<u>Control Weaknesses Over Federal Financial Reports Noted in Workforce Investment Act Program</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Labor.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
06-SA-17	Commerce	<u>Control Weaknesses Over Federal Financial Reports Noted in Workforce Investment Act Program</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Labor.
06-SA-18	Commerce	<u>Control Weaknesses Over Federal Financial Reports Noted in Workforce Investment Act Program</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Labor.
06-SA-19	Employment Security Commission	<u>Controls Over Equipment Management Need Improvement</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Labor.
06-SA-20	Employment Security Commission	<u>Controls Over Equipment Management Need Improvement</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Labor.
06-SA-21	Transportation	<u>Testing Standards Not Met in Accordance With Quality Assurance Program</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Transportation.
06-SA-22	Cultural Resources	<u>Internal Control Over Matching and Maintenance of Effort Requirements for State Library Program Needs Improvement</u> Full corrective action has been taken, however awaiting management decision from the National Foundation on the Arts and the Humanities. The Department will conduct regular, periodic monitoring of appropriate expenditures to ensure that adequate internal controls over matching and maintenance of effort requirement compliance is maintained.
06-SA-23	Cultural Resources	<u>Subrecipient Monitoring Procedures Not Sufficient</u> Partial corrective action has been taken. The Department does obtain and review some subrecipient audit reports, identify audit findings applicable to the State Library Services and Technology Act (LSTA) programs, and ensure that timely and appropriate corrective action is taken. The Department will develop a tracking system to ensure that all required subrecipient audit reports are received and reviewed for compliance with federal grant requirements.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
		The Department has created a spreadsheet to track equipment purchased with grant funds. The Department will use this information to establish additional procedures to effectively monitor subrecipients compliance with federal grant equipment management requirements.
		The Department addresses suspension and debarment requirements within the grant application and agreement documents. However, no further action has been taken to monitor compliance with this requirement. The Department will establish additional procedures to monitor subrecipient compliance with suspension and debarment requirements.
06-SA-24	Environment and Natural Resources	<u>Controls Not in Place to Ensure Compliance With Federal Suspension and Debarment Requirements</u>
		Full corrective action has been taken, however awaiting management decision from the Environmental Protection Agency (EPA).
06-SA-25	Environment and Natural Resources	<u>Controls Not in Place to Ensure Compliance With Federal Suspension and Debarment Requirements</u>
		Full corrective action has been taken, however awaiting management decision from the Environmental Protection Agency (EPA).
06-SA-26	Crime Control and Public Safety	<u>Federal Funds Not Processed in Accordance With Agreement</u>
		Full corrective action has been taken, however awaiting management decision from the U.S. Department of Homeland Security.
06-SA-27	Crime Control and Public Safety	<u>Public Assistance Financial Reports are Incorrect Due to Errors and Omissions</u>
		Full corrective action has been taken, however awaiting management decision from the U.S. Department of Homeland Security.
06-SA-28	Crime Control and Public Safety	<u>Inadequate Tracking of Public Assistance Subrecipient Audit Reports</u>
		Full corrective action has been taken, however awaiting management decision from the U.S. Department of Homeland Security.
06-SA-29	Crime Control and Public Safety	<u>Documentation Not Maintained to Identify Subrecipient Responsibilities</u>
		Full corrective action has been taken, however awaiting management decision from the U.S. Department of Homeland Security.
06-SA-30	Crime Control and Public Safety	<u>Schedule of Expenditures of Federal Awards Contained Errors</u>
		Full corrective action has been taken, however awaiting management decision from the U.S. Department of Homeland Security.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
06-SA-48	Health and Human Services	<p><u>Basic Support Claims Were Not Properly Paid</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Education.</p>
06-SA-49	Health and Human Services	<p><u>Cash Management Weaknesses for the Vocational Rehabilitation Program</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Education.</p>
06-SA-50	Health and Human Services	<p><u>Control Weaknesses Over Determination and Documentation of Client Eligibility</u></p> <p>Partial corrective action has been taken.</p> <p><u>Required Agreement to Extend Eligibility</u> – The corrective action method was changed on this item because of an inability to obtain written verification on the accuracy of tracking on the automated case management system (CATS) and statewide error report. This audit item will be addressed through an online training module that has been developed by the Division. This training module was initiated October 10, 2009. Casework staff will complete the training and sign a certificate of completion to be presented to their managers.</p> <p><u>Required Certificates of Eligibility Forms</u> – The corrective action on this was completed. The Division presented documentation that the edit was made on the Division's automated case management system.</p> <p><u>Financial Need Form was not Documented</u> – Corrective action will be completed on this item via an online training module which has been developed and was implemented October 10, 2008. The Controller's Office requested repayment of the \$859 from the service provider on 8/14/07.</p>
06-SA-57	Fayetteville State University	<p><u>University Not in Compliance With Federal Regulations Regarding Reconciliations</u></p> <p>Full corrective action has been taken. Based on the Code of Federal Regulations, the University has implemented internal controls to ensure compliance and accurate financial reporting. The University has developed a written reconciliation policy and procedure for federal funding to ensure monthly reconciliations are performed and documented between the Financial Aid and Business Offices. The University is reviewing and reconciling federal awards. The reconciliation meetings are scheduled for the 3rd Monday of each month. Variances are identified and research conducted to determine the cause of the variance and make appropriate corrections. This finding is closed per the U.S. Department of Education.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
06-SA-58	Public Instruction	<p><u>Controls Not in Place to Ensure Compliance With Federal Suspension and Debarment Requirements for Subawards</u></p> <p>Full corrective action has been taken.</p>
06-SA-59	Public Instruction	<p><u>Subgrant Award Documents Need Improvement</u></p> <p>Full corrective action has been taken.</p>
06-SA-63	Health and Human Services	<p><u>Improper Access to the Eligibility Information System</u></p> <p>Full corrective action has been taken.</p>
06-SA-64	Health and Human Services	<p><u>Documentation Lacking in County TANF Case Files</u></p> <p>Full corrective action has been taken.</p>
06-SA-65	Health and Human Services	<p><u>Insufficient Follow-Up of Work First Program Monitoring Results</u></p> <p>Full corrective action has been taken.</p>
06-SA-66	Health and Human Services	<p><u>Appropriate Action Not Taken in Child Support Cases</u></p> <p>Partial corrective action has been taken. Since 2002, numerous corrective actions have been developed and implemented to improve compliance in the areas of Establishment (Paternity and Child Support) and Interstate.</p> <p>Training classes have been developed specifically to assist local office workers to respond appropriately and to update the Automated Collection Tracking System (ACTS) appropriately in Interstate cases based on the federal timeframe requirements. Self-Assessment reports are generated monthly in the data warehouse and made available to local office workers who are instructed to identify and work on cases that require action in order to meet compliance standards. Local offices that do not score 75% in Interstate compliance work with their Regional Representative to develop a Corrective Action Plan (CAP) that includes activities intended to improve the score. CAPs are monitored quarterly by the Regional Representative and monitoring reports are submitted to the Assistant Chief for Local Operations. As a result of corrective actions, the statewide compliance score in Interstate has risen continuously since 2003 from 39% to a current score of 71.6%.</p> <p>Establishment is a very difficult area in which to achieve compliance because the regulations require that both paternity and support be established or that the non-custodial parent (NCP) be served with court action within 90 days of location. Establishment Self-Assessment reports</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
		are generated monthly in the data warehouse and made available to local office supervisors and workers. Workers are instructed to use the reports to identify and work on cases that require action in order to meet compliance standards. As a result of corrective actions, the statewide compliance score has risen continuously since 2002 from 35% to a current score of 59%. CSE has observed that local offices with the larger ratios of cases to caseworkers are much less likely to meet compliance with Establishment timeframes. It is unlikely that the statewide score will reach the compliance rate of 75% without additional positions in the state-operated offices with the largest caseloads. For this reason, a request for additional child support agent positions has been submitted through the Division.
06-SA-67	Health and Human Services	<u>Insufficient Documentation to Support Adjustment Reclassifications</u> Full corrective action has been taken.
06-SA-68	Health and Human Services	<u>Improper Access to the Subsidized Child Care Reimbursement System</u> Full corrective action has been taken.
06-SA-69	Health and Human Services	<u>Insufficient Documentation to Support Adjustment Reclassifications</u> Full corrective action has been taken.
06-SA-70	Health and Human Services	<u>Improper Access to the Subsidized Child Care Reimbursement System</u> Full corrective action has been taken.
06-SA-74	N.C. Teachers' and State Employees' Comprehensive Major Medical Plan	<u>Claim Payments Made in Error</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Health and Human Services.
06-SA-75	Health and Human Services	<u>Final Cost-Settlements Not Settled</u> Partial corrective action has been taken. See finding 03-SA-91 for a description.
06-SA-76	Health and Human Services	<u>Provider Billing and Payment System Errors</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Health and Human Services.
06-SA-77	Health and Human Services	<u>Inadequate Communication of Rate Changes Between Divisions</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Health and Human Services.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
06-SA-78	Health and Human Services	<u>Documentation Lacking in County Medicaid Case Files</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Health and Human Services.
06-SA-79	Health and Human Services	<u>Required Disclosures Not Obtained at Enrollment of Providers and Lack of Controls in the Provider Eligibility Enrollment Process</u> Partial corrective action has been taken. See finding 03-SA-105 for a description.
06-SA-80	Crime Control and Public Safety	<u>Homeland Security Grant Administration Costs Exceeded Allowable Amounts</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Homeland Security.
06-SA-81	Crime Control and Public Safety	<u>Homeland Security Financial Report is Incomplete</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Homeland Security.
06-SA-82	Crime Control and Public Safety	<u>Schedule of Expenditures of Federal Awards Contained Errors</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Homeland Security.
06-SA-83	Crime Control and Public Safety	<u>Federal Funds Not Processed in Accordance With Agreement</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Homeland Security.
06-SA-84	Crime Control and Public Safety	<u>Public Assistance Financial Reports are Incorrect Due to Errors and Omissions</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Homeland Security.
06-SA-85	Crime Control and Public Safety	<u>Inadequate Tracking of Public Assistance Subrecipient Audit Reports</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Homeland Security.
06-SA-86	Crime Control and Public Safety	<u>Documentation Not Maintained to Identify Subrecipient Responsibilities</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Homeland Security.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
06-SA-87	Crime Control and Public Safety	<p><u>Schedule of Expenditures of Federal Awards Contained Errors</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Homeland Security.</p>
06-SA-88	Crime Control and Public Safety	<p><u>Homeland Security Financial Report is Incomplete</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Homeland Security.</p>
06-SA-89	Crime Control and Public Safety	<p><u>Schedule of Expenditures of Federal Awards Contained Errors</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Homeland Security.</p>
07-SA-1	Health and Human Services	<p><u>Monitoring Procedures Should Be Improved for Management Evaluation Reviews</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Agriculture.</p>
07-SA-2	Health and Human Services	<p><u>Monitoring of a Service Provider Needs Improvement</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Agriculture.</p>
07-SA-3	Health and Human Services	<p><u>Lack of Segregation of Duties for Processes Within the Food Stamp Information System</u></p> <p>Partial corrective action has been taken. The NC FAST automation solution will be implemented in 2010. State management will continue to conduct Management Evaluation reviews and Quality Control sampling and provide management reports. County directors will be reminded of the importance of second party review procedures especially when one caseworker registers and disposes of an application.</p>
07-SA-4	Health and Human Services	<p><u>Lack of Program Change Controls for the Food Stamp Information System (FSIS)</u></p> <p>Partial corrective action has been taken. The Endeavor change to incorporate appropriate controls with a quorum of two was completed on August 24, 2008. This change requires the creator and a member of management with appropriate authorization to approve any changes to the application.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-5	Health and Human Services	<p><u>Improper Access to the Food Stamps Information System</u></p> <p>Partial corrective action has been taken. See finding 06-SA-1 for a description.</p>
07-SA-6	Health and Human Services	<p><u>Food Stamp Participants Using Invalid Social Security Numbers</u></p> <p>Partial corrective action has been taken. The Division of Social Services (DSS) has also developed reports from these findings for county DSS offices to use as a tool for corrections. All invalid Social Security Numbers (SSN)s cited in this finding have been reviewed and corrected. Over issuances of benefits shall be calculated and processed for recoupment as appropriate. A query has been developed in the Client Services Data Warehouse (CSDW) titled "Individuals Without Verified SSNs" to identify individuals in active Food and Nutrition Services cases without verified SSNs. Counties will use this report to request further information from the client to obtain a valid SSN. The Division is researching the feasibility of developing additional reports, such as a match of recipient SSNs to those belonging to deceased individuals, to produce ongoing. Such reports will be used to further improve our SSN validation. Counties shall be instructed to use all reports by the Section Chief.</p>
07-SA-7	Public Instruction	<p><u>Errors in Federal Cash Drawdown Reporting</u></p> <p>Full corrective action has been taken.</p>
07-SA-8	Public Instruction	<p><u>Errors in Federal Cash Drawdown Reporting</u></p> <p>Full corrective action has been taken.</p>
07-SA-9	Health and Human Services	<p><u>Deficiencies in Cash Management Procedures</u></p> <p>Partial corrective action has been taken. The DHHS Controller's Office staff met on September 9, 2008 and discussed reviewing and updating the current procedures. Procedures will be reviewed to validate internal controls. Target completion date is December 31, 2008.</p>
07-SA-10	Health and Human Services	<p><u>Monitoring of a Service Organization Needs Improvement</u></p> <p>Partial corrective action has been taken. Currently, a SAS 70 audit is contractually required from the service provider on an annual basis. Internal procedures have been implemented to monitor Food Instrument Reports in a timely manner. A new vendor management position has been created, a candidate has been selected, and the personnel package and unfreeze request have been submitted.</p>
07-SA-11	Health and Human Services	<p><u>Deficiencies in Cash Management Procedures</u></p> <p>Partial corrective action has been taken. The DHHS Controller's Office staff met on September 9, 2008 and discussed reviewing and updating the</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-12	Health and Human Services	<p>current procedures. Procedures will be reviewed to validate internal controls. Target completion date is December 31, 2008.</p> <p>New federal funds have been established for CACFP to assist with distinguishing the various funding components. The effective date for using the new funds is October 2008.</p>
07-SA-13	Health and Human Services	<p><u>Inadequate Monitoring of Nongovernmental Subrecipient Audit Reports</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Agriculture.</p> <p><u>Monitoring Procedures Should Be Improved for Management Evaluation Reviews</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Agriculture.</p>
07-SA-14	Agriculture and Consumer Services	<p><u>Inadequate Tracking and Review of Subrecipient Audit Reports</u></p> <p>Partial corrective action has been taken. The new procedure and subrecipient audit report tracking system is in it's first stage, please see the timeline below for the new procedure:</p> <p>The Food Distribution Division will send out written notification to all agencies in the month of September following the end of the state fiscal year that an audit report is required from their agency no later than December 15. For any audit report not received by December 31, a second request letter will be sent to those agencies.</p> <p>A master log containing all agencies that are required to submit an audit report will be developed. This log will be maintained and updated at the Food Distribution Division to record when an audit report is received and when the audit review has been completed. This electronic log will be monitored and reviewed by an Administrative Office I and a Commodity Distribution Representative until all audits have been received and reviewed.</p> <p>It is the Food Distribution Divisions' goal that with the implementation of this procedure and the tracking system, that the division will be in compliance with OMB Circular A-133 and ensure that all agencies audits are received and reviewed timely.</p> <p>Anticipated Completion Date: January 15, 2009.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-15	Agriculture and Consumer Services	<p data-bbox="565 470 1308 495"><u>Inadequate Tracking and Review of Subrecipient Audit Reports</u></p> <p data-bbox="565 531 1466 621">Partial corrective action has been taken. The new procedure and subrecipient audit report tracking system is in it's first stage, please see the timeline below for the new procedure:</p> <p data-bbox="565 657 1466 804">The Food Distribution Division will send out written notification to all agencies in the month of September following the end of the state fiscal year that an audit report is required from their agency no later than December 15. For any audit report not received by December 31, a second request letter will be sent to those agencies.</p> <p data-bbox="565 840 1466 1050">A master log containing all agencies that are required to submit an audit report will be developed. This log will be maintained and updated at the Food Distribution Division to record when an audit report is received and when the audit review has been completed. This electronic log will be monitored and reviewed by an Administrative Office I and a Commodity Distribution Representative until all audits have been received and reviewed.</p> <p data-bbox="565 1085 1466 1203">It is the Food Distribution Divisions' goal that with the implementation of this procedure and the tracking system, that the division will be in compliance with OMB Circular A-133 and ensure that all agencies audits are received and reviewed timely.</p> <p data-bbox="565 1218 1130 1251">Anticipated Completion Date: January 15, 2009.</p>
07-SA-16	Crime Control and Public Safety	<p data-bbox="565 1289 1377 1314"><u>Deficiencies in Documentation Supporting Salaries Charged to Grant</u></p> <p data-bbox="565 1339 1466 1394">Full corrective action has been taken, however awaiting management decision from the U.S. Department of Defense.</p>
07-SA-17	Crime Control and Public Safety	<p data-bbox="565 1432 1300 1457"><u>Incompatible Duties Not Segregated for Journal Entry Process</u></p> <p data-bbox="565 1482 1466 1537">Full corrective action has been taken, however awaiting management decision from the U.S. Department of Defense.</p>
07-SA-18	Crime Control and Public Safety	<p data-bbox="565 1575 1114 1600"><u>Deficiencies in Cash Management Procedures</u></p> <p data-bbox="565 1625 1466 1680">Full corrective action has been taken, however awaiting management decision from the U.S. Department of Defense.</p>
07-SA-19	Crime Control and Public Safety	<p data-bbox="565 1717 1243 1743"><u>Failure to Complete the Federal Cash Transaction Report</u></p> <p data-bbox="565 1768 1466 1822">Full corrective action has been taken, however awaiting management decision from the U.S. Department of Defense.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-20	Employment Security Commission	<p><u>Controls Over Equipment Management Need Improvement</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Labor.</p>
07-SA-21	Employment Security Commission	<p><u>Benefit Overpayment Not Recouped</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Labor.</p>
07-SA-22	Transportation	<p><u>Federal Billings Exceeded Actual Costs</u></p> <p>Partial corrective action has been taken. Federal billing transactions have been adjusted for FY 2007 GHSP grants that contained multiple percentages. Federal billing transactions will be adjusted by December 31, 2008 for FY 2008 GHSP grants with multiple percentages. Future GHSP grants will not contain multiple percentages.</p>
07-SA-23	Transportation	<p><u>Deficiencies Noted in Subrecipient Monitoring</u></p> <p>Partial corrective action has been taken. Monthly, quarterly and final reports are being completed, but on-site project monitoring documentation continues to be developed and implemented.</p>
07-SA-24	Transportation	<p><u>Level of Effort Not Maintained for Highway Safety Cluster Grant</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Transportation.</p>
07-SA-25	Transportation	<p><u>Deficiencies Noted in Subrecipient Monitoring</u></p> <p>Partial corrective action has been taken. Monthly, quarterly and final reports are being completed, but on-site project monitoring documentation continues to be developed and implemented.</p>
07-SA-26	Transportation	<p><u>Schedule of Expenditures of Federal Awards Contained Errors</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Transportation.</p>
07-SA-27	Transportation	<p><u>Level of Effort Not Maintained for Highway Safety Cluster Grant</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Transportation.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-28	Transportation	<p><u>Deficiencies Noted in Subrecipient Monitoring</u></p> <p>Partial corrective action has been taken. Monthly, quarterly and final reports are being completed, but on-site project monitoring documentation continues to be developed and implemented.</p>
07-SA-29	Transportation	<p><u>Schedule of Expenditures of Federal Awards Contained Errors</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Transportation.</p>
07-SA-30	Transportation	<p><u>Internal Control Over Procurements Needs Improvement</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Transportation.</p>
07-SA-31	Transportation	<p><u>Deficiencies Noted in Subrecipient Monitoring</u></p> <p>Partial corrective action has been taken. Monthly, quarterly and final reports are being completed, but on-site project monitoring documentation continues to be developed and implemented.</p>
07-SA-32	Transportation	<p><u>Schedule of Expenditures of Federal Awards Contained Errors</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Transportation.</p>
07-SA-33	Transportation	<p><u>Deficiencies Noted in Subrecipient Monitoring</u></p> <p>Partial corrective action has been taken. Monthly, quarterly and final reports are being completed, but on-site project monitoring documentation continues to be developed and implemented.</p>
07-SA-34	Transportation	<p><u>Schedule of Expenditures of Federal Awards Contained Errors</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Transportation.</p>
07-SA-35	Transportation	<p><u>Federal Billings Exceeded Actual Costs</u></p> <p>Partial corrective action has been taken. Federal billing transactions have been adjusted for FY 2007 GHSP grants that contained multiple percentages. Federal billing transactions will be adjusted by December 31, 2008 for FY 2008 GHSP grants with multiple percentages. Future GHSP grants will not contain multiple percentages.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-36	Transportation	<p><u>Deficiencies Noted in Subrecipient Monitoring</u></p> <p>Partial corrective action has been taken. Monthly, quarterly and final reports are being completed, but on-site project monitoring documentation continues to be developed and implemented.</p>
07-SA-37	Transportation	<p><u>Schedule of Expenditures of Federal Awards Contained Errors</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Transportation.</p>
07-SA-38	Transportation	<p><u>Deficiencies Noted in Subrecipient Monitoring</u></p> <p>Partial corrective action has been taken. Monthly, quarterly and final reports are being completed, but on-site project monitoring documentation continues to be developed and implemented.</p>
07-SA-39	Environment and Natural Resources	<p><u>Noncompliance With Federal Suspension and Debarment Requirements</u></p> <p>Full corrective action has been taken, however awaiting management decision from the Environmental Protection Agency (EPA).</p>
07-SA-40	Environment and Natural Resources	<p><u>Noncompliance With Federal Suspension and Debarment Requirements</u></p> <p>Full corrective action has been taken, however awaiting management decision from the Environmental Protection Agency (EPA).</p>
07-SA-41	Fayetteville State University	<p><u>Inadequate Reconciliation of Student Financial Aid Awards</u></p> <p>Full corrective action has been taken. Based on the Code of Federal Regulations, the University has implemented internal controls to ensure compliance and accurate financial reporting. The University has developed a written reconciliation policy and procedure for federal funding to ensure monthly reconciliations are performed and documented between the Financial Aid and Business Offices. The University is reviewing and reconciling federal awards. The reconciliation meetings are scheduled for the 3rd Monday of each month. Variances are identified and research conducted to determine the cause of the variance and make appropriate corrections. This finding is closed per the U.S. Department of Education.</p>
07-SA-42	Fayetteville State University	<p><u>Inappropriate System Access Rights to Financial Aid Data</u></p> <p>Full corrective action has been taken. The University reviewed access rights to financial aid data and made appropriate revisions as of June 30, 2007. This finding has been resolved. The Security Manager for the Financial Aid Department reviews systems access rights on a quarterly basis per the University's ITTS guidance. This finding is closed per the U.S. Department of Education.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-43	Fayetteville State University	<p data-bbox="565 470 1476 527"><u>Students Who Received Student Financial Aid Not Monitored for Satisfactory Academic Progress</u></p> <p data-bbox="565 554 1476 856">Partial corrective action has been taken. Under the current policy, the University adequately monitors all students who maintain continuous enrollment for satisfactory academic progress at the end of each academic year. Students who have not been enrolled for one or more semesters must apply for readmission to the University. These students are monitored for satisfactory academic progress as part of the application for readmission process. Currently, students with one suspension are permitted to re-enroll without submitting an appeal letter. However, students with more than one suspension are required to submit an appeal letter and go through the appeals process.</p> <p data-bbox="565 884 1476 1031">The Academic Appeals Committee is currently revising the satisfactory academic progress and appeals policy to strengthen the monitoring procedures for student's who re-enroll after missing a semester. The policy will be effective in fall 2008. The questioned cost has been returned to the U.S. Department of Education.</p> <p data-bbox="565 1058 1476 1209">Corrective action plan: The policy now states that applicants for readmission who were on academic suspension in their last semester of enrollment will not be readmitted unless they successfully complete the appeals process. Further, if a previously suspended student successfully appeals suspension, he or she will be readmitted and placed on probation.</p>
07-SA-44	Fayetteville Technical Community College	<p data-bbox="565 1236 1235 1266"><u>Inappropriate System Access Rights and Lack of Review</u></p> <p data-bbox="565 1293 1003 1318">Full corrective action has been taken.</p>
07-SA-45	Winston-Salem State University	<p data-bbox="565 1348 1263 1377"><u>Inappropriate Student Financial Aid Awarded to Employees</u></p> <p data-bbox="565 1404 1476 1524">Partial corrective action has been taken. The University has modified the policy on tuition waivers and non-repayable aid. In the updated policy a student can receive both non-repayable aid and the tuition waiver with in the confines of the federal regulations.</p>
07-SA-46	Winston-Salem State University	<p data-bbox="565 1551 997 1581"><u>Student Financial Aid Over-Awarded</u></p> <p data-bbox="565 1608 1476 1690">Partial corrective action has been taken. The University has implemented the following procedures to ensure compliance in awarding student financial aid:</p> <ul data-bbox="602 1717 1476 1866" style="list-style-type: none"> <li data-bbox="602 1717 1476 1866">• The process for outside scholarships is currently under review and revamped to ensure sufficient constraints are enforced in financial assistance provided through federal, state, institutional or private funds. Monthly reports will ensure that no outside scholarships are paid to the students account without processed as financial aid.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
		<ul style="list-style-type: none"> The University has implemented semesterly reporting to verify that all Tuition waivers are counted as resources and therefore a student is not over awarded.
07-SA-47	Winston-Salem State University	<u>Financial Aid Awarded to Students That Did Not Meet Academic Standards</u> Full corrective action has been taken.
07-SA-48	Public Instruction	<u>Inadequate Maintenance of Effort</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Education.
07-SA-49	Public Instruction	<u>Annual Federal Report Contained Errors</u> Full corrective action has been taken.
07-SA-50	Public Instruction	<u>Inadequate Subrecipient Monitoring</u> Full corrective action has been taken.
07-SA-51	Fayetteville State University	<u>Inadequate Reconciliation of Student Financial Aid Awards</u> Full corrective action has been taken. Based on the Code of Federal Regulations, the University has implemented internal controls to ensure compliance and accurate financial reporting. The University has developed a written reconciliation policy and procedure for federal funding to ensure monthly reconciliations are performed and documented between the Financial Aid and Business Offices. The University is reviewing and reconciling federal awards. The reconciliation meetings are scheduled for the 3rd Monday of each month. Variances are identified and research conducted to determine the cause of the variance and make appropriate corrections. This finding is closed per the U.S. Department of Education.
07-SA-52	Fayetteville State University	<u>Excess Federal Loan Funds Not Returned Timely</u> Full corrective action has been taken. Fayetteville State University agrees excess federal funds should be returned timely. The federal program changed prior to the audit year from the Federal Direct Loan Program to the FFELP program and the cash reconciliation procedures were not adjusted to reflect the differences in these programs. Procedures have now been revised to ensure funds are reviewed and reconciled and any excess federal funds are returned within the required timeframe. The finding is closed per the U.S. Department of Education.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-53	Fayetteville State University	<p data-bbox="565 470 922 495"><u>Errors in Financial Aid Awards</u></p> <p data-bbox="565 527 1476 800">Full corrective action has been taken. The Financial Aid Counselors employed by the University during the State Auditor's audit period for the year ended June 30, 2007 had not received the training necessary to correctly calculate student's financial aid awards. However, current Financial Aid Counselors have received and continue to receive extensive training on calculating and adjusting student's financial aid awards. The Financial Aid Policy and Procedures Manual require counselors to receive at least 50 hours of Financial Aid Professional Development Training annually.</p> <p data-bbox="565 831 1476 982">The errors noted by the State Auditor's finding have been corrected. The Pell Grant award amount was corrected and the nine unsubsidized student loans were changed to subsidized student loans and the accrued interest was credited back to the student. This finding is closed per U.S. Department of Education.</p>
07-SA-54	Fayetteville State University	<p data-bbox="565 1016 1476 1073"><u>Errors in Calculation of Students' Cost of Attendance in Determining Student Financial Aid Awards</u></p> <p data-bbox="565 1104 1476 1430">Full corrective action has been taken. The University ran a program in Banner for the 2006-2007 academic year to correct the cost of attendance budgets used for year ended June 30, 2006. However, the program did not fix all of the cost of attendance budgets used for the 06-07 academic year, but no over awards occurred from using the incorrect cost of attendance budgets. The University has established standard cost of attendance budgets for the 07-08 school year and these costs were applied uniformly to all students. The cost of attendance budgets are reviewed and adjusted annually and a student's financial aid eligibility is based on the standard budget allowances. This finding is closed per the U.S. Department of Education.</p>
07-SA-55	Fayetteville State University	<p data-bbox="565 1457 1247 1482"><u>Inappropriate System Access Rights to Financial Aid Data</u></p> <p data-bbox="565 1514 1476 1688">Full corrective action has been taken. The University reviewed access rights to financial aid data and made appropriate revisions as of June 30, 2007. This finding has been resolved. The Security Manager for the Financial Aid Department reviews systems access rights on a quarterly basis per the University's ITTS guidance. This finding is closed per the U.S. Department of Education.</p>
07-SA-56	Fayetteville State University	<p data-bbox="565 1715 1476 1772"><u>Students Who Received Student Financial Aid Not Monitored for Satisfactory Academic Progress</u></p> <p data-bbox="565 1803 1476 1881">Partial corrective action has been taken. Under the current policy, the University adequately monitors all students who maintain continuous enrollment for satisfactory academic progress at the end of each academic</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-57	Fayetteville State University	<p>year. Students who have not been enrolled for one or more semesters must apply for readmission to the University. These students are monitored for satisfactory academic progress as part of the application for readmission process. Currently, students with one suspension are permitted to re-enroll without submitting an appeal letter. However, students with more than one suspension are required to submit an appeal letter and go through the appeals process.</p> <p>The Academic Appeals Committee is currently revising the satisfactory academic progress and appeals policy to strengthen the monitoring procedures for student's who re-enroll after missing a semester. The policy will be effective in fall 2008. The questioned cost has been returned to the U.S. Department of Education.</p> <p>Corrective action plan: The policy now states that applicants for readmission who were on academic suspension in their last semester of enrollment will not be readmitted unless they successfully complete the appeals process. Further, if a previously suspended student successfully appeals suspension, he or she will be readmitted and placed on probation.</p> <p><u>Untimely Return of Federal Funds</u></p> <p>Partial corrective action has been taken. Prior to the fall of 2006, the Financial Aid Office did not receive timely notification that a student had withdrawn from the University. In the fall semester of 2006, the University implemented a No Show policy. The policy requires instructors to submit an interim grade of "X" for students who do not attend class the first week of the semester or term. The Registrar's Office runs a report of all students in this category and submits it to the Business and Finance Office and Financial Aid Office for review. After the review, students that are identified as no shows in at least 75 percent of their classes are dropped. However, instances have occurred where instructors didn't identify students through this process but identified them later in the semester via email. This resulted in the untimely return of federal funds. The No Show policy is discussed at Pre-School Conferences and a greater emphasis will be placed on this policy in the future. Also, the Registrar's Office is developing a report that will identify those individuals that are continually in non compliance with this policy.</p> <p>In addition, the Registrar's Office discontinued the process that allowed students to withdraw from the University online. The Registrar's Office found that this process didn't meet the needs of several offices including Financial Aid. The online process was terminated in the spring 2008 and the manual withdrawal process was reinstated. The manual process ensures that Financial Aid is notified of the withdrawal allowing the Office to take the actions needed to ensure that unearned federal funds are returned within the required timeframe.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
		<p>Corrective action plan: The Registrars Office's No Show Policy was made effective in August 2007 and the online process was terminated in February 2008. The Director of Financial Aid, the Registrar, and the Director of Systems & Procedures are working to validate business rules in the Banner as it relates to withdrawals and the impact on financial aid. They will implement rules that should ensure timely returns of funds. The Internal Audit Office will monitor the progress of returning funds timely. This finding has been closed per U.S. Department of Education.</p>
07-SA-58	Winston-Salem State University	<p><u>Inappropriate Student Financial Aid Awarded to Employees</u></p> <p>Partial corrective action has been taken. The University has modified the policy on tuition waivers and non-repayable aid. In the updated policy a student can receive both non-repayable aid and the tuition waiver within the confines of the federal regulations.</p>
07-SA-59	Winston-Salem State University	<p><u>Financial Aid Awarded to Students That Did Not Meet Academic Standards</u></p> <p>Full corrective action has been taken.</p>
07-SA-60	Winston-Salem State University	<p><u>Student Financial Aid Funds Not Returned to Providers as Required</u></p> <p>No corrective action has been taken. The University is revisiting the return of title IV funds process. Currently there are shared responsibilities for the Financial Aid and the Bursars Offices. The University is investigating the appropriate location for such function as to ensure compliance and accountability. Once the University decides on the appropriate responsible party, an accountability chart will be developed.</p>
07-SA-61	Fayetteville State University	<p><u>Inadequate Reconciliation of Student Financial Aid Awards</u></p> <p>Full corrective action has been taken. Based on the Code of Federal Regulations, the University has implemented internal controls to ensure compliance and accurate financial reporting. The University has developed a written reconciliation policy and procedure for federal funding to ensure monthly reconciliations are performed and documented between the Financial Aid and Business Offices. The University is reviewing and reconciling federal awards. The reconciliation meetings are scheduled for the 3rd Monday of each month. Variances are identified and research conducted to determine the cause of the variance and make appropriate corrections. This finding is closed per the U.S. Department of Education.</p>
07-SA-62	Fayetteville State University	<p><u>Inappropriate System Access Rights to Financial Aid Data</u></p> <p>Full corrective action has been taken. The University reviewed access rights to financial aid data and made appropriate revisions as of June 30, 2007. This finding has been resolved. The Security Manager for</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
		the Financial Aid Department reviews systems access rights on a quarterly basis per the University's ITTS guidance. This finding is closed per the U.S. Department of Education.
07-SA-63	Fayetteville Technical Community College	<p><u>Inappropriate System Access Rights and Lack of Review</u></p> <p>Full corrective action has been taken.</p>
07-SA-64	Fayetteville State University	<p><u>Inadequate Reconciliation of Student Financial Aid Awards</u></p> <p>Full corrective action has been taken. Based on the Code of Federal Regulations, the University has implemented internal controls to ensure compliance and accurate financial reporting. The University has developed a written reconciliation policy and procedure for federal funding to ensure monthly reconciliations are performed and documented between the Financial Aid and Business Offices. The University is reviewing and reconciling federal awards. The reconciliation meetings are scheduled for the 3rd Monday of each month. Variances are identified and research conducted to determine the cause of the variance and make appropriate corrections. This finding is closed per the U.S. Department of Education.</p>
07-SA-65	Fayetteville State University	<p><u>Inappropriate System Access Rights to Financial Aid Data</u></p> <p>Full corrective action has been taken. The University reviewed access rights to financial aid data and made appropriate revisions as of June 30, 2007. This finding has been resolved. The Security Manager for the Financial Aid Department reviews systems access rights on a quarterly basis per the University's ITTS guidance. This finding is closed per the U.S. Department of Education.</p>
07-SA-66	Winston-Salem State University	<p><u>Financial Aid Awarded to Students That Did Not Meet Academic Standards</u></p> <p>Full corrective action has been taken.</p>
07-SA-67	Fayetteville State University	<p><u>Inadequate Reconciliation of Student Financial Aid Awards</u></p> <p>Full corrective action has been taken. Based on the Code of Federal Regulations, the University has implemented internal controls to ensure compliance and accurate financial reporting. The University has developed a written reconciliation policy and procedure for federal funding to ensure monthly reconciliations are performed and documented between the Financial Aid and Business Offices. The University is reviewing and reconciling federal awards. The reconciliation meetings are scheduled for the 3rd Monday of each month. Variances are identified and research conducted to determine the cause of the variance and make appropriate corrections. This finding is closed per the U.S. Department of Education.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-68	Fayetteville State University	<p data-bbox="565 470 922 499"><u>Errors in Financial Aid Awards</u></p> <p data-bbox="565 520 1476 793">Full corrective action has been taken. The Financial Aid Counselors employed by the University during the State Auditor's audit period for the year ended June 30, 2007 had not received the training necessary to correctly calculate student's financial aid awards. However, current Financial Aid Counselors have received and continue to receive extensive training on calculating and adjusting student's financial aid awards. The Financial Aid Policy and Procedures Manual require counselors to receive at least 50 hours of Financial Aid Professional Development Training annually.</p> <p data-bbox="565 827 1476 974">The errors noted by the State Auditor's finding have been corrected. The Pell Grant award amount was corrected and the nine unsubsidized student loans were changed to subsidized student loans and the accrued interest was credited back to the student. This finding is closed per U.S. Department of Education.</p>
07-SA-69	Fayetteville State University	<p data-bbox="565 1008 1247 1037"><u>Inappropriate System Access Rights to Financial Aid Data</u></p> <p data-bbox="565 1058 1476 1239">Full corrective action has been taken. The University reviewed access rights to financial aid data and made appropriate revisions as of June 30, 2007. This finding has been resolved. The Security Manager for the Financial Aid Department reviews systems access rights on a quarterly basis per the University's ITTS guidance. This finding is closed per the U.S. Department of Education.</p>
07-SA-70	Fayetteville State University	<p data-bbox="565 1272 1476 1323"><u>Students Who Received Student Financial Aid Not Monitored for Satisfactory Academic Progress</u></p> <p data-bbox="565 1356 1476 1667">Partial corrective action has been taken. Under the current policy, the University adequately monitors all students who maintain continuous enrollment for satisfactory academic progress at the end of each academic year. Students who have not been enrolled for one or more semesters must apply for readmission to the University. These students are monitored for satisfactory academic progress as part of the application for readmission process. Currently, students with one suspension are permitted to re-enroll without submitting an appeal letter. However, students with more than one suspension are required to submit an appeal letter and go through the appeals process.</p> <p data-bbox="565 1701 1476 1845">The Academic Appeals Committee is currently revising the satisfactory academic progress and appeals policy to strengthen the monitoring procedures for student's who re-enroll after missing a semester. The policy will be effective in fall 2008. The questioned cost has been returned to the U.S. Department of Education.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-71	Fayetteville State University	<p>Corrective action plan: The policy now states that applicants for readmission who were on academic suspension in their last semester of enrollment will not be readmitted unless they successfully complete the appeals process. Further, if a previously suspended student successfully appeals suspension, he or she will be readmitted and placed on probation.</p> <p><u>Untimely Return of Federal Funds</u></p> <p>Partial corrective action has been taken. Prior to the fall of 2006, the Financial Aid Office did not receive timely notification that a student had withdrawn from the University. In the fall semester of 2006, the University implemented a No Show policy. The policy requires instructors to submit an interim grade of "X" for students who do not attend class the first week of the semester or term. The Registrar's Office runs a report of all students in this category and submits it to the Business and Finance Office and Financial Aid Office for review. After the review, students that are identified as no shows in at least 75 percent of their classes are dropped. However, instances have occurred where instructors didn't identify students through this process but identified them later in the semester via email. This resulted in the untimely return of federal funds. The No Show policy is discussed at Pre-School Conferences and a greater emphasis will be placed on this policy in the future. Also, the Registrar's Office is developing a report that will identify those individuals that are continually in non compliance with this policy.</p> <p>In addition, the Registrar's Office discontinued the process that allowed students to withdraw from the University online. The Registrar's Office found that this process didn't meet the needs of several offices including Financial Aid. The online process was terminated in the spring 2008 and the manual withdrawal process was reinstated. The manual process ensures that Financial Aid is notified of the withdrawal allowing the Office to take the actions needed to ensure that unearned federal funds are returned within the required timeframe.</p> <p>Corrective action plan: The Registrars Office's No Show Policy was made effective in August 2007 and the online process was terminated in February 2008. The Director of Financial Aid, the Registrar, and the Director of Systems & Procedures are working to validate business rules in the Banner as it relates to withdrawals and the impact on financial aid. They will implement rules that should ensure timely returns of funds. The Internal Audit Office will monitor the progress of returning funds timely. This finding has been closed per U.S. Department of Education.</p>
07-SA-72	Fayetteville State University	<p><u>Errors in the Student Financial Aid Application Verification Process</u></p> <p>Full corrective action has been taken. The University uses the federal verification worksheet and the individual's income tax return form as acceptable forms of documentation per the U.S. Department of Education to</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
		<p>use in the verification process for information on the FAFSA and ISIR for all differences identified through the verification process. The verification form is used to verify the information submitted on the FAFSA. The procedure the University uses is in accordance with the verification regulation. Additionally, for the 2007-2008 academic year the Office of Financial Aid is re-verifying students who were selected for verification by the Central Processing System and received federal assistance to ensure accuracy of awards. Also, effective 2008-2009, the University is requesting a letter of clarification for figures that are questionable on worksheets A, B and C of the FAFSA. Additionally, ongoing verification training is underway to ensure the verification process is being carried out per the U.S. Department of Education guidelines.</p> <p>The \$200 Pell award was returned to the U.S. Department of Education. This finding is closed per the U.S. Department of Education.</p>
07-SA-73	Fayetteville Technical Community College	<p><u>Inappropriate System Access Rights and Lack of Review</u></p> <p>Full corrective action has been taken.</p>
07-SA-74	Fayetteville Technical Community College	<p><u>Financial Aid Awarded to Students Who May Not Meet Academic Standards</u></p> <p>Full corrective action has been taken.</p>
07-SA-75	Winston-Salem State University	<p><u>Inappropriate Student Financial Aid Awarded to Employees</u></p> <p>Partial corrective action has been taken. The University has modified the policy on tuition waivers and non-repayable aid. In the updated policy a student can receive both non-repayable aid and the tuition waiver within the confines of the federal regulations.</p>
07-SA-76	Winston-Salem State University	<p><u>Financial Aid Awarded to Students That Did Not Meet Academic Standards</u></p> <p>Full corrective action has been taken.</p>
07-SA-77	Winston-Salem State University	<p><u>Student Financial Aid Funds Not Returned to Providers as Required</u></p> <p>No corrective action has been taken. The University is revisiting the return of title IV funds process. Currently there are shared responsibilities for the Financial Aid and the Bursars Offices. The University is investigating the appropriate location for such function as to ensure compliance and accountability. Once the University decides on the appropriate responsible party, an accountability chart will be developed.</p>
07-SA-78	Health and Human Services	<p><u>Basic Support Claims Were Not Properly Paid</u></p> <p>Partial corrective action has been taken. In all the cases where an overpayment occurred, the payee has been contacted and a refund has</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-79	Health and Human Services	<p>been received except for one (1) overpayment of less than \$1.00 which is not required to be repaid per the cash management plan. Two (2) underpayments of less than \$1.00 have not been made.</p> <p>The Division of Vocational Rehabilitation will work with the DHHS Office of the Controller, Division of Medical Assistance and Division of Information Resource Management to improve communications and receipt of updates in a timely manner. The Division has been added to the DMA List Serve to receive reimbursement rate updates as soon as the rates become effective.</p> <p><u>Deficiencies in the Determination and Documentation of Client Eligibility</u></p> <p>Partial corrective action has been taken. The Division of Vocational Rehabilitation Services (DVR) has completed development of the online training module for casework staff. The training has been completed as of October 31, 2008. The 60-day eligibility criterion was covered in the training.</p> <p>DVR is researching whether an updated signed financial needs form has been received or the case closed.</p> <p>As of 12/1/08 the Department has received a refund of \$9,711.40 from one of the six vendors that were sent collection letters for the \$30,948 (federal share = \$24,357) in questioned costs identified by the State Auditors. DVR Fiscal Services – Budget has also prepared a journal entry totaling \$21,236.27 effective December 2008 reallocating federal dollars to state dollars for the balance of the questioned costs. The Division will make sure that the refund and adjustment are appropriately reported to the Federal funding agency on the RSA 269 Financial Report in a timely manner.</p>
07-SA-80	Health and Human Services	<p><u>Control Weaknesses Over Fixed Asset Inventory</u></p> <p>Partial corrective action has been taken. Of the 6 (six) missing items from the audit, Asset No. 22468, Asset No, 22138, and Asset No. 21743 have been located and the Fixed Asset system has been updated. Asset No. 20975 and Asset No. 21113 are going to be removed from the inventory. The life of these two items had been exhausted, and it is believed they were surplus without the proper paperwork being entered. One item, Asset No. 21460, has not been located and the Division of Services for the Blind is still looking for the item.</p> <p>The Division and Controller's Office staff have met to review the process and confirm that all forms being used are the most current. Additional training is also being provided to staff.</p>
07-SA-81	Health and Human Services	<p><u>Incorrect Reporting of Program Income</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Education.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-82	Public Instruction	<u>Inadequate Maintenance of Effort</u> Full corrective action has been taken, however awaiting management decision from the U.S. Department of Education.
07-SA-83	Public Instruction	<u>Annual Federal Report Contained Errors</u> Full corrective action has been taken.
07-SA-84	Public Instruction	<u>Inadequate Subrecipient Monitoring</u> Full corrective action has been taken.
07-SA-85	Fayetteville Technical Community College	<u>Inappropriate System Access Rights and Lack of Review</u> Full corrective action has been taken.
07-SA-86	N.C. Central University	<u>Untimely Notice to Lenders of Changes in Students' Status</u> Full corrective action has been taken.
07-SA-87	Fayetteville State University	<u>Inadequate Reconciliation of Student Financial Aid Awards</u> Full corrective action has been taken. Based on the Code of Federal Regulations, the University has implemented internal controls to ensure compliance and accurate financial reporting. The University has developed a written reconciliation policy and procedure for federal funding to ensure monthly reconciliations are performed and documented between the Financial Aid and Business Offices. The University is reviewing and reconciling federal awards. The reconciliation meetings are scheduled for the 3rd Monday of each month. Variances are identified and research conducted to determine the cause of the variance and make appropriate corrections. This finding is closed per the U.S. Department of Education.
07-SA-88	Fayetteville State University	<u>Inappropriate System Access Rights to Financial Aid Data</u> Full corrective action has been taken. The University reviewed access rights to financial aid data and made appropriate revisions as of June 30, 2007. This finding has been resolved. The Security Manager for the Financial Aid Department reviews systems access rights on a quarterly basis per the University's ITTS guidance. This finding is closed per the U.S. Department of Education.
07-SA-89	Fayetteville State University	<u>Errors in the Student Financial Aid Application Verification Process</u> Full corrective action has been taken. The University uses the federal verification worksheet and the individual's income tax return form as acceptable forms of documentation per the U.S. Department of Education to

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-90	Fayetteville State University	<p>use in the verification process for information on the FAFSA and ISIR for all differences identified through the verification process. The verification form is used to verify the information submitted on the FAFSA. The procedure the University uses is in accordance with the verification regulation. Additionally, for the 2007-2008 academic year the Office of Financial Aid is re-verifying students who were selected for verification by the Central Processing System and received federal assistance to ensure accuracy of awards. Also, effective 2008-2009, the University is requesting a letter of clarification for figures that are questionable on worksheets A, B and C of the FAFSA. Additionally, ongoing verification training is underway to ensure the verification process is being carried out per the U.S. Department of Education guidelines.</p> <p>The \$200 Pell award was returned to the U.S. Department of Education. This finding is closed per the U.S. Department of Education.</p> <p><u>Untimely Return of Federal Funds</u></p> <p>Partial corrective action has been taken. Prior to the fall of 2006, the Financial Aid Office did not receive timely notification that a student had withdrawn from the University. In the fall semester of 2006, the University implemented a No Show policy. The policy requires instructors to submit an interim grade of "X" for students who do not attend class the first week of the semester or term. The Registrar's Office runs a report of all students in this category and submits it to the Business and Finance Office and Financial Aid Office for review. After the review, students that are identified as no shows in at least 75 percent of their classes are dropped. However, instances have occurred where instructors didn't identify students through this process but identified them later in the semester via email. This resulted in the untimely return of federal funds. The No Show policy is discussed at Pre-School Conferences and a greater emphasis will be placed on this policy in the future. Also, the Registrar's Office is developing a report that will identify those individuals that are continually in non compliance with this policy.</p> <p>In addition, the Registrar's Office discontinued the process that allowed students to withdraw from the University online. The Registrar's Office found that this process didn't meet the needs of several offices including Financial Aid. The online process was terminated in the spring 2008 and the manual withdrawal process was reinstated. The manual process ensures that Financial Aid is notified of the withdrawal allowing the Office to take the actions needed to ensure that unearned federal funds are returned within the required timeframe.</p> <p>Corrective action plan: The Registrars Office's No Show Policy was made effective in August 2007 and the online process was terminated in February 2008. The Director of Financial Aid, the Registrar, and the</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-91	Fayetteville State University	<p>Director of Systems & Procedures are working to validate business rules in the Banner as it relates to withdrawals and the impact on financial aid. They will implement rules that should ensure timely returns of funds. The Internal Audit Office will monitor the progress of returning funds timely. This finding has been closed per U.S. Department of Education.</p> <p><u>Inadequate Reconciliation of Student Financial Aid Awards</u></p> <p>Full corrective action has been taken. Based on the Code of Federal Regulations, the University has implemented internal controls to ensure compliance and accurate financial reporting. The University has developed a written reconciliation policy and procedure for federal funding to ensure monthly reconciliations are performed and documented between the Financial Aid and Business Offices. The University is reviewing and reconciling federal awards. The reconciliation meetings are scheduled for the 3rd Monday of each month. Variances are identified and research conducted to determine the cause of the variance and make appropriate corrections. This finding is closed per the U.S. Department of Education.</p>
07-SA-92	Fayetteville State University	<p><u>Inappropriate System Access Rights to Financial Aid Data</u></p> <p>Full corrective action has been taken. The University reviewed access rights to financial aid data and made appropriate revisions as of June 30, 2007. This finding has been resolved. The Security Manager for the Financial Aid Department reviews systems access rights on a quarterly basis per the University's ITTS guidance. This finding is closed per the U.S. Department of Education.</p>
07-SA-93	Health and Human Services	<p><u>Value of Vaccines Awarded Not Disclosed to Subrecipients</u></p> <p>The audit finding is no longer valid. Pursuant to the audit finding above, the grantor issued the following statement in the publication as indicated thereby invalidating the finding:</p> <p>DEPARTMENT OF HEALTH AND HUMAN SERVICES IMMUNIZATION GRANTS (CFDA 93.268)... A-133 Compliance Supplement IV. OTHER INFORMATION</p> <p>"After the end of each month and after the end of each Federal fiscal year, CDC advises each grantee of the value of all federally funded vaccine that was distributed, in lieu of cash, directly to the grantee and/or on behalf of the grantee to vaccinating providers located in the grantee's geographical area. The annual dollar value of federally funded vaccine should be treated by the grantee as a grant expenditure for purposes of determining audit coverage and reporting on the Schedule of Expenditures of Federal Awards. Vaccinating providers and vaccinated individuals are not considered</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-94	Health and Human Services	<p>subrecipients; therefore, the value of vaccine received is not a grant expenditure for purposes of determining audit coverage and reporting for those entities.”</p> <p><u>Improper Access to the County Administration Reimbursement System (CARS)</u></p> <p>Partial corrective action has been taken. The Division of Information Resource Management will assume granting access to County Administration Reimbursement System (CARS) for county staff and the Department of Health and Human Services Office of the Controller staff. This method should help to ensure that only authorized users have access as needed. Systematic evaluations of user’s access will continue to make sure privileges granted are appropriate for the job requirements.</p>
07-SA-95	Health and Human Services	<p><u>Lack of Segregation of Duties for Processes Within the Eligibility Information System</u></p> <p>Partial corrective action has been taken. The State is currently seeking a new case management automation solution that will replace the Eligibility Information System (EIS). This Information Technology initiative is called North Carolina Families Accessing Services through Technology (NC FAST). The NC FAST automation solution will have a role base security that will enable the separation of duties based on role(s) within the system. NC FAST also has a requirement that states the vendor must provide a method to automatically append a case unit action for second party review based on policy and worker profile. State management will continue to emphasize to county directors the importance of second party review procedures especially in areas where the same caseworker registers and disposes of the application.</p>
07-SA-96	Health and Human Services	<p><u>Identified Local County Eligibility Issues With the TANF Program</u></p> <p>Partial corrective action has been taken. Of the eleven cases cited in error, DSS Work First Representatives (WFR) found that there are no overpayments due to the findings. The supporting documentation regarding applications were located in the off-site files and were reviewed on August 27, 2008 by a WFR. The missing kinship verification was found in two legal documents which are filed separately from the case file. County staff have been advised to reference the legal documents if used to verify kinship in the case file so any future auditors would know to request the documents.</p> <p>Regarding the reported missing proofs of household on file, there is no requirement for proof of household for TANF eligibility, in case the auditor meant proof that the child was living with the custodial adult was missing, all the cases were reviewed and verification of living with the custodial adult was present in the record. All cases were reviewed and adequate</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
		<p>documentation for verification of citizenship, kinship or residency was present in the cases. The one missing case file which was in transition between workers was reviewed and the case was eligible. There are no overpayments due to the fact that the budgets were not in the records for the review because policy does not require a new budget if there have been no changes reported since the last review. The families had no changes in their situation or income; therefore new budgets were not required. However, to simplify the process for future audits, a budget will be inserted into each child only case at review regardless of the lack of changes.</p>
		<p>Work First Representatives continue to meet with local counties on a regular basis to provide policy consultation and technical assistance. Work First Representatives are also providing training on documenting of eligibility determinations.</p>
07-SA-97	Health and Human Services	<p><u>Lack of Program Change Controls for the Eligibility Information System (EIS)</u></p> <p>Partial corrective action has been taken. The Endeavor change to incorporate appropriate controls with a quorum of two was completed on August 24, 2008. The change requires the creator and a member of management with appropriate authorization for any changes to the application.</p>
07-SA-98	Health and Human Services	<p><u>Improper Access to the Eligibility Computer Systems</u></p> <p>Partial corrective action has been taken. Written procedures have been developed for the periodic security review of the Eligibility Information System (EIS). The Division of Information Resource Management (DIRM) has developed a report that will enable the Division of Social Services (DSS) to ensure access is restricted to employees whose job duties require such access. Periodic reviews will be performed September and March of each year.</p>
07-SA-99	Health and Human Services	<p><u>Documentation Lacking in County TANF Case Files</u></p> <p>Partial corrective action has been taken. The DHHS/Division of Social Services ("State DSS") reviewed procedures and policies with the County staff and discovered that all three (3) documents cited have now been signed. Corrective action includes retraining staff on program requirements. The State DSS' Work First Program Representative is monitoring the County's corrective action plan.</p> <p>The State DSS' Work First Program Representative is monitoring the County's corrective action plan to ensure that second party reviews are being conducted on approved cases to prevent the omission of required</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
		<p>documentation such as verification of countable assets. Also, the State DSS has determined that the questioned cost of \$181.00 is unallowable for reimbursement from federal and/or State funds and therefore this amount was recouped from the County.</p> <p>Regarding the ineligible client due to failure to renew enrollment in First Step, the State DSS Work First Representative has determined that the County DSS staff have fully implemented their Corrective Action Plan. Periodic case reviews have revealed that all eligibility elements are correct. The actual amount of disallowed questioned cost was determined to be \$480.00 instead of \$816.00, the difference being the child support obligation for two children within one client file. Therefore, \$480.00 was unallowable for reimbursement from federal and/or State appropriations and was recouped from the County.</p> <p>Work First Representatives continue to meet with local counties on a regular basis to provide policy consultation and technical assistance. Work First Representatives are also providing training on documenting of eligibility determinations.</p>
07-SA-100	Health and Human Services	<p><u>Appropriate Action Not Taken in Child Support Cases</u></p> <p>Partial corrective action has been taken. See finding 06-SA-66 for a description.</p>
07-SA-101	Health and Human Services	<p><u>Improper Authorization for Access to the Automated Collection Tracking System (ACTS)</u></p> <p>Partial corrective action has been taken. We are in the process of obtaining a new ACTS worker profile form and confidentiality agreement for all CSE workers. New worker profile forms for all CSE workers will be obtained in the July-September 2008 quarter. Ninety-nine (99%) percent of all forms have been received for this quarter as of September 11, 2008. Of the remaining 1%, the worker is on extended medical leave or other leave. The forms will be returned as soon as the worker is back at work. The Security Officer is in close communication with the local supervisors regarding these missing forms. The first quarterly review of forms was completed manually in April 2008. We are substituting the annual new form request for the July quarterly review. In other words, by getting a new form for all workers, a "quarterly" review is unnecessary.</p> <p>For each of the remaining quarters in the year, the CSE Central Office Security Officer will send an email message to all local office supervisors requesting confirmation of the continuing employment of all staff. We have added the ACTS worker table to the client services data warehouse. Queries are being tested. By the next quarterly review date, we anticipate</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-102	Health and Human Services	<p>being able to ask the local supervisor to run a report of workers, print the list, certify the list, and return it to the Security Officer with updates as needed. This automated approach using the Data Warehouse report will be a much more efficient way of certifying the local users and complying with our corrective action plan.</p> <p><u>Identified Local County Eligibility Issues With the Foster Care IV-E Program</u></p> <p>Partial corrective action has been taken. Effective January 1, 2008 twenty-nine (29) Dear County Director Letters and ten (10) Administrative Letters were made available to the local county Child Welfare staff for guidance and technical assistance. The Children's Program Representatives continue to meet with the county agencies on a regular basis and provide a monthly activity report to the supervisor. On a regular basis, the Children's Program Representative conducts on site visits with the county and develops written correspondence that is provided to the county agency and to the Children's Program Representative Supervisor. Further, the Children's Program Representatives are working with counties to participate in appropriate training. The relevant training is currently under development. However, it is projected to be available the calendar year beginning January 1, 2009. Additionally, to assist in accurate eligibility determination, the 5120 and 5120A are currently under revision.</p> <p>The Local Business Liaisons are continuing to work with the county to confirm repayment of any questioned costs.</p>
07-SA-103	Health and Human Services	<p><u>Documentation Errors in County Foster Care IV-E Program</u></p> <p>Partial corrective action has been taken. The Division's field staff will continue to review monthly fiscal reports with all counties. Effective January 1, 2008, twenty-nine (29) Dear County Director Letters and ten (10) Administrative Letters have been made available to the local county Child Welfare staff for guidance and technical assistance. The Administrative Letter specifically addressing one of the issues of this finding is dated May 9, 2008 and includes a revision to the 5094, the basis for reimbursement of eligible foster care cost. The revisions focus the resources on serving children and families in a more streamlined and efficient manner, consistent with the Division's family centered approach in serving families.</p> <p>The Children's Program Representatives continue to meet with the county agencies on a regular basis and provide a monthly activity report to their supervisor. On a regular basis, the Children's Program Representatives conduct on site visits with the county and develop written correspondence that is provided to the county agency and to the Children's Program Representatives Supervisor. Further, the Children's Program Representatives are working with counties to participate in appropriate training. The relevant training is currently under development. However, it</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-104	Health and Human Services	<p>is projected to be available the calendar year beginning January 1, 2009. Additionally, to assist in accurate eligibility determination, the 5120 and 5120 A are currently under revision. These revised forms will also include a modified AFDC budget guide to assist county staff in properly determining eligibility.</p> <p>The Local Business Liaisons are continuing to work with the county to confirm repayment of any questioned costs.</p> <p><u>Identified Local County Eligibility Issues With the Adoption Assistance Program</u></p> <p>Partial corrective action has been taken. The North Carolina Division of Social Services disagrees with the questioned costs cited for the Adoption Assistance Agreement. Adoption Assistance Program policy requires that a representative from the county sign the form before the Decree of Adoption, which may include but is not limited to the director. In the two instances cited by the auditor, we found that the Agreements had been signed by the caseworker prior to the Decrees of Adoption. However, the forms were dated when the Director signed them. There are no questioned costs because the children were eligible for Adoption Assistance. For clarity, the Adoption Assistance Agreement form (DSS-5013) has been revised to ensure counties have the form signed and dated by the Case Manager (or designee) and the Director.</p> <p>Regarding the second part of this finding, relevant training is currently under development and is projected to be available the calendar year beginning January 1, 2009. The Staff Development Team of the Division continues to support professional development in the area of IV-E and Money Matters by providing annual training in these areas. The Local Business Liaisons are continuing to work with the county to confirm repayment of any questioned costs in which the eligibility checklist confirmed IV-B AA eligibility, but the child was being paid from IV-E AA. This issue regarding the IV-E payments should be resolved by March 31, 2009.</p>
07-SA-105	Health and Human Services	<p><u>Monitoring Procedures Not Performed for the Adoption Assistance Program</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Health and Human Services.</p>
07-SA-106	Health and Human Services	<p><u>Deficiencies in the Social Services Block Grant Monitoring Procedures</u></p> <p>Partial corrective action has been taken. An additional Child Welfare Program Compliance Monitor was added to the Family Support and Child Welfare Services monitoring staff in March 2008. To provide additional support, a new management level position will also be reviewing completed monitoring tools for accuracy and completeness.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-107	Health and Human Services	<p>The monitoring plan has been revised to address minimum sample size for monitoring activities. The plan was made effective 10-1-2008 and is online at http://www.ncdhhs.gov/dss/Monitoring/index.htm. The monitoring staff will also participate in training to enhance and strengthen the scope of practice.</p>
07-SA-107	Health and Human Services	<p><u>Deficiencies in Calculation of Key Eligibility Information</u></p>
07-SA-107	Health and Human Services	<p>Partial corrective action has been taken. The NC FAST automation is scheduled for 2010. Until that time, the Department believes we have existing safeguards in place to reduce risk. We will continue to strengthen controls over the current Management Evaluation Reviews, the State Quality Control monitoring, and the work procedures of the state program representatives.</p>
07-SA-108	Health and Human Services	<p><u>Lack of Segregation of Duties for Processes Within the Eligibility Information System</u></p>
07-SA-108	Health and Human Services	<p>Partial corrective action has been taken. The State is currently seeking a new case management automation solution that will replace the Eligibility Information System (EIS). This information technology initiative is called North Carolina Families Accessing Services Through Technology (NC FAST). The NC FAST automation solution will have a role base security that will enable the separation of duties based on role(s) within the system. Until such time we will continue to emphasize to county staff the importance of second party reviews, and strengthen the State staff's review of county files. As of July 2008, Medicaid Program Representatives began sample checks of county application logs against case records. The specific logs that will be checked beginning with the January 2009 work plan are DMA-5093-ia (Reception Log-Walk In), DMA-5066 (Log For NCHC/Medicaid Mail In Apps), and DMA-5105 (Adult Mail In Application Log).</p>
07-SA-109	Health and Human Services	<p><u>Identified Local County Eligibility Issues With the State Children's Health Insurance Program</u></p>
07-SA-109	Health and Human Services	<p>Partial corrective action has been taken. The auditors cited errors in documentation of client eligibility and financial status which could potentially result in ineligibility, but no questioned costs were cited.</p> <p>The Medicaid Program Representatives (MPRs) followed up on the findings during the subsequent two quarters, reviewed the findings and policy and procedures related to the findings with administrative staff, and obtained responses related to corrective action from the respective counties.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-110	Health and Human Services	<p>Training on how to budget for Family and Children's programs was completed and will be reviewed with county staff as needed. During the last quarter of 2007, MPRs conducted statewide training on application processing which included the verification process. Emphasis on documentation was discussed and included with all statewide training sessions conducted by the MPRs.</p> <p>As part of the work plan from July – September, the MPRs reviewed with county Divisions of Social Services staff the need to ensure that: a) second party reviews are conducted to help ensure quality of work; b) applicant information is verified to prevent ineligible recipients from being authorized for the NC Health Choice program; and c) case record documentation is maintained. During the months of August – October 2008, the MPRs conducted statewide budget training for Medicaid for the Disabled programs. The participants were Income Maintenance Supervisors, Income Maintenance Lead Workers, and Income Maintenance Caseworkers employed by the 100 Departments of Social Services who determine eligibility for initial Medicaid applications and redeterminations of ongoing eligibility.</p> <p><u>Documentation Lacking in County Health Choice Case Files</u></p> <p>Partial corrective action has been taken. County management agreed with the findings and noted that they would continue to routinely perform second party reviews on a portion of the applications approved for NC Health Choice.</p> <p>The Division of Medical Assistance management also addressed procedures to allow for recoupment of overpayments in the Health Choice Program from counties as part of the transition of the program from administration through the State Employee's Health Plan, to administration by the Division and its fiscal agent. The \$7,715 in questioned costs previously identified by the State Auditors will be reclassified in December 2008.</p> <p>As part of the work plan for the July – September (1st quarter) 2008, the Medicaid Program Representatives (MPRs) are reviewing with county DSS staff the necessity to ensure that: a) second party reviews are conducted to help ensure quality of work; b) applicant information is verified to prevent ineligible recipients from being authorized for the Medicaid program; and c) case record documentation is maintained. How to budget training in the Family and Children's programs has completed and will be reviewed with county staff as needed. During the last quarter of 2007, MPRs conducted statewide training on application processing, which included the verification process.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-111	N.C. Teachers' and State Employees' Comprehensive Major Medical Plan	<p><u>Claim Payments Made in Error</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Health and Human Services.</p>
07-SA-112	Health and Human Services	<p><u>Final Cost-Settlements Not Settled</u></p> <p>Partial corrective action has been taken. See finding 03-SA-91 for a description.</p>
07-SA-113	Health and Human Services	<p><u>Provider Billing and Payment System Errors</u></p> <p>Partial corrective action has been taken. The Division of Medical Assistance (DMA) continues to improve its provider communications and training. Education letters were sent to providers notifying them of the minimum elements required to comply with Medicaid documentation guidelines. Additional emphasis on documentation requirements has been incorporated into the DMA training offered to providers. DMA has appropriately resolved/recouped the \$30,634 (federal share = \$19,499) in questioned costs due to improper coding, duplicate billings and documentation errors. The 5 claims cited as errors as a result of the retroactive hospital rate changes are not a Program Integrity error. These errors are due to a Financial/Rate Setting error and have not been adjusted to date. Management is working on finalizing corrective action on the claims.</p>
07-SA-114	Health and Human Services	<p><u>Federal Reimbursement for Unallowable Costs of the Albemarle Mental Health Center</u></p> <p>Partial corrective action has been taken. The Division of Mental Health Developmental Disabilities and Substance Abuse Services compiled a team of program and fiscal personnel to perform an onsite review of the Albemarle Mental Health Center. The team is charged with reviewing various operational issues within the agency's administrative and services' functions in accordance to the contract requirements for Local Management Entities. Moreover, the team will review the State Auditors findings concerning:</p> <ul style="list-style-type: none"> • The salary payments for the Area Program Director and the Special Assistant. • The Area Program Director's automobile depreciation allowance and mileage reimbursements. • The Albemarle Mental Health Center contracted payments to a lobbyist.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
		<p>When our review of the Albemarle Mental Health Center is completed, we will take the appropriate action necessary to resolve any questioned costs or need for additional guidelines found during the course of our review. We anticipate the completion of this review by June 30, 2009.</p>
		<p>The Division of Mental Health Developmental Disabilities and Substance Abuse Services has implemented in FY 2008 the preparation and review of a cost variance analysis report of LME expenditures monthly. The DMH staff performs desk audits and monitors quarterly financial reports of LME expenditures. The division staff has conducted one quarterly onsite audit of an LME in FY 2008.</p>
		<p>The Division of Mental Health Developmental Disabilities and Substance Abuse Services did receive funding and hired two staff members for field based budget and fiscal oversight, monitoring and technical assistance of LME operations.</p>
		<p>The Division of Mental Health Developmental Disabilities and Substance Abuse Services will continue to update the compliance supplement with recommendation reported by the State Auditors or other Division staff.</p>
07-SA-115	Health and Human Services	<p><u>Deficiencies in Calculation of Key Eligibility Information</u></p> <p>Partial corrective action has been taken. The NC FAST automation is scheduled for 2010. Until that time, the Department believes we have existing safeguards in place to reduce risk. We will continue to strengthen controls over the current Management Evaluation Reviews, the State Quality Control monitoring and the work procedures of the state program representatives.</p>
07-SA-116	Health and Human Services	<p><u>Lack of Segregation of Duties for Processes Within the Eligibility Information System</u></p> <p>Partial corrective action has been taken. The State is currently seeking a new case management automation solution that will replace the Eligibility Information System (EIS). This information technology initiative is called North Carolina Families Accessing Services through Technology (NC FAST). The NC FAST automation solution will have a role base security that will enable the separation of duties based on role(s) within the system. Until such time, the Division will continue to emphasize to county staff the importance of second party reviews and strengthen the State staff's review of county files. As of July 2008, Medicaid Program Representatives began sample checks of county application logs against case records. The specific logs that will be checked beginning with the January 2009 work plan are DMA-5093-ia (Reception Log-Walk In), DMA-5066 (Log For NCHC/Medicaid Mail In Apps), and DMA-5105 (Adult Mail In Application Log).</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-117	Health and Human Services	<p data-bbox="565 468 1360 495"><u>Identified Local County Eligibility Issues With the Medicaid Program</u></p> <p data-bbox="565 522 1476 611">Partial corrective action has been taken. The auditors cited errors in documentation of client eligibility and financial status which could potentially result in ineligibility, but no questioned costs were cited.</p> <p data-bbox="565 638 1476 758">The Medicaid Program Representatives (MPRs) followed up on the findings during the subsequent two quarters, reviewed the findings and policy and procedures related to the findings with administrative staff, and obtained responses related to corrective action from the respective counties.</p> <p data-bbox="565 785 1476 963">Training on how to budget in the Family and Children's programs was completed and will be reviewed with county staff as needed. During the last quarter of 2007, MPRs conducted statewide training on application processing which included the verification process. Emphasis on documentation was discussed and is included in all statewide training sessions conducted by the MPRs.</p> <p data-bbox="565 991 1476 1354">As part of the work plan from July – September, the MPRs reviewed, with county Divisions of Social Services staff, the need to ensure that: a) second party reviews are conducted to help ensure quality of work; b) applicant information is verified to prevent ineligible recipients from being authorized for the NC Health Choice program; and c) case record documentation is maintained. During the months of August – October 2008, the MPRs conducted statewide budget training in Medicaid for the Disabled programs. The participants were Income Maintenance Supervisors, Income Maintenance Lead Workers, and Income Maintenance Caseworkers employed by the 100 departments of social services who determine eligibility for initial Medicaid applications and redeterminations of ongoing eligibility.</p>
07-SA-118	Health and Human Services	<p data-bbox="565 1381 1211 1409"><u>Documentation Lacking in County Medicaid Case Files</u></p> <p data-bbox="565 1436 1476 1617">Partial corrective action has been taken. County management agreed with the findings and has implemented changes to their system to verify that benefits are terminated in a timely manner. They have implemented a checklist for staff to complete during Work First and Medicaid intake or reviews. Supervisors continue to focus on non-cooperation without a Child Support sanction when conducting second party reviews of these cases.</p> <p data-bbox="565 1644 1476 1732">The County Division of Social Services (DSS) Program Integrity staff is currently in the process of setting up the overpayment. The \$265.00 in questioned Medicaid costs will be charged to the county.</p> <p data-bbox="565 1759 1476 1883">As part of the work plan for the July – September (1st quarter) 2008, the Medicaid Program Representatives (MPRs) reviewed with county DSS staff the need to ensure that: a) second party reviews are conducted to help ensure quality of work; b) applicant information is verified to prevent</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-119	Health and Human Services	<p>ineligible recipients from being authorized for the Medicaid program; and c) case record documentation is maintained. How-to-budget training in the Family and Children's programs was completed and will be reviewed with county staff as needed.</p> <p><u>Failure to Contract for Temporary Services</u></p> <p>Partial corrective action has been taken. The Department of Health and Human Services has issued a draft policy on the use of temporaries. The Division has also requested official guidance from the Department of Administration Purchase and Procurement Section on their interpretation of the Administrative Code and Purchase Manual section. The Department of Administration/Information Technology Services and the Department of Health and Human Services Office of Procurement and Contract Services were unable to issue an opinion at this time based on the information listed in the audit finding without knowing each temporary position's scope of work, hourly rate, number of hours worked, and name of the company for all the positions being questioned. As part of its review of all temporary contracts, the Division will provide the requisite information to both Department of Administration/Information Technology Services and Department of Health and Human Services Office of Procurement and Contract Services for their opinions. Further, the Division will consult with the Office of State Personnel and review the State Auditor's compliance audit of several departments' and divisions' use of temporaries and contract practices which is to be published shortly. It is anticipated that the review of all temporary contracts for compliance with State and Federal guidelines and any changes to policies and procedures will be completed by the end of SFY 2008/2009.</p>
07-SA-120	Health and Human Services	<p><u>Required Disclosures Not Obtained at Enrollment of Providers and Lack of Controls in the Provider Eligibility Enrollment Process</u></p> <p>Partial corrective action has been taken. See finding 03-SA-105 for a description.</p>
07-SA-121	Health and Human Services	<p><u>Deficiencies Noted in the Processing of Community Mental Health Block Grant Expenditures</u></p> <p>Partial corrective action has been taken. The Division of Mental Health Developmental Disabilities and Substance Abuse Services continues to review and develop control processes to ensure that service rates are set and disbursements of grant funds are in accordance with regulations. Written procedures are also being developed that document the rate-setting process and track historical changes to the rates. The specific procedures and policies to address this finding will be initiated by June 2009.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-122	Health and Human Services	<p data-bbox="565 468 1466 531"><u>Deficiencies in User Access to Integrated Payment and Reimbursement System (IPRS)</u></p> <p data-bbox="565 552 1466 737">Partial corrective action has been taken. The Division of Mental Health Developmental Disabilities and Substance Abuse Services has developed policy RRM-100 for system access in the Integrated Payment and Reimbursement System (IPRS) database. The software modification of IPRS for password security has been submitted to the vendor for implementation.</p> <p data-bbox="565 758 1466 821">Two of the three employees that did not have signed computer use policies in their files have been corrected. The third employee's file will be updated.</p>
07-SA-123	Health and Human Services	<p data-bbox="565 846 1466 873"><u>Monitoring Procedures Need to Be Improved for Local Management Entities</u></p> <p data-bbox="565 898 1466 1146">Partial corrective action has been taken. The Division of Mental Health Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS) is reviewing the program and fiscal monitoring procedures for Local Management Entities (LMEs). Within the division two separate sections have distinct criteria to follow in their monitoring activities. The criteria and tools will be revised to eliminate any overlap or gaps in the monitoring process. The Division will implement the necessary changes when the criteria and tools are approved.</p> <p data-bbox="565 1167 1466 1234">DMH/DD/SAS is currently updating the SFY 2009 compliance supplement with the directives for the LME's external auditors.</p>
07-SA-124	Health and Human Services	<p data-bbox="565 1260 1466 1323"><u>Monitoring Procedures Failed to Document Compliance With Independent Peer Review Requirement</u></p> <p data-bbox="565 1344 1466 1682">Partial corrective action has been taken. The Division of Mental Health Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS) outlined new procedures for the implementation of the peer review and revised monitoring plan. The plan reflects peer review monitoring which was shifted to Division staff effective July 2008, with a report on the first round of peer reviews slated for completion by June 2009. Existing DMH/DD/SAS procedures for the selection and assignment of peer reviewers, the review process, and reporting results to the Division; have been identified and will be adapted for the mental health peer reviews. The independent peer reviews will be conducted in third and fourth quarters of this and subsequent fiscal years.</p>
07-SA-125	Crime Control and Public Safety	<p data-bbox="565 1707 1466 1770"><u>Amounts in the Schedule of Expenditures of Federal Awards Were Misclassified</u></p> <p data-bbox="565 1791 1466 1850">Full corrective action has been taken, however awaiting management decision from the U.S. Department of Homeland Security.</p>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2008

Original Finding Number	State Department	Current Status of Prior Audit Finding
07-SA-126	Crime Control and Public Safety	<p><u>Inadequate Tracking of Public Assistance Subrecipient Audit Reports</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Homeland Security.</p>
07-SA-127	Crime Control and Public Safety	<p><u>Homeland Security Grant Administration Costs Exceeded Allowable Amounts</u></p> <p>No corrective action has been taken. The Department does not agree with this finding. Our spending under this program is in compliance with EMPG program guidance. Our approved FFY2005 EMPG budget included as eligible cost: salaries, benefits, equipment, supplies and other administrative costs to support emergency management missions and programs. The Department of Homeland Security has provided written confirmation that the EMPG program and its allowable funding categories are inherently administrative and allowable under the EMPG program. We have requested further confirmation that the questioned expenditures were in fact programmatic.</p>
07-SA-128	Crime Control and Public Safety	<p><u>Homeland Security Funds Were Not Obligated Within 60 Days</u></p> <p>Partial corrective action has been taken. We will strengthen the procedures implemented during June 2008 requiring continuous project review throughout the application process. These reviews will aid in ensuring that sub-grantees meet eligibility requirements and other criteria imposed by the federal granting agency, and they will enable the Department to prepare draft agreements available for execution once the grant award is received by the State.</p>
07-SA-129	Crime Control and Public Safety	<p><u>Amounts in the Schedule of Expenditures of Federal Awards Were Misclassified</u></p> <p>Full corrective action has been taken, however awaiting management decision from the U.S. Department of Homeland Security.</p>

**Corrective Action Plan
For the Year Ended June 30, 2008**

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-1	Health and Human Services Robin Register (919) 334-1032	<p><u>Inadequate Control Over User Access to the Food Stamps Financial and Benefits Systems</u></p> <p>Security reports are being modified to include county users. County Security Officers will be required to review these reports, which will be available in NCXPTR, to verify user access is appropriate. This requirement will be documented in the next issuance of the Security Manual and the County Self Assessment. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p><i>Anticipated Completion Date:</i> December 31, 2009.</p> <p>The Division will begin working with Departmental and County Security Officers to ensure that all State and County users have appropriate documentation on file regarding access rights and level of access, according to policy set forth in the Division's Information Security Manual. Due to the large number of users for whom documentation will be obtained and processed and the administrative burden of this task on current staff, the Division anticipates completion of this task will require a phased approach over the next two State Fiscal Years.</p> <p><i>Anticipated Completion Date:</i> August 31, 2010.</p>
08-SA-2	Health and Human Services Allen Hawks (919) 707-5076	<p><u>Inadequate Control Over User Access to the Aid to County Reimbursement System</u></p> <p>The Department concurs with this finding. We will work with staff in order to develop protocols for gaining system access, reviewing user lists as appropriate, and work to ensure the system is in compliance with all ITS requirements.</p> <p><i>Anticipated Completion Date:</i> August, 31, 2009</p>
08-SA-3	Health and Human Services Scarlette Edwards (919) 855-3718	<p><u>Deficiencies in Cash Management Procedures</u></p> <p>The additional federal grants within CFDA # 10.557 will be included in the Cash Management Improvement Act (CMIA) reports submitted to Office of the State Controller (OSC) effective with the July 2008 reports. The Department will meet with OSC to discuss procedures regarding federal interest on rebate dollars.</p> <p><i>Anticipated Completion Date:</i> June 30, 2009</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-4	Health and Human Services Alice Lenihan (919) 707-5740	<u>Documentation Lacking in County WIC Case Files</u> A memo will be sent to Local Agency WIC Directors and Local Health Directors reminding them of program requirements regarding eligibility determination and maintenance of participant files. <i>Anticipated Completion Date:</i> March 2, 2009
08-SA-5	Health and Human Services Scarlette Edwards (919) 855-3718	<u>Deficiencies in Federal Financial Reporting</u> The Department will evaluate and analyze the discrepancies noted in the finding to determine the appropriate action. <i>Anticipated Completion Date:</i> September 30, 2009
08-SA-6	Health and Human Services Alice Lenihan (919) 707-5740	<u>Monitoring of a Service Organization Needs Improvement</u> Due to a file transmittal problem, vendors were paid using the wrong pricing data for approximately one week. This situation was immediately addressed and a written protocol was put into effect between the Divisions of Public Health and Information Resource Management, and Financial Services Management Corporation (FSMC - WIC's Fiscal Intermediary). The protocol, which went into effect on July 11, 2008, outlines the business requirements for processing monthly price updates. In addition, the vendor unit has implemented a procedure for documenting monitoring activity, such as analysis of data from reports available through FSMC. <i>Anticipated Completion Date:</i> Corrective action was completed on July 11, 2008.
08-SA-7	Health and Human Services Alice Lenihan (919) 707-5740	<u>Deficiencies in the Monitoring Procedures for Predominately WIC Vendors</u> A protocol has been established to ensure cost neutrality of predominantly WIC vendors by the 10 th of each month for the prior month. In addition, an update to the access database to allow the history of predominantly WIC vendors' status to be captured has been completed. <i>Anticipated Completion Date:</i> Corrective action was completed in January 2009.
08-SA-8	Health and Human Services Kathryn Seawell (919) 707-5737	<u>Corrective Action Plans Not Obtained for Subrecipients</u> The Child and Adult Care Food Program (CACFP) audit staff developed and implemented procedures to obtain corrective action plans for audit findings within thirty days after the audit report had been issued to the subrecipients. The audit staff conducts follow up reviews to ensure that

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-9	Health and Human Services Robin Register (919) 334-1032	<p>corrective actions have been implemented by the sub-recipient. Once CACFP staff are satisfied that the findings have been corrected, a Close Out Letter for the audit is issued. Forms have been developed to ensure proper documentation is kept for findings identified by the CACFP audit staff.</p> <p><i>Anticipated Completion Date:</i> Corrective action was completed in April 2008.</p> <p><u>Improper Access to the County Administration Reimbursement System</u></p> <p>Security reports are being modified to include county users. County Security Officers will be required to review these reports, which will be available in NCXPTR, to verify user access is appropriate. This requirement will be documented in the next issuance of the Security Manual and the County Self Assessment. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p><i>Anticipated Completion Date:</i> December 31, 2009</p> <p>The Division will begin working with Departmental and County Security Officers to ensure that all State and County users have appropriate documentation on file regarding access rights and level of access, according to policy set forth in the Division's Information Security Manual. Due to the large number of users for whom documentation will be obtained and processed and the administrative burden of this task on current staff, the Division anticipates completion of this task will require a phased approach over the next two State Fiscal Years.</p> <p><i>Anticipated Completion Date:</i> August 31, 2010</p>
08-SA-10	Health and Human Services Judy Gay (919) 733-0169	<p><u>Deficiencies in Cash Management Procedures</u></p> <p>The Department will be seeking guidance from our cognizant Federal agency on a possible waiver/exception due to the conflict between the timing of the drawing of federal funds and the disbursements to local county entities.</p> <p><i>Anticipated Completion Date:</i> September 30, 2009</p>
08-SA-11	Health and Human Services Robin Register (919) 334-1032	<p><u>Inadequate Control Over User Access to the Eligibility Computer System</u></p> <p>The Divisions of Information Resource Management, Social Services, and Medical Assistance staff are in the process of working with members of county administration offices to ensure that individuals with need to access the Eligibility Information System (EIS) are properly documented and access is requested through Customer Service.</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-12	Environment and Natural Resources Rod Davis (919) 733-4166	<p>County Security Officers will be responsible for securing and maintaining the authorization forms and for reviewing the list of users to certify whether access is still needed and that the authorizations are on file. EIS security review reports, which include county users, are available to the county Security Officers in NCXPTR for the fulfillment of a County Self Assessment program, in which counties will conduct reviews of necessary employees with access to EIS. The county and the Department reviews of appropriate authorization for access and access levels will be conducted in accordance with Statewide Information Security Manual and DHHS policies effective December 12, 2006 and July 1, 2007. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p><i>Anticipated Completion Date:</i> Review of deficiencies and implementation of periodic reviews will be completed by December 31, 2009. Ensuring that all required authorizations are on file will be completed by August 31, 2010.</p> <p><u>Insufficient Documentation For Cooperative Forestry Assistance Program Payments</u></p> <p>Immediately upon learning of the pre-approved expenditure forms, we collected and destroyed all pre-signed forms. DFR staff now understands this is not acceptable. We agree that contracts should be in place between the land owners, plan preparation consultants, and DFR. DFR is now working with DENR Purchase and Services to develop the policies, procedures and forms to implement this.</p> <p>We would like to note that there were compensating procedures that prevented incorrect payments.</p> <ul style="list-style-type: none"> • All contractors are certified by DFR. • Land owners can only select from the approved contractor list. • Rates are established by DFR. • Plans are reviewed and approved by DFR personnel prior to payment. <p>In addition, we requested that the DENR Internal Audit staff review these payments. This review found no instances of improper payments.</p> <p><i>Anticipated Completion Date:</i> June 2009.</p>
08-SA-13	Environment and Natural Resources Rod Davis (919) 733-4166	<p><u>Inadequate Supervisory Review of Federal Reports</u></p> <p>The Department agrees with the finding and has initiated corrective action. All SF-269 reports will be reviewed and signed by either the Manager of the Federal Contracts and Grants Section, or the Assistant Controller.</p> <p><i>Anticipated Completion Date:</i> February 2009 – already completed.</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-14	Administration Dewey Stephens (919) 807-2470	<p data-bbox="573 428 1166 453"><u>Lost Interest Earnings on Program Reserve Funds</u></p> <p data-bbox="573 491 1463 548">An interest bearing account has been established and funds have been transferred to this new account.</p> <p data-bbox="573 583 1463 642"><i>Anticipated Completion Date:</i> Corrective action was completed in October, 2008.</p>
08-SA-15	Administration Greg Richardson (919) 789-5900	<p data-bbox="573 678 1317 703"><u>Inadequate Review Procedures and Internal Control Monitoring</u></p> <p data-bbox="573 741 1463 831">The Commission has established internal review procedures and controls to assure adequate review and monitoring of the Section 8 Housing Program as follows:</p> <p data-bbox="573 867 1463 1073">a. Family Report (HUD 50058) The Commission has developed step-by-step internal procedures that will outline the process for preparing and submitting the required family report (HUD 50058) data to Public and Indian Housing Information Center (PIC) system. The Director of the Section of the program, independent of the preparer, will review all the HUD 50058 reports monthly to verify that there are no fatal errors.</p> <p data-bbox="573 1108 1463 1287">The Commission will maintain hard copies for all PIC submissions for a period of three years. The Commission will prepare the detailed procedures defining how the Family Report (HUD 50058) data will be submitted to the PIC system. The Section 8 Housing Program Director will monitor this process monthly to assure that the reports are completed as required.</p> <p data-bbox="573 1323 1463 1413">At the end of each month, the HUD 50058 electronic files will be moved and saved in the electronic file, on the "M" drive at the Commission's file server.</p> <p data-bbox="573 1449 1463 1627">b. Quality Review of Field Inspector Determinations The Commission has created a checklist to verify that the Housing Inspector's determination of family eligibility is correct prior to the family being admitted to the program. The clerical staff will initial the checklist to verify family composition, family income and there is a criminal records check on file for all family members age 18 years or older.</p> <p data-bbox="573 1663 1463 1753">To improve internal procedures and internal controls, the Commission has initiated a checklist of required documents to be on file for all eligible families who participate in the program.</p> <p data-bbox="573 1789 1463 1873">If a family is determined to be eligible, the Section 8 Housing Program Director will verify that the family is indeed eligible and will authorize the staff to advise the family by mail of their right to an informal hearing.</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
		<p>c. Management of Payments to Eligible Families During processing of the monthly Housing Assistance Payments (HAP) and Utility Allowance Payments (UAP) the clerical staff member in charge of housing payments will verify that the HAP and UAP payments are correct.</p> <p>The Director of the Section 8 Housing Program will review the HAP and UAP payments prior to the clerical staff submitting them to the fiscal office for payment.</p>
		<p>d. Quarterly Financial Report The preparer (Fiscal Officer – Donna LaRoche) of the financial report attended a HUD conference in September, 2008. The conference provided training on the new VMS reporting system for individuals responsible for financial reporting. Our Special Projects Accountant (Tracy Williams) is now responsible for reviewing this report for accuracy and timeliness. Donna's and Tracy's next Performance Management System work plan will establish responsibility and provide guidance about the preparation and submission of the report. We are currently updating our EAGLE internal control policies. This will be included in the update.</p> <p><i>Anticipated Completion Date:</i> Corrective action was completed in October, 2008.</p>
08-SA-16	Administration Dewey Stephens (919) 807-2470	<p><u>Inappropriate Access to the Voucher Management System</u></p> <p>Proper controls have been initiated to immediately terminate access of separated employees and establish access to new hires promptly. We are currently updating our EAGLE internal controls policies. This will be included in the update.</p> <p><i>Anticipated Completion Date:</i> June, 2009.</p>
08-SA-17	Administration Greg Richardson (919) 789-5900	<p><u>Lack of Documentation to Support Annual Review of Utility Allowance Schedule</u></p> <p>A meeting was held on February 2, 2009 for the purpose of reviewing the utility allowances. At that meeting, it was determined that the current utility allowances would remain the same for calendar year 2009.</p> <p>The Commission has implemented procedures to ensure that the utility allowances are reviewed on an annual basis.</p> <p>The review will be conducted each year between September and December by the Director of the Section 8 Program. In collaboration with the Housing Inspectors, the Director will review the utility allowance schedule(s) for each county served by the Program, and make a recommendation to the Executive Director of the Commission as to whether the utility allowances should be revised.</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
		<p>Written Utility Allowance Policies</p> <p>The Commission will examine the utility allowances annually to determine if a revision is warranted. The Commission will utilize an outside consultant to conduct a utility allowance survey, collect data from local utility providers and provide the Executive Director of the Commission with a recommendation as to whether the utility allowances should be increased. If the recommendation is to increase the utility allowances, the Commission will establish new utility allowances, for each of the counties served through the program, as determined by the data collected. This process will assure that Section 8 families receive an appropriate utility allowance as part of their rent assistance, as required by HUD regulations.</p> <p><i>Anticipated Completion Date:</i> January 1, 2010.</p>
08-SA-18	<p>Employment Security Commission</p> <p>Mary Carol Lewis</p> <p>(919) 733-7316</p>	<p><u>Equipment Records Not in Compliance With Federal Requirements</u></p> <p>We received appropriation codes from Finance & Budget for all assets that were in Magic that did not have any funding source listed. These appropriation codes were entered into Magic for each asset missing these codes. There are currently no assets in Magic that do not have the correct federal or state funding source.</p> <p>There were four (4) assets found there were entered into the inventory system when it began (mid 1990s) that contained incorrect or generic descriptions. Of these four (4) assets, one (1) was surplus on December 9, 2008. The descriptions on the other three (3) have been updated. In order to update or change descriptions, we had to create a new record in the inventory catalog. This meant that since part numbers were not available to us, we created "dummy" part numbers (i.e. Part No. 2012009 is a Fiber Optic Wiring Distribution System).</p> <p><i>Anticipated Completion Date:</i> March 31, 2009</p>
08-SA-19	<p>Employment Security Commission</p> <p>Mary Carol Lewis</p> <p>(919) 733-7316</p>	<p><u>Federal Debarment Status Verification Not Performed</u></p> <p>We currently have approximately 61 different landlords that we lease office space from in various towns and cities across the state. Some of these landlords are local or county government. We took the list of landlords and checked them all to make sure that they were not on the state debarment list or the federal debarment list as of February 23, 2009. Each lease file was documented that debarment status had been checked. All new landlords will be checked for debarment as new leases are acquired. The verification will be documented in the lease file.</p> <p><i>Anticipated Completion Date:</i> March 31, 2009</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-20	Employment Security Commission Robert Cottrell (919) 733-4806 x225	<p data-bbox="573 428 1409 453"><u>Employment Services Program Reports Not Agreed to Underlying Data</u></p> <p data-bbox="573 491 1463 579">ESC agrees to implement division of roles and responsibilities where practical and to introduce additional supervisory oversight as a compensating control where appropriate.</p> <p data-bbox="573 617 1463 705">As a compensating control, documents will be retained that demonstrate consistency between the mainframe record count and the record count of the processed data.</p> <p data-bbox="573 743 1463 800">ESC will determine the valid date range for manually entered dates and will implement edits to assure that these dates fall within the determined range.</p> <p data-bbox="573 837 1463 888">Create and retain requested extracts of the data for auditing purposes in accordance with federal guidelines.</p>
08-SA-21	Employment Security Commission Robert Cottrell (919) 733-4806 x225 Kevin Carlson (919) 733-5207	<p data-bbox="573 1108 1455 1134"><u>Unemployment Insurance Program Reports Not Agreed to Underlying Data</u></p> <p data-bbox="573 1171 1341 1197"><u>ETA 227 Overpayment Detection and Recovery Activities Report:</u></p> <p data-bbox="573 1201 1463 1381">ESC will retain ETA 227 transactions for a minimum of 3 years. ESC will write invalid overpayments to a separate file for audit purposes prior to the deletion of such records from the overpayment master file. ESC will review and correct the existing audit trail program. ESC agrees that programmers should not have the authority to alter the data included in the ETA 227 report. Such access or authority is not available to ESC IS staff.</p> <p data-bbox="573 1419 1463 1476">ESC will determine the valid date range for manually entered dates and will implement edits to assure that these dates fall within the determined range.</p> <p data-bbox="573 1514 1463 1661"><i>Anticipated Completion Date:</i> While we understand the importance of implementing these action items as soon as possible, in this time of unparalleled economic dislocation our primary focus must be on service to the citizens of North Carolina. In light of these circumstances, we hope to be able to complete these corrective actions on, or before, June 30, 2010.</p> <p data-bbox="573 1698 971 1724"><u>ETA 581 Contribution Operations:</u></p> <p data-bbox="573 1728 1463 1871">While ESC does retain the data necessary for the replication of the ETA 581, we agree that the information is not available in a format that makes it easily auditable. ESC IS staff is currently reviewing the requirements for accomplishing this recommendation. The results will be provided to ESC senior management for consideration.</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-22	Employment Security Commission Robert Cottrell (919) 733-4806 x225	<p><i>Anticipated Completion Date:</i> While we understand the importance of implementing these action items as soon as possible, in this time of unparalleled economic dislocation our primary focus must be on service to the citizens of North Carolina. In light of these circumstances, we hope to be able to complete these corrective actions on, or before, December 31, 2010.</p> <p><u>ETA 2208A Quarterly UI Contingency Report:</u> ESC has implemented a review and approval process of the UI-3 Report effective with the FY2009 1st Quarter report.</p> <p><i>Anticipated Completion Date:</i> January 31, 2009</p> <p><u>Inadequate Controls Over Federal Reports in the Trade Adjustment Assistance Program</u></p> <p><u>Trade Act Participant Report (TAPR):</u></p> <p>When transmitting the TAPR data to the ESC LMI staff, IS staff will send an e-mail to the designated LMI TAPR staff that will contain the following elements:</p> <ol style="list-style-type: none"> 1. Record count 2. File size 3. Report quarter to which the data applies 4. Request for verification by LMI of control totals 5. A reminder to retain both the e-mail and all files for audit purposes <p><i>Anticipated Completion Date:</i> While we understand the importance of implementing these action items as soon as possible, in this time of unparalleled economic dislocation our primary focus must be on service to the citizens of North Carolina. In light of these circumstances, we hope to be able to complete these corrective actions on, or before, June 30, 2010.</p> <p><u>ETA 563 Quarterly Determinations, Allowance Activities, and Employability Services Report, and Alternative Trade Adjustment Activities Report (ATAAR):</u></p> <p>ESC agrees to implement division of roles and responsibilities where practical and to introduce additional supervisory oversight as a compensating control where appropriate.</p> <p><i>Anticipated Completion Date:</i> While we understand the importance of implementing these action items as soon as possible, in this time of unparalleled economic dislocation our primary focus must be on service to the citizens of North Carolina. In light of these circumstances, we hope to be able to complete these corrective actions on, or before, June 30, 2010.</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
		<p><u>TAPR and ETA 563</u></p> <p>Create and retain requested extracts of the data for auditing purposes in accordance with federal guidelines.</p> <p><i>Anticipated Completion Date:</i> While we understand the importance of implementing these action items as soon as possible, in this time of unparalleled economic dislocation our primary focus must be on service to the citizens of North Carolina. In light of these circumstances, we hope to be able to complete these corrective actions on, or before, June 30, 2010.</p>
08-SA-23	Employment Security Commission Mary Carol Lewis (919) 733-7316	<p><u>Federal Debarment Status Verification Not Performed</u></p> <p>See 08-SA-19 for Corrective Action Plan.</p>
08-SA-24	Employment Security Commission Robert Cottrell (919) 733-4806 x225	<p><u>Employment Services Program Reports Not Agreed to Underlying Data</u></p> <p>See 08-SA-20 for Corrective Action Plan.</p>
08-SA-25	Employment Security Commission Mary Carol Lewis (919) 733-7316	<p><u>Federal Debarment Status Verification Not Performed</u></p> <p>See 08-SA-19 for Corrective Action Plan.</p>
08-SA-26	Employment Security Commission Robert Cottrell (919) 733-4806 x225	<p><u>Employment Services Program Reports Not Agreed to Underlying Data</u></p> <p>See 08-SA-20 for Corrective Action Plan.</p>
08-SA-27	Transportation Rick Barkes (919) 840-0112	<p><u>Subrecipient Monitoring Visits Were Not Documented</u></p> <p>The Division of Aviation has developed and implemented an electronic documentation format for all of the subrecipients (airports) which includes a series of files standardized for each subrecipient. One of the components of this system is an individual file for each subrecipient (airport) in which the project managers document each site visit with the following minimum:</p> <ul style="list-style-type: none"> • airport name • date of visit • project manager name • WBS #

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-28	Transportation Cecil Jones (919) 329-4020	<ul style="list-style-type: none"> • project description • any comments or special notes <p>This format standardizes documentation on subrecipient interaction for projects including site visits and also provides to development staff, director, grants administrator, and DOT management with "live", easily accessible information for the various airports and projects.</p> <p><i>Anticipated Completion Date:</i> Corrective Action was completed January, 2009</p>
		<p><u>Testing Standards Were Not Met</u></p> <p><u>Acceptance Sampling Program:</u> The Materials and Tests Unit is in the process of implementing formal audits conducted by the Section Materials Specialist in each Division. These audits will focus on the Minimum Sampling Guide requirements along with general project certification issues. These audits will be conducted 3 times a year at each Resident Engineer's office. The Materials and Tests Unit will also communicate the need to comply with the Minimum Sampling Guide to the Divisions.</p> <p><i>Anticipated Completion Date:</i> April, 2009</p>
08-SA-29	Crime Control and Public Safety H. Douglas Hoell, Jr. (919) 733-3825	<p><u>Inadequate Access and Program Change Controls for the Public Assistance Management System</u></p> <p>The Department agrees with this finding. We have implemented procedures requiring approval of any access or programming changes to the Public Assistance Management System, documented by two levels of supervision.</p> <p><i>Anticipated Completion Date:</i> Completed.</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-30	Elizabeth City State University Kenneth Wilson (252) 335-3282	<p><u>Inadequate Reconciliation of Student Financial Aid Awards</u></p> <p>The Offices of Financial Aid, Student Accounts, and Contracts & Grants have agreed on the reconciliations to be performed in order to comply with this finding.</p> <p><i>Anticipated Completion Date:</i> Corrective action was completed on February 23, 2009.</p>
08-SA-31	Fayetteville State University Kamesia Ewing (910) 672-1712 Sarah Baker (910) 672-1858	<p><u>Untimely Return of Federal Funds</u></p> <p>The manual paper process for a University Withdrawal was reinstated and the on-line process was discontinued. The student begins the process in the Center for Personal Development. The student or Center staff physically walks the paperwork to each individual office to include the Business Office and Financial Aid Office, for notification and signature. Once the paperwork reaches the Registrar's office, it is processed in the student information system. The manual process ensures that Financial Aid is notified of the effective withdrawal date and can take the necessary steps to complete their process to ensure unearned funds are returned to the Federal Government within the required timeframe. The Office of the Registrar will also revise the University Withdrawal Form to inform students and offices: "This form must be completed and submitted to the Office of the Registrar within seven (7) calendar days. If not, the form will not be accepted and the process must be re-initiated."</p> <p><i>Anticipated Completion Date:</i> Reinstitution of paper process completed January, 2008. Form modification will be completed by the close of spring 2009 semester.</p>
08-SA-32	UNC-Pembroke Bruce Blackmon (910) 521-6366	<p><u>Inadequate Reconciliations of Student Financial Aid Awards</u></p> <p>The University agrees that monthly reconciliations should be performed between Financial Aid and the Business Office, regarding federal awards. The University is developing a protocol to ensure that monthly reconciliations are performed and documented between Financial Aid and the Business Office.</p> <p><i>Anticipated Completion Date:</i> March 31, 2009.</p>
08-SA-33	UNC-Pembroke Bruce Blackmon (910) 521-6366	<p><u>Inappropriate System Access Rights to Financial Aid Data</u></p> <p>The University "went live" with Banner Financial Aid in July 2007. During the initial set-up of this new system, employees were given access rights beyond their current levels of responsibility. This access was never curtailed after Banner Financial Aid was fully implemented. The University limited access rights to those necessary to carry out job responsibilities – corrective action was completed on February 25, 2009.</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
		<p>UNCP has limited the Financial Aid Administrator class (the function in Banner which controls all processing rules) to the Associate Director of Technology and Support, who does not award financial aid to students. UNCP has limited the Banner screen, which logs all user access, to the Associate Director of Technology and Support.</p>
		<p>University Financial Aid staff have multiple security classes and in some situations there are overlapping job responsibilities, due to the limited number of Financial Aid staff. However, the Director of Financial Aid has reviewed (corrective action was completed on February 25, 2009) the appropriate Banner access of each Financial Aid employee and will review this access bi-annually, in January and July, to ensure that appropriate security access consistent with job responsibilities.</p>
		<p>The University has eliminated the multiple user ID of the Financial Aid employee detailed in the audit findings.</p>
		<p><i>Anticipated Completion Date:</i> February 27, 2009</p>
08-SA-34	<p>Winston-Salem State University Tomikia LeGrande (336) 750-2250</p>	<p><u>Weakness in the Student Financial Aid Application Verification Process</u></p> <p>The University has improved internal control as it relates to the eligibility verification process which ensures that all student application data are verified in accordance with program requirements for students selected for verification by the central processor. Appropriate documentation will be maintained electronically and serve as evidence that the verification process occurred through implementation of document management procedures for securing information in student files. The University will implement quarterly audit procedures to ensure that the eligibility verification process through evidence has occurred.</p>
		<p><i>Anticipated Completion Date:</i> February 15, 2009.</p>
08-SA-35	<p>Winston-Salem State University Tomikia LeGrande (336) 750-2250</p>	<p><u>Student Financial Aid Funds Not Returned to Providers as Required</u></p> <p>Procedures in Financial Aid have been established to identify students with all W-withdraw, I-incomplete, or F-failure grades at mid-term and at the end of the semester to identify potential unofficial withdrawals. The University is in the process of introducing a class attendance policy that will require faculty to call class roll for the first ten days of each semester. This will assist in identifying students who are not attending class regularly and who are unlikely to earn Title IV funding support. In addition, new procedures have been implemented to disseminate a student withdrawal report from the Office of the Registrar on a weekly basis to ensure accurate calculation and timely return of Title IV fund repayments. The University will ensure that federal funds that are unearned by students who withdraw from the</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
		<p>University are returned to the federal government or appropriate lender within the required timeframe by implementing monthly audit procedures.</p> <p><i>Anticipated Completion Date:</i> February 15, 2009.</p>
08-SA-36	Public Instruction Everly Broadway (919) 807-3838 Donna Brown (919) 807-3959	<p><u>Failure to Monitor for the Participation of Private School Children Requirement</u></p> <p>The request for proposal for the Math and Science Partnership does have an assurance statement that the local education agency signs stating non-public schools will be notified of their eligibility to participate in the grant program. In the future subrecipients will also be required to send evidence of the invitation to non-public schools with their interim reports. The Migrant Education program has revised the monitoring protocol to include a compliance test in which LEA documentation is reviewed for evidence of the consultation with private school officials.</p> <p><i>Anticipated Completion Date:</i> Corrective action was completed on December 5, 2008.</p>
08-SA-37	Public Instruction Paul LeSieur (919) 807-3701	<p><u>Inadequate Subrecipient Monitoring</u></p> <p>The Department of Public Instruction (DPI) began fiscal monitoring of the Special Education subrecipients in March 2008. The fiscal monitoring of Special Education subrecipients is performed in conjunction with on-site Title I and Title III monitoring visits. There are six such monitoring visits planned for 2008-09. DPI also continues to perform desk reviews of the subrecipients' annual audit reports.</p> <p><i>Anticipated Completion Date:</i> Corrective action was completed on March 31, 2008.</p>
08-SA-38	Caldwell Community College & Technical Institute Dr. Kenneth A. Boham, President (828) 726-2211	<p><u>Error in Schedule of Expenditures of Federal Awards</u></p> <p>The College will ensure that all federal expenditures are included in the Schedule of Expenditures of Federal Awards in compliance with federal reporting requirements.</p> <p><i>Anticipated Completion Date:</i> August 31, 2009.</p>
08-SA-39	Elizabeth City State University Kenneth Wilson (252) 335-3282	<p><u>Inadequate Reconciliation of Student Financial Aid Awards</u></p> <p>See 08-SA-30 for Corrective Action Plan.</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-40	Elizabeth City State University Kenneth Wilson (252) 335-3282	<u>Federal Loan Funds Not Disbursed Timely</u> This finding was corrected during the fall semester 2008. Faculty members verify enrollment prior to any disbursements. <i>Anticipated Completion Date:</i> Corrective action was completed on August 19, 2008.
08-SA-41	Fayetteville State University Kamesia Ewing (910) 672-1712 Sarah Baker (910) 672-1858	<u>Untimely Return of Federal Funds</u> See 08-SA-31 for Corrective Action Plan.
08-SA-42	Fayetteville State University Kamesia Ewing (910) 672-1712 Sarah Baker (910) 672-1858	<u>Untimely Notice to Lender of Changes in Students' Status</u> Several changes were made to correct this issue. -The manual paper process for a University Withdrawal was reinstated and the on-line process was discontinued. The student begins the process in the Center for Personal Development. The student or Center staff physically walks the paperwork to each individual office to include the Business Office and Financial Aid Office, for notification and signature. The Office of the Registrar will also revise the University Withdrawal Form to inform students and offices: "This form must be completed and submitted to the Office of the Registrar within seven (7) calendar days. If not, the form will not be accepted and the process must be re-initiated." -The University does not require etEnvPathnamestudents to supply social security numbers upon application (it is optional). The Office of the Registrar will request social security numbers from the Office of Financial Aid for those students identified by the Banner batch report as not having a number listed on the student file. -Staff training will occur and the Office of the Registrar will report on a monthly basis student status changes to the National Student Clearinghouse to ensure timely updating. All of these changes will ensure that the University submits all student data to the National Student Clearinghouse in a timely manner. <i>Anticipated Completion Date:</i> Reinstitution of paper process completed January, 2008. Training and other changes are projected to be completed by the close of spring 2009 semester.

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-43	UNC-Pembroke Bruce Blackmon (910) 521-6366	<u>Inadequate Reconciliations of Student Financial Aid Awards</u> See 08-SA-32 for Corrective Action Plan.
08-SA-44	UNC-Pembroke Bruce Blackmon (910) 521-6366	<u>Inappropriate System Access Rights to Financial Aid Data</u> See 08-SA-33 for Corrective Action Plan.
08-SA-45	UNC-Pembroke Bruce Blackmon (910) 521-6366	<u>Incorrect Federal Aid Awards</u> The University agrees with this audit finding. Financial Aid will conduct a random review of Financial Aid files each semester to reduce the number of errors and ensure that students are receiving the correct amount of financial aid. This review will include periodic reviews of student folders. The Director of Financial Aid or the Associate Director will sample the work of each aid counselor to ensure compliance with federal guidelines. The University has begun the process of collecting unearned financial aid from the two (2) over-awards discovered during this audit. <i>Anticipated Completion Date:</i> March 13, 2009 for the overaward returns. May 1, 2009 for the random review of files.
08-SA-46	UNC-Pembroke Sharon Kissick (910) 521-6301	<u>Untimely Notice to Lender of Changes in Students' Status</u> The University agrees that it failed to notify the National Student Clearinghouse as required by federal guidelines. In the future, to correct the untimely notice of changes in student status, the Registrar will submit withdrawal notices to the National Student Clearinghouse within thirty (30) days of discovery. This specific task has been assigned to the Associate Registrar and has been added to his/her work plan. <i>Anticipated Completion Date:</i> February 27, 2009.
08-SA-47	UNC-Pembroke Bruce Blackmon (910) 521-6366	<u>Errors in the Return of Federal Funds</u> Financial Aid is reviewing all returns to Title IV (also know as R2T4) for the 2007-08 award year and will make adjustments as necessary to ensure returns are correct. The University will return to the Department of Education all unearned student financial aid immediately after concluding its review of past calculations. Financial Aid has reviewed all returns to Title IV completed for the 2008-09 award year to ensure that they are correct.

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
		<p>Financial Aid will complete the good practice assessments for Return to Title IV found on the U.S. Department of Education website : http://www.ifap.ed.gov/qahome/fsaassessment.html</p>
		<p>The Vice Chancellor for Enrollment Management, Registrar, Dean of Graduate Studies, the Associate Vice-Chancellor of Academic Affairs and the Director of Financial Aid met to review the University's student withdrawal policy and procedures. As a result of this review, Graduate Studies has amended their withdrawal application. The Registrar is in the process of amending both their online and paper withdrawal processes. The Registrar will record the last date of attendance into Banner within one week after the student has given notice of their intent to withdraw. Financial Aid will pull a report of new withdrawals every two weeks and perform the return calculation for these students. The Director of Financial Aid or the Associate Director of Financial Aid will review both the withdrawal report and the calculations on a monthly basis to ensure compliance with federal guidelines.</p> <p><i>Anticipated Completion Date:</i> Completion of the review of 07-08 years March 31, 2009. Completion of the good practice assessments April 30, 2009.</p>
08-SA-48	Winston-Salem State University Tomikia LeGrande (336) 750-2250	<p><u>Student Financial Aid Over-Awards and Errors</u></p> <p>The University has improved internal controls to ensure that student financial aid is awarded in accordance with federal regulations. Currently, cost of attendance budgets have been established and standardized for similar student groups. Students may request in writing that the cost of attendance be increased based on documented expenses not considered in the initial budget required to continue their educations. Revisions to established budgets must be documented and approved. The University will implement quarterly audit procedures to ensure that changes to student financial aid budgets are documented.</p> <p><i>Anticipated Completion Date:</i> February 15, 2009.</p>
08-SA-49	Winston-Salem State University Tomikia LeGrande (336) 750-2250	<p><u>Weakness in the Student Financial Aid Application Verification Process</u></p> <p>See 08-SA-34 for Corrective Action Plan.</p>
08-SA-50	Winston-Salem State University Tomikia LeGrande (336) 750-2250	<p><u>Student Financial Aid Funds Not Returned to Providers as Required</u></p> <p>See 08-SA-35 for Corrective Action Plan.</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-51	Elizabeth City State University Kenneth Wilson (252) 335-3282	<u>Inadequate Reconciliation of Student Financial Aid Awards</u> See 08-SA-30 for Corrective Action Plan.
08-SA-52	UNC-Pembroke Bruce Blackmon (910) 521-6366	<u>Inadequate Reconciliations of Student Financial Aid Awards</u> See 08-SA-32 for Corrective Action Plan.
08-SA-53	UNC-Pembroke Bruce Blackmon (910) 521-6366	<u>Inappropriate System Access Rights to Financial Aid Data</u> See 08-SA-33 for Corrective Action Plan.
08-SA-54	Winston-Salem State University Tomikia LeGrande (336) 750-2250	<u>Weakness in the Student Financial Aid Application Verification Process</u> See 08-SA-34 for Corrective Action Plan.
08-SA-55	Elizabeth City State University Kenneth Wilson (252) 335-3282	<u>Inadequate Reconciliation of Student Financial Aid Awards</u> See 08-SA-30 for Corrective Action Plan.
08-SA-56	UNC-Pembroke Bruce Blackmon (910) 521-6366	<u>Inadequate Reconciliations of Student Financial Aid Awards</u> See 08-SA-32 for Corrective Action Plan.
08-SA-57	UNC-Pembroke Bruce Blackmon (910) 521-6366	<u>Inappropriate System Access Rights to Financial Aid Data</u> See 08-SA-33 for Corrective Action Plan.
08-SA-58	Winston-Salem State University Tomikia LeGrande (336) 750-2250	<u>Weakness in the Student Financial Aid Application Verification Process</u> See 08-SA-34 for Corrective Action Plan.
08-SA-59	Elizabeth City State University Kenneth Wilson (252) 335-3282	<u>Inadequate Reconciliation of Student Financial Aid Awards</u> See 08-SA-30 for Corrective Action Plan.

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-60	Elizabeth City State University Kenneth Wilson (252) 335-3282	<u>Ineligible Federal Aid Recipients</u> This finding has been corrected. The academic histories of all students for the last ten years have been entered into Banner in order to avoid this problem in the future. The Office of the Registrar also maintains the academic history on students who attended the University more than 10 years ago. <i>Anticipated Completion Date:</i> Corrective action was completed on August 20, 2007
08-SA-61	Fayetteville State University Kamesia Ewing (910) 672-1712 Sarah Baker (910) 672-1858	<u>Untimely Return of Federal Funds</u> See 08-SA-31 for Corrective Action Plan.
08-SA-62	Roanoke-Chowan Community College Carolyn LaDow (252) 862-1316	<u>Untimely Return of Federal Funds</u> The financial aid office has received a query from IT that can be run periodically throughout the semester to check for possible Return of Title IV. The offices of Financial Aid, Registrar, Business Office, and Instruction have met to educate and emphasize the importance of Return of Title IV and compliance issues. Financial Aid and the Registrar's Office will work more closely to ensure the receipt of all processed student drop/withdrawal forms in a timely manner. The Financial Aid Office will create a spreadsheet to be shared with the Business Office Controller that will list all Return of Title IV eligible students and the date funds need to be returned to remain in compliance with the 45 day ruling. <i>Anticipated Completion Date:</i> February 28, 2009.
08-SA-63	UNC-Pembroke Bruce Blackmon (910) 521-6366	<u>Inadequate Reconciliations of Student Financial Aid Awards</u> See 08-SA-32 for Corrective Action Plan.
08-SA-64	UNC-Pembroke Bruce Blackmon (910) 521-6366	<u>Inappropriate System Access Rights to Financial Aid Data</u> See 08-SA-33 for Corrective Action Plan.

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-65	UNC-Pembroke Bruce Blackmon (910) 521-6366	<u>Incorrect Federal Aid Awards</u> See 08-SA-45 for Corrective Action Plan.
08-SA-66	UNC-Pembroke Bruce Blackmon (910) 521-6366	<u>Errors in the Return of Federal Funds</u> See 08-SA-47 for Corrective Action Plan.
08-SA-67	Winston-Salem State University Tomikia LeGrande (336) 750-2250	<u>Weakness in the Student Financial Aid Application Verification Process</u> See 08-SA-34 for Corrective Action Plan.
08-SA-68	Winston-Salem State University Tomikia LeGrande (336) 750-2250	<u>Student Financial Aid Funds Not Returned to Providers as Required</u> See 08-SA-35 for Corrective Action Plan.
08-SA-69	Health and Human Services Debbie Jackson (919) 733-9822 Patricia Harper (919) 855-3592 Bob Duke (919) 855-3735	<u>Rehabilitation Services – Vocational Rehabilitation Grants to States Program Claims Were Not Properly Paid</u> In all of the cases where an overpayment occurred the payee has been contacted and a refund has been requested in accordance with Departmental cash management policy. In addition, all adjustment payments to providers have been made. The Department will continue to strengthen internal controls to ensure that all claims are properly documented, processed, and paid. Training, monitoring, and evaluation of staff performance will continue. During the audit, an IPE form was not signed by a client of the Division of Services for the Blind. This financial needs form will be signed by the consumer if the client can be located. The services missing from an IPE for a client of the Division of Vocational Rehabilitation Services will be added to the IPE and the federal share of the questioned costs will be reclassified to State funds. The federal share (\$354.10) of the \$450.00 in identified overpayments due to the incorrect IPE will be reclassified by a journal entry to 100% state dollars. The Division of Vocational Rehabilitation Services will continue to work and foster communication with the Division of Medical Assistance to ensure that all reimbursement rates are received and implemented in a timely manner. The Division is currently investigating an opportunity that would allow it to enter into a contract with First Data Bank. First Data Bank, the vendor that contracts with EDS (Medicaid's fiscal intermediary), supplies the

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-70	Health and Human Services Patricia Harper (919) 855-3592	<p>pharmaceutical rate file from which Medicaid claims are priced and paid. The Division will enlist the Division of Information Resources Management to assist in the evaluation of system requirements to allow rates to be uploaded into the existing computer system.</p> <p><i>Anticipated Completion Date:</i> Corrective action for the adjustments was completed on February 23, 2009. The reclassification and recoupment by the Controller's Office will be completed by June 30, 2009. The IPE will be signed by the DSB client and the IPE for the DVR client will be corrected by March 31, 2009. Communication with DMA's Rate Setting Section occurs on an ongoing basis. The negotiations and investigation of First Data Bank is in the beginning stages. An agreement with First Data Bank is anticipated be reached by April 30, 2009</p> <p><u>Deficiencies in the Documentation of Client Eligibility</u></p> <p>Corrective action for these findings includes the following:</p> <ol style="list-style-type: none"> (1) Increased random monitoring for eligibility documentation is planned that will result in a developmental plan for performance in these areas if a pattern of errors is identified. (2) Eligibility Extension Forms: Training for Regional Directors, Managers, and Counselors will be provided to increase the effective use of the error report that enables managers to monitor cases approaching the 60 day limit. In addition, Managers will review the error report once a quarter and provide a report to the Regional Director. The Division Director will review these reports quarterly with Regional Directors. (3) Financial Need Test: Training regarding the financial needs test will be provided to each Unit Office. An automated edit and/or reminder will be implemented in the case management system to ensure accurate completion of the form prior to expenditure of funds. <p><i>Anticipated Completion Date:</i> April 30, 2009</p>
08-SA-71	Health and Human Services Debbie Jackson (919) 733-9822	<p><u>Control Weaknesses Over Fixed Asset Inventory</u></p> <p>Of the 67 items cited as missing, all but 2 have been accounted for. Efforts will continue to determine the disposition of those two items. The Division of Services for the Blind will implement a back-up system to ensure continuity in fixed assets tracking in the future.</p> <p><i>Anticipated Completion Date:</i> June 30, 2009</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-72	Public Instruction Paul LeSieur (919) 807-3701	<u>Inadequate Subrecipient Monitoring</u> See 08-SA-37 for Corrective Action Plan.
08-SA-73	Elizabeth City State University Kenneth Wilson (252) 335-3282	<u>Inadequate Reconciliation of Student Financial Aid Awards</u> See 08-SA-30 for Corrective Action Plan.
08-SA-74	Elizabeth City State University Kenneth Wilson (252) 335-3282	<u>Ineligible Federal Aid Recipients</u> See 08-SA-60 for Corrective Action Plan.
08-SA-75	North Carolina Agricultural and Technical State University Scott Hummel (336) 334-4936	<u>Financial Aid Over-awards</u> We concur. This finding was a result of miscommunication of the change in residency status. The financial aid awarded to these students was subsequently adjusted and the overaward was thus eliminated. To mitigate this finding in the future, the University instituted a process whereby the Admissions Office emails the Financial Aid and the Treasurer's Offices of any change in residency status. The University will devise a system-generated report that summarizes all residency status changes. The report will be scheduled to run on a weekly basis and submitted to the Financial Aid Office and Treasurer's Office. Financial Aid will obtain the necessary documentation and make adjustments to student awards. To further supplement this process, the Treasurer's Office will review all refunds in excess of \$5,000 to ensure there are no inconsistencies. <i>Anticipated Completion Date: 5/31/2009</i>
08-SA-76	North Carolina Agricultural and Technical State University Scott Hummel (336) 334-4936	<u>Schedule of Expenditures of Federal Awards Contained Misstatements</u> We concur. The amount for direct loans was broken out by the proper CFDA number, but was also included in the net total for grants without a CFDA number for the Office of Education. The University will institute an independent reconciliation of the schedule with the general ledger to ensure that the report reconciles to the supporting documentation. <i>Anticipated Completion Date: Corrective action was completed on 11/21/2008</i>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-77	Public Instruction Helga Fasciano (919) 807-3864 Everly Broadway (919) 807-3838	<u>Failure to Comply With Federal Suspension and Debarment Requirements</u> The Title III English Language Arts application has been revised to include an assurance from the applicants that they will not do business with a vendor who has been debarred by any Federal agency. The Math and Science Partnership request for proposal will also be revised to include the debarment statement. In addition, both program areas are contacting current subrecipients requesting assurances that they will not do business with debarred vendors. <i>Anticipated Completion Date:</i> September 2009.
08-SA-78	Public Instruction Helga Fasciano (919) 807-3864	<u>Failure to Monitor for Federal Level of Effort Requirement</u> The Title III Monitoring Instrument has been revised to include a test for compliance with the requirement that the subrecipient is using Title III funds to supplement funds already allocated for the program and not to supplant previously allocated funds. <i>Anticipated Completion Date:</i> Corrective action was completed on November 21, 2008.
08-SA-79	Public Instruction Helga Fasciano (919) 807-3864 Everly Broadway (919) 807-3838	<u>Failure to Comply With Federal Suspension and Debarment Requirements</u> See 08-SA-77 for Corrective Action Plan.
08-SA-80	Public Instruction Everly Broadway (919) 807-3838 Donna Brown (919) 807-3959	<u>Failure to Monitor for the Participation of Private School Children Requirement</u> See 08-SA-36 for Corrective Action Plan.
08-SA-81	Elizabeth City State University Kenneth Wilson (252) 335-3282	<u>Inadequate Reconciliation of Student Financial Aid Awards</u> See 08-SA-30 for Corrective Action Plan.

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-82	North Carolina Agricultural and Technical State University Scott Hummel (336) 334-4936	<u>Schedule of Expenditures of Federal Awards Contained Misstatements</u> See 08-SA-76 for Corrective Action Plan.
08-SA-83	UNC-Pembroke Bruce Blackmon (910) 521-6366	<u>Inadequate Reconciliations of Student Financial Aid Awards</u> See 08-SA-32 for Corrective Action Plan.
08-SA-84	UNC-Pembroke Bruce Blackmon (910) 521-6366	<u>Inappropriate System Access Rights to Financial Aid Data</u> See 08-SA-33 for Corrective Action Plan.
08-SA-85	Elizabeth City State University Kenneth Wilson (252) 335-3282	<u>Inadequate Reconciliation of Student Financial Aid Awards</u> See 08-SA-30 for Corrective Action Plan.
08-SA-86	North Carolina Agricultural and Technical State University Scott Hummel (336) 334-4936	<u>Schedule of Expenditures of Federal Awards Contained Misstatements</u> See 08-SA-76 for Corrective Action Plan.
08-SA-87	UNC-Pembroke Bruce Blackmon (910) 521-6366	<u>Inadequate Reconciliations of Student Financial Aid Awards</u> See 08-SA-32 for Corrective Action Plan.
08-SA-88	UNC-Pembroke Bruce Blackmon (910) 521-6366	<u>Inappropriate System Access Rights to Financial Aid Data</u> See 08-SA-33 for Corrective Action Plan.
08-SA-89	Health and Human Services Robin Register (919) 334-1032	<u>Inadequate Control Over User Access to the County Administration Reimbursement System</u> Security reports are being modified to include county users. County Security Officers will be required to review these reports, which will be available in NCXPTR, to verify user access is appropriate. This requirement will be documented in the next issuance of the Security Manual and the County Self Assessment. Deficiencies in authorization

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
		documentation identified by the auditor will be reviewed and appropriate documentation will be secured.
		<i>Anticipated Completion Date:</i> December 31, 2009.
		The Division will begin working with Departmental and County Security Officers to ensure that all State and County users have appropriate documentation on file regarding access rights and level of access, according to policy set forth in the Division's Information Security Manual. Due to the large number of users for whom documentation will be obtained and processed and the administrative burden of this task on current staff, the Division anticipates completion of this task will require a phased approach over the next two State Fiscal Years.
		<i>Anticipated Completion Date:</i> August 31, 2010
08-SA-90	Health and Human Services Judy Gay (919) 733-0169	<u>Deficiencies in Cash Management Procedures</u> The Department will be seeking guidance from our cognizant Federal agency on a possible waiver/exception due to the conflict between the timing of the drawing of federal funds and the disbursements to local county entities.
		<i>Anticipated Completion Date:</i> September 30, 2009
08-SA-91	Health and Human Services Dean Simpson (919) 334-1234	<u>Deficiencies in County Eligibility Determination Process - Temporary Assistance for Needy Families Program</u> The 20 cases found with deficiencies are currently being reviewed by the Work First Representative (WFR) for the respective counties involved. The WFR will work with the county to ensure that corrective action has taken place on the identified cases. WFRs will monitor each internal control for the identified counties to ensure that a process is in place to perform second-party reviews and conduct any identified policy training to prevent future errors. WFRs will test a random sample of Work First case records for all county agencies at each on-site consultation to ensure that case records contain verifications needed to determine eligibility and that the case record meets all Work First policy requirements.
		<i>Anticipated Completion Date:</i> All cases cited with deficiencies will be reviewed and corrected by April 1, 2009. Internal Control Plans will be in place in each of the deficient counties by May 1, 2009. The WFRs will include the results of the case reviews for all county agencies in the consultation reports after each consultative visit.

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-92	Health and Human Services Dean Simpson (919) 334-1234	<p data-bbox="573 428 1463 489"><u>County Case File Not Located for Temporary Assistance for Needy Families Program</u></p> <p data-bbox="573 520 1463 581">Following the audit finding from the CPA's county audit, the county developed a corrective action plan that included:</p> <ol data-bbox="573 613 1463 888" style="list-style-type: none"> <li data-bbox="573 613 1463 674">1. Complete an inventory of all cases on the active case listing against all the case records the county has. <li data-bbox="573 705 1463 735">2. Identify cases where the record cannot be located. <li data-bbox="573 766 1463 888">3. Close out all cases in EPICS with missing files to ensure that the client will not be subject to tax intercept as a means to repay the claim. This will ensure that the State does not collect monies from a client when there is not appropriate paperwork to substantiate the claim.
		<p data-bbox="573 926 1463 1192">The county's Work First Representative (WFR) conducted follow-up with county staff to review the implementation of the County's Corrective Action Plan and to determine if subsequent corrective action was effective. An on-site visit was made to the County Department of Social Services on February 3, 2009, and the WFR validated that the process of checking the list of claims against case records in the file room had been completed. The WFR found that corrective actions had been completed and that there were no additional deficiencies and that proper documentation to substantiate EPICS claims was maintained.</p> <p data-bbox="573 1230 1463 1318"><i>Anticipated Completion Date:</i> The County DSS corrective action plan was completed on October 20, 2008. Follow up and validation was completed February 3, 2009.</p>
08-SA-93	Health and Human Services Robin Register (919) 334-1032	<p data-bbox="573 1356 1463 1381"><u>Inadequate Control Over User Access to Eligibility Computer Systems</u></p> <p data-bbox="573 1419 1463 1564">The Divisions of Information Resource Management, Social Services, and Medical Assistance staff are in the process of working with members of county administration offices to ensure that individuals with need to access the Eligibility Information System (EIS) are properly documented and access is requested through Customer Service.</p> <p data-bbox="573 1602 1463 1900">County Security Officers will be responsible for securing and maintaining the authorization forms and for reviewing the list of users to certify whether access is still needed and that the authorizations are on file. EIS security review reports, which include county users, are available to the county Security Officers in NCXPTR for the fulfillment of a County Self Assessment program, in which counties will conduct reviews of necessary employees with access to EIS. The county and the Department reviews of appropriate authorization for access and access levels will be conducted in accordance with Statewide Information Security Manual and DHHS policies effective December 12, 2006 and July 1, 2007. Deficiencies in authorization</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-94	Health and Human Services Robin Register (919) 334-1032	documentation identified by the auditor will be reviewed and appropriate documentation will be secured. <i>Anticipated Completion Date:</i> Review of deficiencies and implementation of periodic reviews will be completed by December 31, 2009. Ensuring that all required authorizations are on file will be completed by August 31, 2010.
08-SA-94	Health and Human Services Robin Register (919) 334-1032	<u>Inadequate Control Over User Access to the County Administration Reimbursement System</u> Security reports are being modified to include county users. County Security Officers will be required to review these reports, which will be available in NCXPTR, to verify user access is appropriate. This requirement will be documented in the next issuance of the Security Manual and the County Self Assessment. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured. <i>Anticipated Completion Date:</i> December 31, 2009 The Division will begin working with Departmental and County Security Officers to ensure that all State and County users have appropriate documentation on file regarding access rights and level of access, according to policy set forth in the Division's Information Security Manual. Due to the large number of users for whom documentation will be obtained and processed and the administrative burden of this task on current staff, the Division anticipates completion of this task will require a phased approach over the next two State Fiscal Years. <i>Anticipated Completion Date:</i> August 31, 2010
08-SA-95	Health and Human Services Judy Gay (919) 733-0169	<u>Deficiencies in Cash Management Procedures</u> The Department will be seeking guidance from our cognizant Federal agency on a possible waiver/exception due to the conflict between the timing of the drawing of federal funds and the disbursements to local county entities. <i>Anticipated Completion Date:</i> September 30, 2009
08-SA-96	Health and Human Services Beth Amos (919) 255-3805	<u>Appropriate Action Not Taken in Child Support Cases</u> As a result of corrective action, the statewide compliance score in Interstate has risen from 39% in 2003 to the current compliance rate of 72%. Improvement will continue as local office supervisors require staff to complete needed actions on cases identified by monthly self-assessment reporting and as offices that are not in compliance, implement their own corrective action plans.

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
		<p>As a result of corrective action, the statewide compliance score in Establishment has risen from 35% in 2002 to the current compliance rate of 59%. In order to continue improvement, field staff will continue to have local office supervisors review self-assessment reports and have staff take appropriate case actions. They will also continue to work with local offices to develop, implement and monitor their own corrective action plans for Establishment improvement. However; it is very difficult if not impossible, for the federal Establishment timeframes to be met in local offices where agent caseloads range from 400 to 600 cases. Currently, six of sixteen state-operated offices are in compliance with Establishment timeframes and thirty-six of seventy-one county-operated offices are in compliance. DHHS has created twenty-nine new agent positions and one new supervisor position for nine of the state-operated local child support offices. Due to the current budget crisis, these positions are frozen. When the thirty positions can be filled, the state-operated CSE offices will see even greater improvement in their compliance rates for Establishment. Staffing levels and caseload size in county-operated offices will continue to directly affect improvement in this area.</p> <p><i>Anticipated Completion Date:</i> Compliance in the area of Interstate is anticipated by June 30, 2010. Compliance in the area of Establishment will remain an issue until worker caseloads in the majority of local offices are reduced to a more manageable size.</p>
08-SA-97	Health and Human Services Daisy Blue (919) 255-3896	<p><u>Inadequate Control Over User Access to the Automated Collection Tracking System (ACTS)</u></p> <p>The Child Support Enforcement Program has taken the following actions to protect the confidentiality and integrity of information in ACTS.</p> <p>Corrective action has been completed for the three findings. The IRAAF form was submitted June 5, 2008, to the DIRM Help Desk to revoke the RACF ID for the DIRM on-call ID worker. The ID was also deleted from the ACTS worker profile table. Appropriate documentation was secured for the enforcement agent on June 5, 2008, and for the child support agent II on June 16, 2008.</p> <p>A change in the oversight and management of employee access to ACTS was implemented in April 2008. Beginning with the April-June 2008 quarter, a review and certification of ACTS users is required of all ACTS supervisors. The review and certification process is monitored by the Central Office Security Officer. A query report in the Client Services Data Warehouse is used for this purpose. The Security Officer sends an email to the supervisors of all ACTS users approximately two (2) weeks prior to the due date of each quarterly certification. Receipt of the report certifying users is tracked using an Excel spreadsheet. The Security Officer sends a reminder email message to supervisors who do not submit the report within</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-98	Information Technology Services Brenda Wilkins (919) 754-6346	<p>30 days of the due date. If the report is more than 30 days late, all users reporting to that supervisor are subject to immediate revocation.</p> <p>A new worker profile form is required of all users annually. New forms were secured for all ACTS users in July 2008. The Central Office Security Officer sends an email message to ACTS supervisors approximately two (2) weeks prior to the due date. Receipt of the new forms is tracked using an Excel spreadsheet. The Security Officer sends a reminder email message to supervisors who do not submit the new forms within 30 days of the due date. If new forms are not received within 30 days of the due date, the users are subject to immediate revocation.</p> <p><i>Anticipated Completion Date:</i> Corrective action for the three deficiencies was completed May 28, 2008. Corrective action to improve the oversight and access management was implemented in April 2008.</p> <p><u>Unallowable Costs Transferred to the Computing Services Fund</u></p> <p>ITS partially agrees with this finding. A portion of the \$500k transferred from the SAS Licensing Fund to the Computing Services Funds did benefit the agencies charged for computing services. Approximately \$251k of the \$500k was allowable as it supports SAS licenses that are deployed by State Agencies.</p> <p>ITS has recalculated the refund which created a difference of \$7,645.95 for Computing Services. This difference will be applied to the agencies' subsequent year's refund(s). ITS will more carefully analyze each proposed transfer from a "Billed Service Fund" to determine the correctness of each transfer as an allowable cost, based on the Circular A-87 Guidelines. Additionally, ITS has created distinctive call centers beginning this fiscal year to assist in tracking these expenses.</p> <p><i>Anticipated Completion Date:</i> The recalculation was completed on February 18, 2009 and the difference will be applied during the next refund cycle.</p>
08-SA-99	Health and Human Services Robin Register (919) 334-1032	<p><u>Inadequate Control Over User Access to the County Administration Reimbursement System</u></p> <p>Security reports are being modified to include county users. County Security Officers will be required to review these reports, which will be available in NCXPTR, to verify user access is appropriate. This requirement will be documented in the next issuance of the Security Manual and the County Self Assessment. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p><i>Anticipated Completion Date:</i> December 31, 2009.</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-100	Health and Human Services Judy Gay (919) 733-0169	<p>The Division will begin working with Departmental and County Security Officers to ensure that all State and County users have appropriate documentation on file regarding access rights and level of access, according to policy set forth in the Division's Information Security Manual. Due to the large number of users for whom documentation will be obtained and processed and the administrative burden of this task on current staff, the Division anticipates completion of this task will require a phased approach over the next two State Fiscal Years.</p> <p><i>Anticipated Completion Date:</i> August 31, 2010</p> <p><u>Deficiencies in Cash Management Procedures</u></p> <p>The Department will be seeking guidance from our cognizant Federal agency on a possible waiver/exception due to the conflict between the timing of the drawing of federal funds and the disbursements to local county entities.</p> <p><i>Anticipated Completion Date:</i> September 30, 2009</p>
08-SA-101	Health and Human Services Robin Register (919) 334-1032	<p><u>Inadequate Control Over User Access to the Foster Care Financial Systems</u></p> <p>Security reports are being modified to include county users. County Security Officers will be required to review these reports, which will be available in NCXPTR, to verify user access is appropriate. This requirement will be documented in the next issuance of the Security Manual and the County Self Assessment. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p><i>Anticipated Completion Date:</i> December 31, 2009.</p> <p>The Division will begin working with Departmental and County Security Officers to ensure that all State and County users have appropriate documentation on file regarding access rights and level of access, according to policy set forth in the Division's Information Security Manual. Due to the large number of users for whom documentation will be obtained and processed and the administrative burden of this task on current staff, the Division anticipates completion of this task will require a phased approach over the next two State Fiscal Years.</p> <p><i>Anticipated Completion Date:</i> August 31, 2010</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-102	Health and Human Services Robin Register (919) 334-1032	<p><u>Inadequate Control Over User Access to the County Administration Reimbursement System</u></p> <p>Security reports are being modified to include county users. County Security Officers will be required to review these reports, which will be available in NCXPTR, to verify user access is appropriate. This requirement will be documented in the next issuance of the Security Manual and the County Self Assessment. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p><i>Anticipated Completion Date:</i> December 31, 2009.</p> <p>The Division will begin working with Departmental and County Security Officers to ensure that all State and County users have appropriate documentation on file regarding access rights and level of access, according to policy set forth in the Division's Information Security Manual. Due to the large number of users for whom documentation will be obtained and processed and the administrative burden of this task on current staff, the Division anticipates completion of this task will require a phased approach over the next two State Fiscal Years.</p> <p><i>Anticipated Completion Date:</i> August 31, 2010</p>
08-SA-103	Health and Human Services Judy Gay (919) 733-0169	<p><u>Deficiencies in Cash Management Procedures</u></p> <p>The Department will be seeking guidance from our cognizant Federal agency on a possible waiver/exception due to the conflict between the timing of the drawing of federal funds and the disbursements to local county entities.</p> <p><i>Anticipated Completion Date:</i> September 30, 2009</p>
08-SA-104	Health and Human Services Charisse Johnson (919) 334-1133	<p><u>Insufficient Monitoring Efforts for the Foster Care Program</u></p> <p>To ensure that the IV-E Foster Care monitoring tool is correctly completed, training was provided to Child Welfare Monitors on October 30, 2008. The IV-E tool had clarifying instructions to aid in a more thorough and accurate completion of the tool. Monitors have been provided access to the state systems for licensing (FCFLS), payments (CPPS), and services (SIS) to ensure adequate eligibility determination verification. Monitors will receive additional training on use of the systems.</p> <p><i>Anticipated Completion Date:</i> April 30, 2009.</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-105	Health and Human Services Robin Register (919) 334-1032	<p><u>Inadequate Control Over User Access to the Adoption Assistance Financial System</u></p> <p>Security reports are being modified to include county users. County Security Officers will be required to review these reports, which will be available in NCXPTR, to verify user access is appropriate. This requirement will be documented in the next issuance of the Security Manual and the County Self Assessment. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p><i>Anticipated Completion Date:</i> December 31, 2009.</p> <p>The Division will begin working with Departmental and County Security Officers to ensure that all State and County users have appropriate documentation on file regarding access rights and level of access, according to policy set forth in the Division's Information Security Manual. Due to the large number of users for whom documentation will be obtained and processed and the administrative burden of this task on current staff, the Division anticipates completion of this task will require a phased approach over the next two State Fiscal Years.</p> <p><i>Anticipated Completion Date:</i> August 31, 2010</p>
08-SA-106	Health and Human Services Robin Register (919) 334-1032	<p><u>Inadequate Control Over User Access to the County Administration Reimbursement System</u></p> <p>Security reports are being modified to include county users. County Security Officers will be required to review these reports, which will be available in NCXPTR, to verify user access is appropriate. This requirement will be documented in the next issuance of the Security Manual and the County Self Assessment. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p><i>Anticipated Completion Date:</i> December 31, 2009.</p> <p>The Division will begin working with Departmental and County Security Officers to ensure that all State and County users have appropriate documentation on file regarding access rights and level of access, according to policy set forth in the Division's Information Security Manual. Due to the large number of users for whom documentation will be obtained and processed and the administrative burden of this task on current staff, the Division anticipates completion of this task will require a phased approach over the next two State Fiscal Years.</p> <p><i>Anticipated Completion Date:</i> August 31, 2010</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-107	Health and Human Services Charisse Johnson (919) 334-1133	<p><u>Deficiencies in County Eligibility Determination Process - Adoption Assistance Program</u></p> <p>IV-E training is being piloted for county staff. Although the training has a focus on Foster Care, it offers some basic IV-E tenets, such as identifying appropriate court orders and correctly determining countable income and family size. These will aid in correctly determining eligibility.</p> <p>The Adoption Assistance policy has also been revised to clarify eligibility requirements for adoption assistance benefits. The Children Program Representatives have started a procedure by which each child entering foster care is also screened for IV-E eligibility, which should improve eligibility determination for IV-E Adoption Assistance.</p> <p><i>Anticipated Completion Date:</i> The revised Adoption Assistance policy will be published by March 31, 2009. The Foster Care training target completion date is June 30, 2009.</p>
08-SA-108	Health and Human Services Charisse Johnson (919) 334-1133	<p><u>Improvements Needed With Adoption Assistance - Title IV-E Monitoring Efforts</u></p> <p>To better document and follow up on the IV-E Adoption Assistance monitoring findings a corrective action plan form and a payment adjustment referral form have been developed. These forms have been added to the monitoring plan effective January 2009. The monitoring plan has also been revised to provide guidance on the selection of cases and oversampling of cases to mitigate variances in cases tested and those not tested but reported in final monitoring results. Further, the manager of the monitoring team now maintains a log of all sample selections for all programs. These changes will be reviewed and refined as needed.</p> <p><i>Anticipated Completion Date:</i> March 31, 2009.</p>
08-SA-109	Health and Human Services Robin Register (919) 334-1032	<p><u>Inadequate Control Over User Access to the County Administration Reimbursement System</u></p> <p>Security reports are being modified to include county users. County Security Officers will be required to review these reports, which will be available in NCXPTR, to verify user access is appropriate. This requirement will be documented in the next issuance of the Security Manual and the County Self Assessment. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p><i>Anticipated Completion Date:</i> December 31, 2009.</p> <p>The Division will begin working with Departmental and County Security Officers to ensure that all State and County users have appropriate documentation on file regarding access rights and level of access,</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-110	Health and Human Services Charisse Johnson (919) 334-1133	<p>according to policy set forth in the Division's Information Security Manual. Due to the large number of users for whom documentation will be obtained and processed and the administrative burden of this task on current staff, the Division anticipates completion of this task will require a phased approach over the next two State Fiscal Years.</p> <p><i>Anticipated Completion Date:</i> August 31, 2010</p> <p><u>Deficiencies in the Social Services Block Grant Monitoring Procedures</u></p> <p>To enhance the SSBG monitoring procedures, Child Welfare monitors now have inquiry access to the state licensing system (FCFLS), the payment system (CPPS), and services (SIS). The inquiry access to the systems will allow monitors to verify the source of payment and verify the licensure status to determine eligibility. The SSBG tool is under review for revisions and training is scheduled for March 2009. Follow up procedures now include a payment adjustment referral form and corrective action plan form that have been added to the plan, for the Local Business Liaison's and the Children Program Representatives to complete with the county according to the monitoring plan.</p> <p><i>Anticipated Completion Date:</i> May 2009.</p>
08-SA-111	Health and Human Services Cinnamon Narron (919) 855-4000	<p><u>Deficiencies in County Eligibility Determination Process - State Children's Insurance Program</u></p> <p>The findings have been referred to the Medicaid Program Representatives for the five counties in question to verify that corrective action is taken on the questioned cases. The importance of documentation and verification will continue to be addressed in training. The Division of Medical Assistance is currently involved in a county partnership group to study more effective ways of partnering and monitoring of counties which will also include training topics.</p> <p><i>Anticipated Completion Date:</i> June 30, 2009</p>
08-SA-112	Health and Human Services Jonnette Earnhardt (919) 855-4002	<p><u>Inadequate Control Over User Access to the Eligibility Computer System</u></p> <p>The Divisions of Information Resource Management, Social Services, and Medical Assistance staff are in the process of working with members of county administration offices to ensure that individuals with need to access the Eligibility Information System (EIS) are properly documented and access is requested through Customer Service.</p> <p>County Security Officers will be responsible for securing and maintaining the authorization forms and for reviewing the list of users to certify whether access is still needed and that the authorizations are on file. EIS security</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-113	State Health Plan for Teachers and State Employees Mona M. Moon (919) 881-2300	<p>review reports, which include county users, are available to the county Security Officers in NCXPTR for the fulfillment of a County Self Assessment program, in which counties will conduct reviews of necessary employees with access to EIS. The county and the Department reviews of appropriate authorization for access and access levels will be conducted in accordance with Statewide Information Security Manual and DHHS policies effective December 12, 2006 and July 1, 2007. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p><i>Anticipated Completion Date:</i> Review of deficiencies and implementation of periodic reviews will be completed by December 31, 2009. Ensuring that all required authorizations are on file will be completed by August 31, 2010.</p> <p><u>Incorrect Health Insurance Claims Paid</u></p> <p>Despite the number of claims processing errors, the Plan's Claims Processing Contractor (CPC) did not exceed the maximum error rate allowed by the Plan. However, the Plan recognizes the need to minimize the number of errors and continues to work with the CPC to ensure claims are processed accurately. The CPC has taken appropriate action to correct the errors identified in the audit, which are attributed to human error. Specifically, the CPC has alerted the appropriate departmental personnel and revised its processing procedures to address the audit findings.</p> <p><i>Anticipated Completion Date:</i> Ongoing</p>
08-SA-114	Health and Human Services Lee Chavez (919) 855-4226	<p><u>Failure to Terminate User Access for the Medicaid Management Information System and Department Network</u></p> <p>DMA will review the current process for identifying when there are changes to employee status for which user access rights need to be discontinued or changed. The review is meant to identify improvement areas for which there can be an audit trail of actions needed and actions taken.</p> <p>DMA will also request user grantor generated lists of all DMA employees for each system and/or tool for which access rights are granted. The list will be used to validate employee access against the process for which access rights are granted or terminated. All affected employees will be further validated for their employment status and, if access rights require termination, the termination action will be taken. User access accounts with no activity within a pre-determined range of time will also be investigated for termination based on the use level of the account. Full reviews will be conducted quarterly.</p> <p><i>Anticipated Completion Date:</i> June 30, 2009</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-115	Health and Human Services Clarence Ervin (919) 647-8027	<p><u>Deficiencies in Medicaid Provider Billing and Payment System</u></p> <p>The 38 of the 270 Medicaid claims sampled by the Auditors and identified as erroneous or insufficiently documented payments will be corrected. Recoupment/repayments and educational letters will be sent to the affected providers. The Division will continue to further educate providers on appropriate coding and documentation requirements to achieve more correct claims billing.</p> <p><i>Anticipated Completion Date:</i> December 31, 2009</p>
08-SA-116	Health and Human Services Judy Gay (919) 733-0169	<p><u>Deficiencies in Cash Management Procedures for the Medicaid Program</u></p> <p>The Department will continue to monitor federal cash balances as closely as we can. We are also considering approaching the fiscal intermediary to explore changing the check write dates in order to be able to draw funds based on actual expenditures rather than estimates.</p> <p><i>Anticipated Completion Date:</i> December 31, 2009</p>
08-SA-117	Health and Human Services Angela Floyd (919) 855-4023	<p><u>Deficiencies In County Eligibility Determination Process - Medicaid Program</u></p> <p>The findings have been referred to the Medicaid Program Representatives for the five counties in question to verify that corrective action is taken on the questioned cases. The importance of documentation and verification will continue to be addressed in training. DMA is currently involved in a county partnership group to study more effective ways of partnering and monitoring of counties which will also include training topics.</p> <p><i>Anticipated Completion Date:</i> June 30, 2009</p>
08-SA-118	Health and Human Services Angela Floyd (919) 855-4023	<p><u>Documentation Lacking in County Medicaid Case Files</u></p> <p>The individual findings have been referred to the Medicaid Program Representatives for those counties for follow up, corrective action and training as needed in the counties audited. To date, the Medicaid Eligibility Unit has received findings for five counties. When the audit is forwarded by the Local Government Commission, the findings will be assigned to the Medicaid Program Representative for follow-up. Verification and documentation is addressed in all training provided by the Medicaid Program Representatives and will continue to be stressed statewide. As part of the Department's standard management decision process, each finding will be evaluated and the Counties' corrective action plans will be reviewed and approved.</p> <p><i>Anticipated Completion Date:</i> June 30, 2009</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-119	Health and Human Services Jonnette Earnhardt (919) 855-4002	<p data-bbox="573 428 1425 453"><u>Inadequate Control Over User Access to the Eligibility Computer System</u></p> <p data-bbox="573 491 1463 642">The Divisions of Information Resource Management, Social Services, and Medical Assistance staff are in the process of working with members of county administration offices to ensure that individuals with need to access the Eligibility Information System (EIS) are properly documented and access is requested through Customer Service.</p> <p data-bbox="573 674 1463 1035">County Security Officers will be responsible for securing and maintaining the authorization forms and for reviewing the list of users to certify whether access is still needed and that the authorizations are on file. EIS security review reports, which include county users, are available to the county Security Officers in NCXPTR for the fulfillment of a County Self Assessment program, in which counties will conduct reviews of necessary employees with access to EIS. The county and the Department reviews of appropriate authorization for access and access levels will be conducted in accordance with Statewide Information Security Manual and DHHS policies effective December 12, 2006 and July 1, 2007. Deficiencies in authorization documentation identified by the auditor will be reviewed and appropriate documentation will be secured.</p> <p data-bbox="573 1066 1463 1157"><i>Anticipated Completion Date:</i> Review of deficiencies and implementation of periodic reviews will be completed by December 31, 2009. Ensuring that all required authorizations are on file will be completed by August 31, 2010.</p>
08-SA-120	Health and Human Services Pat Jeter (919) 855-4145	<p data-bbox="573 1188 1300 1213"><u>Deficiencies in the Medicaid Program Procurement Processes</u></p> <p data-bbox="573 1255 1463 1377">The Department is willing to participate in a work group with the Department of Administration in formulating a standard request for proposal that will become the basis for state-wide temporary staffing contracts and will implement the process based on state wide guidance being provided.</p> <p data-bbox="573 1413 1463 1503">The Department has identified that the Office of Medicaid Management Information Systems (OMMIS) does have a contract with the law firm in question which is in compliance with the contractual requirements.</p> <p data-bbox="573 1545 1463 1692">The Division of Medical Assistance will be implementing new procedures to ensure the appropriate funding is in place. Also, we will be changing the process by which the contracts are entered into the North Carolina Accounting System (NCAS) to ensure the required documentation is placed appropriately in files.</p> <p data-bbox="573 1734 1463 1852"><i>Anticipated Completion Date:</i> The new procedures for funding contracts and entering data into NCAS will be corrected by June 30, 2009. The temporary service contract process changes will depend on when the Department of Administration addresses this statewide issue.</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-121	Health and Human Services Angela Floyd (919) 855-4023	<p><u>Deficiencies In Controls Over the Provider Eligibility Enrollment Process</u></p> <p>DHHS awarded a contract to Computer Sciences Corporation (CSC) to develop and implement a Replacement Medicaid Management Information System (MMIS) in support of healthcare administration for multiple DHHS agencies. Early implementation of Provider Enrollment, Verification and Credentialing (EVC) and related activities will be assumed by CSC in late April 2009. The EVC process requires that the fiscal agent perform imaging of all provider documents, contracts, agreements and attachments retrievable by State and fiscal agent staff. The fiscal agent will verify and credential all existing providers within the first year and thereafter complete re-credentialing procedures every three (3) years on all providers whose data indicates expiration of any license, accreditation, certification, or other authorizing agencies. At the direction of the State, the fiscal agent will implement suspension or termination action for providers whose licenses have been revoked or suspended by State licensing or accrediting bodies.</p> <p><i>Anticipated Completion Date:</i> 2010</p>
08-SA-122	Health and Human Services Jim Flowers (919) 641-8086	<p><u>Long-Term Care Facility Audits Not Completed Timely</u></p> <p>The two audits were completed during the first quarter of SFY 2009.</p> <p>The State Plan requires that these provider audits be completed by specified calendar dates. The Division makes every effort to complete all of the audits by the required dates while working with the providers to ensure the most accurate settlement data when issuing final settlement letters. The Division will continue to comply with the completion date requirement. Should the Division determine that settlement data is flawed such that the settlement data be unusable to affect an accurate settlement, the Division will correct the settlement data and complete the audits. In some instances, this may mean that the audits will not be completed within the required time frame. If this occurs in the future the Division will modify the State Plan to ensure compliance.</p> <p><i>Anticipated Completion Date:</i> Corrective action was completed during the first quarter of SFY 2009.</p>
08-SA-123	Health and Human Services Rhonda Moyer (919) 855-3651	<p><u>Deficiencies in the Eligibility Determination Process – HIV Care Formula Grants</u></p> <p>Management meetings will be convened to determine whether there is a need to develop more effective and appropriate administrative procedures and internal controls for all Purchase of Medical Care Services programs, including AIDS Drug Assistance.</p> <p><i>Anticipated Completion Date:</i> June 2009</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-124	Health and Human Services John Peebles (919) 715-6737	<u>Noncompliance With Maintenance of Effort Requirement for the HIV Care Formula Grants Program</u> The Department has compensating controls in place to track maintenance of effort by both state and federal fiscal years to identify possible shortfalls. Our accounting records indicate that \$3.6 million less was spent during FFY 2007 than was spent during FFY 2006. However, the Department requested and was given written authorization from HRSA allowing the Department to use liquidations of FFY 2007 obligations paid during the first quarter of FFY 2008 to cover the shortfall. <i>Anticipated Completion Date:</i> The Department is currently in compliance with MOE requirements and did, in fact, meet MOE for FFY 2007.
08-SA-125	Health and Human Services Scarlette Edwards (919) 855-3718	<u>Deficiencies in the Calculation of the Match Requirement for the HIV Care Formula Grants Program</u> The Department will meet to determine the most efficient method to record and report match. <i>Anticipated Completion Date:</i> June 30, 2009
08-SA-126	Health and Human Services Scarlette Edwards (919) 855-3718	<u>Noncompliance With Period of Availability Requirements for the HIV Care Formula Grants Program</u> The Department modified its reporting procedures and now operates under a 90 day liquidation period effective with the FFY 2007 grant which began April 1, 2007. <i>Anticipated Completion Date:</i> Corrective action was implemented effective April 1, 2007.
08-SA-127	Health and Human Services John Peebles (919) 715-6737	<u>Deficiencies in the HIV Care Formula Grants Program Procurement Processes</u> The Department will initiate corrective actions to ensure that temporary employees are not employed more than twelve consecutive months. <i>Anticipated Completion Date:</i> June 2009
08-SA-128	Health and Human Services Bill Scott (919) 733-7013	<u>Noncompliance With Earmarking Requirements for the Block Grants for Prevention and Treatment of Substance Abuse Program</u> The following corrective measures have been implemented to correct the deficiencies noted: <ul style="list-style-type: none"> • The Department's procedures for the earmarking of not less than 20% of the statewide Substance Abuse Prevention and Treatment Block

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-129	Health and Human Services Bill Scott (919) 733-7013	<p>Grant (SAPTBG) funds will be modified to clearly distinguish activities and/or expenditures provided for prevention and substance abuse services. The contracts for each provider of service will reflect the type of services to be delivered within the State fiscal year.</p> <ul style="list-style-type: none"> • Mechanisms will be developed to strengthen and ensure that all assigned SAPTBG prevention funding to each Local Management Entity, prevention provider, or Department contracted prevention recipient is being fully monitored to meet the mandatory SAPTBG prevention set-aside requirements within the fiscal year or contract period. Necessary adjustments in funding allocations or in Department contracted recipient funding amounts will be conducted within the Department. <p><i>Anticipated Completion Date:</i> June 30, 2009</p> <p><u>Monitoring Procedures Need to Be Improved for the Block Grants for Prevention and Treatment of Substance Abuse Program</u></p> <p>The following corrective measures have been implemented to correct the deficiencies noted:</p> <ul style="list-style-type: none"> • All monitoring will be based on current year grant activities and expenditures. • The monitoring tools used in the annual system review have been expanded to address Substance Abuse Prevention and Treatment Block Grant (SAPTBG) compliance requirements consistent with the compliance supplement. • Programmatic and fiscal monitoring of SAPTBG requirements will be conducted by Department staff members. • Documentation of monitoring activities will be centralized by the Department within the monitoring tool database. • Monitoring will consist of desk reviews and on-site visits. On-site visits will be made to selected Local Management Entities and non-profit agencies based on the results of desk review and risk assessment data. • During the year, selected non-profit agencies will be requested to submit supporting documentation of expenditures reported on the financial status reports. Expenditures reported on financial status reports will be examined during on-site visits. <p><i>Anticipated Completion Date:</i> June 30, 2009</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-130	Health and Human Services Bill Scott (919) 733-7013	<p><u>Monitoring Procedures Failed to Document Compliance with Independent Peer Review Requirement</u></p> <p>The following corrective measures will be implemented to correct the deficiencies noted. An enhanced Independent Peer Review Plan will be developed to determine the number and types of representative substance abuse treatment entities to be selected for review. Using the Integrated Payment and Reporting System, a service provider report is being developed to assist the Division in determining the eligible provider agencies within the state fiscal year billing for services. This will determine the treatment programs from which a required 5% representative sample will be constructed.</p> <p><i>Anticipated Completion Date:</i> September 30, 2009</p>
08-SA-131	Crime Control and Public Safety H. Douglas Hoell, Jr. (919) 733-3825	<p><u>Subrecipient Monitoring Procedures Not Sufficient</u></p> <p>The Department agrees with this finding. Procedures have been revised to require grants managers to document on each cost report their review of state and federal debarment lists to confirm the eligibility of vendors submitted by sub-grantees.</p> <p><i>Anticipated Completion Date:</i> Completed.</p>
08-SA-132	Crime Control and Public Safety H. Douglas Hoell, Jr. (919) 733-3825	<p><u>Inadequate Access and Program Change Controls for the Public Assistance Management System</u></p> <p>See 08-SA-29 for Corrective Action Plan.</p>
08-SA-133	Crime Control and Public Safety H. Douglas Hoell, Jr. (919) 733-3825	<p><u>Inadequate Controls to Ensure Compliance With the Suspension and Debarment Requirement</u></p> <p>The Department agrees with this finding. Procedures have been developed to require each sub-grantee to certify their compliance with suspension and debarment requirements on a standard form that will be maintained in each applicant's folder. Additionally, grants managers will be required to document their review of sub-grantee certifications on each reimbursement approval form to certify that they are monitored and current.</p> <p><i>Anticipated Completion Date:</i> March 31st, 2009</p>
08-SA-134	Crime Control and Public Safety H. Douglas Hoell, Jr. (919) 733-3825	<p><u>Subrecipient Monitoring Procedures Not Sufficient</u></p> <p>See 08-SA-131 for Corrective Action Plan.</p>

CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2008

Finding Number	Department/ Contact Person/ Phone Number	Corrective Action Planned
08-SA-135	Crime Control and Public Safety H. Douglas Hoell, Jr. (919) 733-3825	<u>Homeland Security Funds Were Not Obligated Within 60 Days</u> The Department agrees with this finding. We have modified the Homeland Security Grant Program Grant (HSGP) processes and procedures to ensure compliance by executing sub-awards within the federally mandated timeline. <i>Anticipated Completion Date:</i> Completed.

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