



**THE TOBACCO TRUST FUND
COMMISSION'S ANNUAL REPORT TO
THE JOINT LEGISLATIVE COMMISSION
ON GOVERNMENTAL OPERATIONS
AND THE CHAIRS OF THE HOUSE AND
SENATE APPROPRIATIONS
COMMITTEES**

November 1, 2003

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November 1, 2003

The Honorable Marc Basnight
Co-Chair, Joint Legislative Commission on
Governmental Operations
2007 Legislative Building
Raleigh, NC 27601-2808

The Honorable Jim Black
Co-Chair, Joint Legislative Commission on
Governmental Operations
2304 Legislative Building
Raleigh, NC 27601-1096

The Honorable Richard Morgan
Co-Chair, Joint Legislative Commission on
Governmental Operations
301 Legislative Office Building
Raleigh, NC 27603-5925

Dear Senator Basnight and Representative Black and Representative Morgan:

Pursuant to North Carolina General Statute 143-722(a), the Tobacco Trust Fund Commission hereby presents a report to the Joint Legislative Commission on Governmental Operations from the Chairman, J.W. "Billy" Carter, III. As specified in the legislation, this report contains an update on grant activity and operating expenditures.

If we can provide any further information or answer any questions, please do not hesitate to contact us.

Respectfully,

J.W. "Billy" Carter, III
Chairman



November 1, 2003

The Honorable Rex Baker
Co-Chair, Natural & Economic Resources Subcommittee
of the Joint Legislative Commission on Governmental Operations
302-C Legislative Office Building
Raleigh, NC 27603-5925

The Honorable David Hoyle
Co-Chair, Natural & Economic Resources Subcommittee
of the Joint Legislative Commission on Governmental Operations
300-A Legislative Office Building
Raleigh, NC 27603-5925

The Honorable William Owens
Co-Chair, Natural & Economic Resources Subcommittee
of the Joint Legislative Commission on Governmental Operations
635 Legislative Office Building
Raleigh, NC 27603-5925

Dear Representative Baker and Senator Hoyle and Representative Owens:

Pursuant to North Carolina General Statute 143-722(a), the Tobacco Trust Fund Commission hereby presents a report to the Natural & Economic Resources Subcommittee of the Joint Legislative Commission on Governmental Operations from the Chairman, J.W. "Billy" Carter, III. As specified in the legislation, this report contains an update on grant activity and operating expenditures.

If we can provide any further information or answer any questions, please do not hesitate to contact us.

Respectfully,

J.W. "Billy" Carter, III
Chairman



November 1, 2003

The Honorable Linda Garrou
Chairman, Senate Appropriations/
Base Budget Committee
627 Legislative Office Building
Raleigh, NC 27603-5925

The Honorable Walter Dalton
Co-Chair, Senate Appropriations/
Base Budget Committee
523 Legislative Office Building
Raleigh, NC 27603-5925

The Honorable Kay Hagan
Co-Chair, Senate Appropriations/
Base Budget Committee
411 Legislative Office Building
Raleigh, NC 27603-5925

Dear Senator Garrou and Senator Dalton and Senator Hagan:

Pursuant to North Carolina General Statute 143-722(a), the Tobacco Trust Fund Commission hereby presents a report to the Chairman and Co-Chairs of the Senate Appropriations/Base Budget Committee from the Chairman, J.W. "Billy" Carter, III. As specified in the legislation, this report contains an update on grant activity and operating expenditures.

If we can provide any further information or answer any questions, please do not hesitate to contact us.

Respectfully,

J.W. "Billy" Carter, III
Chairman



November 1, 2003

The Honorable Rex Baker
Co-Chair, House Appropriations Committee
302-C Legislative Office Building
Raleigh, NC 27603-5925

The Honorable Debbie Clary
Co-Chair, House Appropriations Committee
302-B Legislative Office Building
Raleigh, NC 27603-5925

The Honorable James Crawford
Co-Chair, House Appropriations Committee
1301 Legislative Building
Raleigh, NC 27601-1096

The Honorable Beverly Earle
Co-Chair, House Appropriations Committee
634 Legislative Office Building
Raleigh, NC 27603-5925

The Honorable Robert Grady
Co-Chair, House Appropriations Committee
302-A Legislative Office Building
Raleigh, NC 27603-5925

The Honorable William Owens
Co-Chair, House Appropriations Committee
635 Legislative Office Building
Raleigh, NC 27603-5925

The Honorable Wilma Sherrill
Co-Chair, House Appropriations Committee
302-D Legislative Office Building
Raleigh, NC 27603-5925

The Honorable Thomas Wright
Co-Chair, House Appropriations Committee
528 Legislative Office Building
Raleigh, NC 27603-5925

Dear Representative Baker and Representative Clary and Representative Crawford and Representative Earle and Representative Grady and Representative Owens and Representative Sherrill and Representative Wright:

Pursuant to North Carolina General Statute 143-722(a), the Tobacco Trust Fund Commission hereby presents a report to the Chairs of the House Appropriations Committee from the Chairman, J.W. "Billy" Carter, III. As specified in the legislation, this report contains an update on grant activity and operating expenditures.

If we can provide any further information or answer any questions, please do not hesitate to contact us.

Respectfully,

A handwritten signature in cursive script that reads "John William Carter III". The signature is written in dark ink and is positioned above the printed name of the signatory.

J.W. "Billy" Carter, III
Chairman



November 1, 2003

**TO: THE JOINT LEGISLATIVE COMMISSION ON GOVERNMENTAL
OPERATIONS AND THE CHAIRS OF THE HOUSE AND SENATE
APPROPRIATIONS COMMITTEES**

The past year has been challenging for all the people of North Carolina as events beyond our control have dramatically changed our lives and our economy. As members of the tobacco family stand-by cautiously, but optimistically awaiting a potential tobacco buyout, North Carolina's tobacco economy continues its struggles to survive. Because of the vast needs out there, the Tobacco Trust Fund Commission is proud to be helping farmers and others develop new crops, new markets and new skills.

This report contains detailed information about our grant making since November 1, 2002. We believe that these investments will be important in helping farmers and other eligible workers across the state survive and thrive in a new economy. We regret that, because of the state's budget shortfall and the resultant loss of \$120 million from the Tobacco Trust Funds, with a projected loss of \$80 million over the next two fiscal years, we were not able to fully realize the mission for which we were established. We are hopeful that in future years the Commission will have the opportunity to play a greater role in the redevelopment of our state's rural economy.

The members of the N.C. Tobacco Trust Fund Commission are grateful for the support of the members of the N.C. General Assembly, and are always ready to work with them for the betterment of North Carolina's agricultural economy.

Sincerely,

J. W. "Billy" Carter, III
Chairman

COMMISSION MEMBERS

BARNES, John C.

Spring Hope, NC
County-Nash
Appointee Officer-
President Pro Tem

BOWERS, Lynda G.

Sanford, NC
County-Lee
Appointee Officer-
Governor

BOYD, Robert B.

Waynesville, NC
County-Haywood
Appointee Officer-
President Pro Tem

BRITT, Lois G.

Mt. Olive, NC
County-Duplin
Appointee Officer-
Speaker of the House

CARTER, J.W. (Billy)

III - CHAIRMAN

Eagle Springs, NC
County-Moore
Appointee Officer-
Speaker of the House

HINNANT, David J.

Kenly, NC
County-Wilson
Appointee Officer-
Governor

JACOBS, Larry E.

Lumberton, NC
County-Robeson
Appointee Officer-
Speaker of the House

JENKINS, William B.
VICE-CHAIRMAN

Creedmoor, NC
County-Granville
Appointee Officer-
Governor

JONES, Kenneth W.

Pink Hill, NC
County-Lenoir
Appointee Officer-
President Pro Tem

KING, Lyle Ray

Ash, NC
County-Brunswick
Appointee Officer-
Speaker of the House

MCLAWHORN, John

B. Jr.

Hookerton, NC
County-Greene
Appointee Officer-
Governor

OWENBY, Larry W.

Brevard, NC
County-Transylvania
Appointee Officer-
Governor

PERRY, Norman Jr.

Colerain, NC
County-Bertie
Appointee Officer-
President Pro Tem

SMALL, Willard

Fair Bluff, NC
County-Columbus
Appointee Officer-
President Pro Tem

SPAULDING, Eric V.

Selma, NC
County-Johnston
Appointee Officer-
Governor

TEAGUE, William H.
"Bill"

Leicester, NC
County-Buncombe
Appointee Officer-
President Pro Tem

WARD, George W.

Jr.

Providence, NC
County-Caswell
Appointee Officer-
Speaker of the House

WISE, Earle

Marshall, NC
County-Madison
Appointee Officer-
Speaker of the House

COMMISSION HISTORY

North Carolina's share of the Master Settlement Agreement (MSA) was divided into three different parts. Under the terms of the consent decree in North Carolina, 50% of the funds are directed to a non-profit corporation, Golden LEAF, to be used for economic development in tobacco-dependent communities. By statute the remaining 50% is equally divided between two state Commissions. The Health and Wellness Trust Fund Commission utilizes their portion for health-related needs. The final portion is allocated to the Tobacco Trust Fund Commission.

The Tobacco Trust Fund Commission was created on August 2, 2000 by the approval of House Bill 1431. The purpose of the Commission is to assist tobacco farmers, tobacco quota holders, persons engaged in tobacco-related businesses, individuals displaced from tobacco-related employment, and tobacco product component businesses in this State due to the adverse effects of the MSA. Funds can be disbursed through **compensatory programs** and **qualified agricultural programs**.

Commission membership is made up of 18 people, six appointed by the Governor, six by the Speaker of the House and six by the President Pro Tem of the Senate. The Commission met for the first time February 15, 2001 at which the members were given their charges and sworn in.

Since November 1, 2002

The Commission had a progressively good year despite setbacks created by the budget shortfall. The Commission continued the process of monitoring previous grants while planning and implementing a grant cycle for the 2003-2004 fiscal year. Another hurdle was cleared with the adoption and implementation of the Tobacco Trust Fund Commission's permanent rules. For a, the second year in a row, the Commission was audited by the State Auditor's Office without any exceptions being noted.

During the 2001-2002 fiscal year, the Commission had \$82 million of its Master Settlement Agreement funds diverted to the General Fund for use with the budget shortfall. The following fiscal year an additional \$38.9 million was transferred for the budget shortfall. Currently, the General Assembly is planning on an additional \$80 million to be taken in 2003-2004 and 2004-2005. All told, approximately \$200.9 million will have been lost from the Commission's Fund to meet statutory responsibilities.

The Commission had \$4 million available for the 2003-2004 granting cycle. A total of 67 grant applications were received, asking for approximately \$18 million in grants. Each application was carefully screened by at least three outside reviewers. After a careful process of review, obtaining additional information, and discussion, the Commission voted on September 30, 2003 to approve 22 grants for \$4 million aimed at stimulating the economy in parts of the state where tobacco farmers and tobacco workers have lost jobs and are facing economic difficulty. These grants represented agri-

economic development, diversification initiatives, workforce development and conservation of natural resources.

While the Commission is proud of the selections it made, numerous other good projects had to be turned away due to lack of funds. The Commission hopes that some additional funding will come available in 2004 so that other worthy projects will have an opportunity to assist North Carolina's struggling agricultural economy.

COMMISSION HIGHLIGHTS

Since November 1, 2002

- The **Commission** has met six times with the following actions:
 - Received and took action from Subcommittee reports.
 - Listened to presentations by our grantees.
 - Authorized the 2003-2004 granting cycle.
 - Approved 22 projects for \$4 million in the 2003-2004 granting cycle.
 - Adopted permanent rules, which included a public hearing.
 - Adopted policies and procedures.
- The **Marketing Center Subcommittee** has met one time with the following actions:
 - Recommended to the Commission approval for a request from the N.C. Rural Center to fund the Burley Marketing Center a third year for up to \$420,000.
- The **Grant Review Subcommittee** has met four times with the following actions:
 - Determined the amount of funds, timeline, guidelines and application for the 2003-2004 granting cycle.
 - Reviewed and recommended to the Commission a list of 22 projects to be funded for \$4 million.

NC TOBACCO TRUST FUND COMMISSION 2001 - 2002

GRANTS

UPDATE

Project: Flue-Cured Tobacco Barn Retrofit Grant

Contact: Flue-Cured Tobacco Cooperative Stabilization Corp.
1304 Annapolis Drive
Raleigh, NC 27608
919-821-4560

Grant Amount: \$41.1 million

Help was needed to assist tobacco producers with the retrofit of their flue-cured bulk barns from direct-fired burners to heat exchangers after research revealed that traditional direct-fired curing methods were increasing nitrosamine levels in the tobacco. Tobacco-specific nitrosamines are potential carcinogens in cigarettes and tobacco companies wanted tobacco lower in nitrosamines. USDA's Commodity Credit Corporation determined that, beginning in 2002, the price support loan differentials for flue-cured tobacco cured in barns with direct heat would be adjusted to a rate half that for tobacco cured in barns with an indirect heat source. Tobacco farmers faced a considerable cut in income. Additionally, the diminished tax value of the non-retrofitted barns would have eroded local tax bases. The Commission recognized that a Qualified Agricultural Program grant allowing the retrofitting of the barns would go a long way to stabilize tobacco-dependent economies and preserve local tax bases. This project benefited 64 counties and converted 24,377 barns. The Commission's initial investment benefited the local economies by approximately \$62 - 82 million, based on estimated economic impacts of invested dollars provided by Dr. Blake Brown at N.C. State University.

Area Served: Eastern & Piedmont North Carolina – Flue-Cured

Project: NCDA&CS/NCSU Research Stations Barn Retrofit Grant

Contact: Research Stations Division
NCDA&CS
P.O. Box 27647
Raleigh, NC 27611
919-733-3236

Grant Amount: \$168,254

The funding provided for tobacco barn retrofits of Research Station curing units allowed for these units to operate under identical conditions as NC producers. This would not have been possible without this funding as dollars necessary to retrofit the barns through normal appropriated channels was not and has not been available. Forty-three barns were converted at six Stations.

These upgrades have allowed the units on the Stations to be used to continually monitor the effectiveness of this retrofit process as it relates to curing and to the reduced accumulation of nitrosamines in cured tobacco.

Research and profitability do not always go hand-in-hand, which is why research is important. Farmers can't afford to do research and research can't afford to farm. While farmers tend to adopt practices that are deemed necessary as a result of profit, research requires years of data to substantiate adoptive practices and recommend these for adoption. While this curing process is the accepted and recommended practice, the implementation of the retrofits and the subsequent monitoring of the system and concurrent data collection will be instrumental in determining the health and fiscal benefits of retrofitting barns.

Area Served: Six Research Stations – Flue-Cured

Project: Burley Marketing Center Grant

Contact: N.C. Rural Economic Development Center
& The Agricultural Advancement Consortium
4021 Carya Drive
Raleigh, NC 27610
919-250-4314

Grant Amount: \$2.47 million over (3) years

This grant was used to create a pilot marketing center for burley tobacco in Asheville. North Carolina had only two burley auction warehouses left this past season. Due to the current tobacco situation, both of these warehouses were looking at closing prior to the 2002 season. This would have forced our burley producers to travel out-of-state to market their crop. At the same time, no tobacco company burley receiving stations for contract purposes are located in the state. To help our burley producers save money and put more finances in Western North Carolina's Agricultural Economy; the Commission established this grant as a Qualified Agricultural Program. Both of the remaining burley auction warehouses in the state are participating in this grant, which has prevented their closing and thus prevented the need for N.C. burley farmers to carry their product out of state to market it.

Last season, the Center auctioned approximately 5 million pounds that accounted for approximately 65 to 70 percent of North Carolina's burley tobacco. The Tobacco Trust Fund grant increased tobacco farmer income by \$1.4 million during the first two years and benefited local economies by approximately \$3 – 4 million. The average price at the Center was \$1.93 per pound and a significantly smaller percentage of North Carolina burley went to the stabilization pool than for the overall burley belt (22 percent for North Carolina versus 32 percent belt-wide). The Asheville market was the third largest market in the burley belt following only Lexington and Mt. Sterling in Kentucky. This is a testament to the quality of North Carolina burley tobacco during a very difficult season.

Area Served: Western North Carolina – Burley

Project: Flue-Cured Tobacco Container Corporation Grant

Contact: Flue Cured Tobacco Container Corporation
P.O. Box 12004
Raleigh, NC 27605
919-828-8988

Grant Amount: \$2.050 million

To cut handling costs, tobacco manufacturers transitioned from the traditional burlap sheet wrapping to tobacco baled with cardboard slip-sheet and wire. Historically, the buyer, the warehouseman and the grower had shared the cost of the burlap sheet equally, with each paying \$.30. The new system placed the entire cost on the grower at a time of rising production costs and sharp tobacco revenue decline. Growers' cost-cutting measures placed a further strain on the flagging economic stability of the community. The FCTCC used money from a Qualified Agricultural Program grant to reimburse farmers up to a half-cent per pound of tobacco marketed in 2002 to help defray packaging supplies. Farmers applied for their reimbursement and requests were cross-checked with warehouse and USDA-FSA data. Final data will be available in late fall 2003.

Area Served: Eastern & Piedmont North Carolina – Flue-Cured

NC TOBACCO TRUST FUND COMMISSION 2002 - 2003

GRANTS

UPDATE**

Project: Tobacco Communities Reinvestment Project

Contact: Betty Bailey
Executive Director
RAFI-USA
PO Box 640
Pittsboro, NC 27312
919-542-1396

Grant Amount: \$300,000

Project will generate up to 40 individual and community cost-share initiatives in nine target counties across NC. The objective is to test farm-based initiatives to replace or supplement tobacco income by diversifying their crops. The project will involve approximately 640 individuals.

Area Served: Ashe, Allegheny, Bertie, Edgecombe, Halifax, Martin, Northampton, Pitt, and Columbus

Update: In May, RAFI and TTFC conducted award announcements for 15 producer awards and 5 community awards. Some examples of the producer projects included sheep production, herbs, floral products, strawberry transplants, and value added pecans. Some examples of the community projects included a farmer's market, by-products into energy, web marketing, and shiitake mushroom production. During the summer, RAFI has been conducting site visits on those projects. Currently \$230,000 of cost share investment has leveraged \$550,000 of investment of alternative agricultural enterprises. Early projections look at 40 new full-time jobs being created with many additional part-time and seasonal positions becoming available.

Project: Building a Permanent Structure for the Columbus Community Farmer's Market

Contact: Irvin Brown
612 Arthur Collier Road
Bladenboro, NC 28320
910-648-4575

Mr. Billy J. Farmer
County Administrator
Columbus County
111 Washington Street
Whiteville NC 28472
910-640-6600

Grant Amount: \$65,000

Project will construct a new, permanent farmer's market. The farmer's market will give the small farmer supplemental income and diversification opportunities. It will give consumers an opportunity to buy local produce from the area, stimulating the agricultural economy.

Area Served: Columbus, Robeson, Brunswick, and Bladen

Update: Columbus County has purchased the structure and is in the process of site drawings, permits and site prep work. An additional grant this year will assist them in completing the project.

Project: Advancing the Stokes Agricultural Community

Contact: County Manager
Stokes County
PO Box 20
Danbury, NC 27016
336-593-2811

Grant Amount: \$99,000

Project will assist tobacco growers and workers in growing and marketing alternative crops. Organization will provide training, financial counseling, and mental health counseling. Pilot project at the county level.

Area Served: Stokes County

Update: In April of this year, the Grantee ended up losing two local produce contracts with Food Lion and Lowes Foods. The loss was due to a business change by the companies on how they purchase produce. The Grantee was able to secure two new buyers for Stokes County farm products. The Grantee experienced the same weather setbacks as other farmers in the area. The Grantee is currently in the process of working with the new contracts and securing additional equipment resources.

Project: North Carolina Hazardous Materials Carrier Authentication Pilot Project

Contact:	Stan Crowe	Rick Watson
	Chairperson	Executive Director
	Martin Co. Economic Development	Northeast Partnership
	c/o N.C. Telecenter	119 West Water St.
	P.O. Box 310	Edenton, NC 27932

Williamston, NC 27892
252-792-2044

1-888-872-8562

Grant Amount: \$350,000

Project will help support the location of Transforming Technologies, Inc. to Martin County. Company provides training for hazardous materials truckers and will provide training and alternate employment for displaced tobacco workers. In Martin County more than 22 percent of families are at poverty level. The project is expected to create 50 jobs initially and 200 jobs at build-out and provide a capital investment of over \$10 million.

Area Served: Statewide including Chowan, Martin, Pitt, and Beaufort

Update: Phase One of the project involved research, development, and laboratory testing of the technologies and devices to be involved. Phase Two of the project will incorporate actual field testing at selected driver's license issuance stations across the state. This will include utilization of the actual biometric drivers' license by selected freight carriers' drivers with commercial HAZMAT licenses. The implementation of these additional phases will create the opportunity for new jobs.

Project: Tobacco Transitions: Community Based Economic Renewal, Appalachian Sustainable Agriculture Project

Contact: Gary Gumz, Director
ASAP
564 Indigo Bunting Lane
Marshall, NC 28753
828-649-9452

Grant Amount: \$347,500

Project will provide direct assistance to 25 burley tobacco growers to help transition to organic food production systems and develop new local and regional market opportunities for these growers. Also, the project will direct financial assistance to the newly established Mountain Tailgate Market Association that serves 100 area farmers (including 30 tobacco farmers). Project will also provide support to Carolina Organic Growers, Inc. to provide marketing opportunities to transitioned organic farmers.

Area Served: Madison and Buncombe

Update: ASAP is continuing their Tobacco Transitions work in the areas of preservation, production and promotion. They have been working

on farmland protection programs, completing site visits for the farmers selected for the first year of a two-year program for production alternatives and distribution of promotional materials to encourage purchasing of local products.

Project: Re-Tooling for Alternative Agricultural Enterprises

Contact: Keith Baldwin
NC A&T State University
PO Box 21928
Greensboro, NC 27420
336-334-7957

Grant Amount: \$228,040

Project will provide instruction, evidence, and experience in crop production techniques by providing training in alternative and specialty crops for tobacco growers. The project will provide training on using plastic mulch and irrigation systems as well as providing a subsidy to 64 growers each year over two years. It is anticipated that this type of cultivation will yield five times as much as bare ground crops.

Area Served: Statewide

Update: Four plastic mulch layers, media filtration system and water wheel transplanters have been positioned and used in all four designated regions. In addition, NCA&T staff and extension personnel have provided technical assistance. Currently, plans are being made to conduct some workshops on plastic/drip irrigation set-ups. Some plans are being made to utilize the equipment to put in fall transplant beds for some of the participants.

Project: Recovery of Growers Self-Assessment Funds to the NC Tobacco Foundation for the NC Tobacco Research Commission

Contact: Keith Oakley
Assistant Secretary
NC Agricultural Foundation
NCSU
Campus Box 7645
Raleigh, NC 27695-7645
919-515-2000

Grant Amount: \$350,000

Project will provide research and educational programs to support a competitive and profitable position for tobacco markets. Research will be directed at immediate and pressing needs to assist North Carolina's rural economy. It is estimated that the project will assist 12,000 tobacco growers and related agribusinesses.

Area Served: Statewide

Update: The Tobacco Research Commission has authorized the use of the first \$175,000 to be dedicated to several research projects to control the Tomato Spotted Wilt Virus. The research is ongoing at this time.

Project: Support for the Transition to Value-Added Agribusiness

Contact: Keith Oakley
Assistant Secretary
NC Agricultural Foundation
NCSU
Campus Box 7645
Raleigh, NC 27695-7645
919-515-2000

Grant Amount: \$295,000

Project will work with farmers to provide agricultural and economic strategies and transfer technologies such as on-farm diversification and entrepreneurship through hands-on consultation. The project will conduct community meetings to identify needs and participants, conduct technical and business education workshops, and provide individual guidance to farmers piloting the program. The project will target 200 families.

Area Served: Statewide

Update: Third quarter project efforts have been directed toward identifying tobacco farmers interested in exploring alternative agribusiness opportunities, finding available resources, and planning information sessions for the tobacco segment. These activities have been guided by a Steering Committee that includes four tobacco farmers.

Project: Johnston County Farmer's Market and Craft Center

Contact: Leroy Moore
Owner/Manager
3901 Swift Creek Road

Smithfield, NC 27577
919-934-3657

Grant Amount: \$350,000

Project will convert an unused tobacco warehouse to a farmer's market and craft center. The project will provide stalls for up to 106 vendors. From a list of 950 potential suppliers, 35 have already reserved 55 booths, which would create potentially 105 full-time jobs. Provides opportunity for area farmers to diversify their operation and sell their products. Pilot diversification project for unused tobacco warehouses.

Area Served: Johnston, Wake, Wilson, Harnett, and Wayne

Update: The project has completed receiving funds from the TTFC and has the operations underway. The structure has numerous vendors selling anything from fresh farm products to arts and crafts. The facility initially opened during Memorial Day weekend with approximately 6,000 customers in attendance. The market is currently operating Friday - Sunday. Since opening, the center has generated approximately \$220,000 to the local economy in addition to the benefit of the initial grant and matching funds in construction/supply expenditures. Leroy Moore (Manager) has met with NCDA&CS Marketing Division specialists to increase product offerings and customer participation. Contracts with the Grantee preserve the Commission's ability to monitor performance of the Grant.

Project: Expanding Markets for Organic Tobacco Growers

Contact: Tony Kleese
Executive Director
Carolina Farm Stewardship Association
PO Box 448
Pittsboro, NC 27312
919-542-2402

Grant Amount: \$21,850

Project will develop and deliver a workshop series to organic tobacco growers on organic production and certification with a focus on crops that can be rotated with organic tobacco, and assist in the development of a grower-owned marketing cooperative for organic farm products. The project will target 20 tobacco growers who currently grow organic tobacco.

Area Served: Caswell, Person, Granville, Vance, Alamance, Orange, and Durham

Update: On average, the organic growers represented in the grant were utilizing less than 20% of their certified organic acres. The 1st Q focused on jump-starting the process through introductions with growers, organic crop production workshops, market research, and marketing relationship facilitation. The 2nd Q has continued with follow-through in all of these capacities while also witnessing the beginning of cultivation of new organic crops.

Project: Equipping Conservation Districts Through Automation and Outreach for Greater Service to Farmers Facing New Environmental Standards and Regulations

Contact: Cecil Settle
Executive Director
NC Foundation for Soil and Water Conservation Districts
2012 Lodestar Dr.
Raleigh, NC 27615
919-873-2158

Grant Amount: \$350,000

Project will minimize impact of farming on natural resources, particularly water resources, by installing computers in conservation districts, conducting outreach initiatives to targeted farmers, raising capacity of staff to provide high-tech services, and helping farmers determine nutrient losses on their farms and plan for nutrient management and thus mitigate the effect of farm run off on North Carolina water resources. The project will be implemented in at least 75 counties.

Area Served: Statewide

Update: The Foundation has ordered 58 Gateway E-4100 desktop computers and five Gateway 450E laptop computers with delivery to district offices targeted at mid-October. The new computers, purchased by the Foundation, will be placed in district offices most affected by the coming nutrient management workload. The outreach effort, endorsed by the NC Food & Agriculture Council, will include posters, brochures, and other means to inform farmers of technical services available for doing nutrient management plans. It will be done in partnership with the local District/NRCS/CES team in place to help the agricultural community. Work is now under way to create hard copy materials to be used in conducting the outreach initiative.

Project: Tobacco Grower Communication Assistance

Contact: Graham Boyd
Executive Vice President
Tobacco Growers Association of NC
3700 National Drive, Suite 212
Raleigh, NC 27612
919-781-2307

Grant Amount: \$46,420

Project will help provide timely information to tobacco farm families about beneficial opportunities for diversification and grower support, by assisting with postage costs of 10,000 bi-monthly Tobacco Grower Newsletters and the printing and distribution of the Tobacco Grower Resource Guide.

Area Served: Statewide

Update: TGANC has completed the resource guide and membership portion of the project. The on-going newsletters have successfully provided a route to farmers to showcase grants by the Tobacco Trust Fund Commission and the Golden LEAF to educate on potential alternative crops and other agribusiness opportunities. The publication has also been a very good tool to keep tobacco farmers aware of activities directly affecting their livelihood like the critical tobacco buyout.

Project: Hay Relief Grant

Contact: NCDA&CS
P.O. Box 27647
Raleigh, NC 27611
919-733-7125

Grant Amount: \$5,000

The purpose of this grant was to assist farmers in North Carolina with locating and obtaining hay as a result of the severe drought. The project was a partnership between the Tobacco Trust Fund Commission, NCDA&CS, NC Farm Bureau, NC State Grange, Carolina Farm Credit, DENR, DOC, DOT and State Emergency Management. Over 10,000 round bales were transported over 90,000 delivery miles assisting 250 farmers to bring much needed feed for their livestock.

<http://www.ncagr.com/paffairs/release/2003/2-03hayaalert.htm>

Area Served: Statewide

Update: see above

***** The majority of these grants are still underway.***

NC TOBACCO TRUST FUND COMMISSION 2003 - 2004

GRANTS

Project: Establishing a Life Sciences Revenue Bond Authority

Contact: Charles Hamner
NC Association for Biomedical Research
1304 Salem Lane
Chapel Hill, NC 27516
(919) 968-1270

Grant Amount: \$169,452

Project will assist in establishing a revolving loan program to bring biotech companies into the state and create jobs for those no longer employed in tobacco manufacturing jobs. This project will create a minimum of 20 jobs over five years and generate \$20 million in capital investment.

Area Served: Statewide

Project: Helping NC Farmers Improve Water Quality on their Farms

Contact: Cecil Settle
NC Foundation for Soil and Water Conservation Districts
2012 Lodestar Drive
Raleigh, NC 27615
(919) 873-2158

Grant Amount: \$350,000

Project will provide cost-share assistance to farmers transitioning from tobacco production or diversifying to additional income-producing agricultural enterprises. Project will provide up to 75% of the farmers' cost to implement water-quality best management practices that prevent pollutants from entering streams within the boundaries of their farms.

Area Served: 80 tobacco-producing counties statewide

Project: Tobacco Communities Reinvestment

Contact: Betty Bailey
Rural Advancement Foundation International–USA (RAFI)
PO Box 640

Pittsboro, NC 27312
(919) 542-1396

Grant Amount: \$350,000

Project will provide up to 40 individual (up to \$10,000) and community (up to \$30,000) cost-share initiatives in 14 tobacco-producing counties in order to test farm-based initiatives to supplement lost tobacco income.

Area Served: Alleghany, Ashe, Bertie, Bladen, Columbus, Gate, Halifax, Hertford, Lee, Moore, Northampton, Robeson, Surry, Yadkin

Project: Further Development of Columbus County Community Farmers Market

Contact: Irvin and Shirley Brown
Columbus County Community Farmers Market
612 Arthur Collier Road
Bladenboro, NC 28320
(910) 648-4575

Grant Amount: \$60,000

Project will assist with building a new farmer's market, including parking, vendors spaces, electricity and restrooms, creating 12 to 24 jobs, generating \$2,500 to \$3,000 in additional vendor sales and providing a centralized location for farmers to bring their commodities to sale.

Area Served: Columbus, Bladen, Robeson, Brunswick

Project: Self-Help Screening of Tobacco-Curing Barns for Carbon Dioxide Leaks

Contact: Kenneth Bateman
Johnston County Center of the NC Cooperative Extension Service
806 North Street
Smithfield, NC 27577
(919) 989-5380

Grant Amount: \$16,742

Project will educate farmers to use a carbon dioxide meter to screen 1,000 barns for combustible gas leaks and check-retrofitted barns for cracked heat exchangers, providing a cost saving of \$25,000 to farmers.

Area Served: Johnston (possible pilot)

Project: Growing the NC Medicinal Herb Industry

Contact: Jeanine Davis
NC State University
455 Research Drive
Fletcher, NC 28732
(828) 684-3562

Grant Amount: \$145,512

Project will provide 10 to 20 tobacco farmers with incentives from \$5,000 to \$10,000 to grow medicinal herbs, generating gross sales equal to or higher than traditional tobacco revenues per acre.

Area Served: Statewide

Project: Old North State Wine State Business Incubator Winery

Contact: Fred Jones
Old North State Winegrowers Cooperative Association
PO Box 344
Mount Airy, NC 27030
(336) 789-8200

Grant Amount: \$166,000

Project will provide equipment and building renovation funds for the production of wine. Grapes will be purchased from 50 farmers, including tobacco farmers, with 200 jobs created in the vineyards.

Area Served: Surry, Stokes, Wilkes, Yadkin, Forsyth, Guilford, Davie, Rowan, Nash, Henderson, Alamance, Chatham, Orange

Project: Protecting Providers and the Public

Contact: Norman Harrell
NC Cooperative Extension
1806 South Goldsboro Street
Wilson, NC 27893
(252) 237-0111

Grant Amount: \$196,114

Project will conduct training and provide resources to assist farmers and workers about agricultural machinery highway safety issues to help reduce the more than 300 per year farm-related highway accidents.

Area Served: Wilson, Edgecombe, Pitt, Greene, Wayne, Johnston, Nash

Project: Northeast Technology and Business Center Expansion Project

Contact: Stan L. Crowe
Martin County Economic Development Corporation
PO Box 310
Williamston, NC 27982
(252) 792-2044

Grant Amount: \$200,000

Project will renovate and upfit 50,000 square feet of the Northeast Technology and Business Center to facilitate the growth and expansion of two companies currently operating in the NC TeleCenter. The project will help create 250 jobs and leverage \$3 million in capital investment.

Area Served: Martin and 16 northeast counties

Project: Northeast Economic Development Diversification Initiatives

Contact: Rick Watson
NC's Northeast Partnership
119 West Water Street
Edenton, NC 27932
1-888-872-8562

Grant Amount: \$180,000

Project will establish the Existing Business and Industry Service Program (to develop relationships with employers), the NorthEast Region Buyer-Supplier Network (to facilitate the purchase of local goods and services), and the NorthEast Tourism Web Portal (to develop an online welcome and information center promoting the Northeast Region).

Area Served: 16 Northeast counties

Project: Nash Area Farmer's Market-Permanent Structure

Contact: Wayne Moore
Nash County
120 West Washington Street, Suite 3072
Nashville, NC 27856
(252) 459-9804

Grant Amount: \$215,000

Project will assist with the construction of a permanent building to increase vendor spaces to 22 for area farmers to successfully market produce and products.

Area Served: Nash, Edgecombe, Wilson, Halifax

Project: Tobacco Growers Communication Assistance

Contact: Graham Boyd
Tobacco Growers Association of NC
3700 National Drive, Suite 212
Raleigh, NC 27612
(919) 781-2307

Grant Amount: \$187,500

Project will sustain the services of communication information via TGANC's newsletter, website and resource guide, as well as, develop a study with NCSU on the impacts of the pending tobacco buyout and distribute the results.

Area Served: Statewide

Project: Tar River Tobacco Farmland Preservation

Contact: Jeffrey A. Fisher
Tar River Land Conservancy
211 North Main Street, Suite A
Louisburg, NC 27549
(919) 496-5902

Grant Amount: \$350,000

Project will protect 4,000 acres of land valued at \$12 million and 24 miles of streams by providing an alternative to tobacco farmers wanting to protect their

farm from development by maintaining their land in an agricultural land base that purchases the development rights.

Area Served: Upper Tar River Basin, Granville, Franklin, Nash

Project: "New Generation" Cooperatives – A New Twist on an Old Model

Contact: Charles Hall
NC Rural Economic Development Center
4021 Carya Drive
Raleigh, NC 27610
(919) 250-4314

Grant Amount: \$134,200

Project will fund improvements in the business environment for "new generation" Cooperatives which will lead to new opportunities for producer-owned, value-added businesses. "New generation" cooperatives provide farmers the opportunity to raise the capital to own and operate innovative, value-added businesses while allowing them to retain control of processing and marketing.

Area Served: Statewide

Project: New Start: Successful Transitions for Dislocated Workers through Community-based Solutions

Contact: Anne Scharff
NC Rural Economic Development Center
4021 Carya Drive
Raleigh, NC 27610
(919) 250-4314

Grant Amount: \$350,000

Project will provide assistance in finding jobs for 440 displaced workers in Vance, Wilson and Transylvania counties and build momentum for action through a conference, with hopes to employ 75% of workers within six months.

Area Served: Vance, Wilson, Transylvania, Warren, Franklin, Granville, Buncombe, Henderson; Statewide

Project: NC Farm Transition Network

Contact: Stephen A. Woodson
NC Farm Bureau Legal Foundation
5301 Glenwood Avenue
Raleigh, NC 27612
(919) 782-1705

Grant Amount: \$135,000

Project will connect retired farmers with new farmers by establishing a list serve and provide apprenticeship/mentoring programs for new farmers; as well as provide business and estate-planning services to retiring farmers and develop a list of professionals who can assist in farm transitions.

Area Served: Statewide

Project: Expanded Planning, Production and Marketing Assistance for Organic and Conventional Tobacco Growers

Contact: Tony Kleese
Carolina Farm Stewardship Association
PO Box 448
Pittsboro, NC 27312
(919) 542-2402

Grant Amount: \$48,700

Project will expand the current program to help existing participants improve production and marketing of organic crops while recruiting 15 to 19 additional growers.

Area Served: Caswell, Person, Granville, Vance, Alamance, Orange, Durham, Columbus, Moore; Statewide

Project: Water Supply Preservation and Development

Contact: Wayne D. Malone
Neuse Regional Water and Sewer Authority
1609-A West Vernon Avenue
Kinston, NC 28503
(252) 527-4800

Grant Amount: \$200,000

Project will design a surface water treatment plant and distribution system to preserve capacity of ground water sources in Lenoir, Greene and Pitt counties. Project will protect and create jobs in water-dependent enterprises and help maintain and improve sales in the agricultural sector.

Area Served: Lenoir, Greene, Pitt

Project: Sustaining Far Western NC Farms through Financial Education

Contact: Tammara Cole
NC Cooperative Extension
PO Box 456
Cherokee, NC 28719
(828) 497-3521

Grant Amount: \$39,875

Project will provide 25 farmers in western NC with non-formal training in business financial management, including planning, to give them skills to sustain their occupation and families.

Area Served: Cherokee, Cherokee Reservation, Clay, Graham, Jackson, Macon, and Swain

Project: Equipment Upgrade of Tobacco Literature Service

Contact: Keith Oakley
NC Tobacco Foundation
NCSU Box 7645
Raleigh, NC 27695
(919) 515-9262

Grant Amount: \$72,695

Project will increase the publishing efficiency of Tobacco Abstracts by upgrading the software and equipment and by moving from print to an electronic format.

Area Served: Statewide

Project: Alternative Mushroom Industry (Black Truffles)

Contact: Keith Oakley
NC Agricultural Foundation/Garland Truffles
NCSU Box 7645
Raleigh, NC 27695
(919) 515-9262

Grant Amount: \$235,000

Project will supply 50 farms currently growing one to 20 acres of tobacco with the stock, supplies and expertise to each plant 200 inoculated truffle-bearing trees.

Area Served: Statewide

Project: Agriculture Tourism and Crop Diversification Demonstration Program for Tobacco-Dependent Communities, Tobacco Farmers and Other Farmers

Contact: Keith Oakely
NC Cooperative Extension Service Foundation
NCSU Box 7645
Raleigh, NC 27695
(919) 515-9262

Grant Amount: \$198,210

Project will provide seed money to aide western NC farmers with crop diversification and/or agri-tourism by creating a Mini-Grant Demonstration Program to help with financial aid, education, training and marketing. Project will conduct 25 workshops for 200 to 300 farmers and award 50 farmers each a \$2,500 grant.

Area Served: Western Counties including the Cherokee Reservation

Tobacco Trust Fund Commission Operating Statement July 1, 2002 - June 30, 2003 (2002-2003 Fiscal Year)

	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Total Amounts
Cash Carried Forward	\$8,217,057.92												
INTEREST INCOME*	\$113,705.46	\$35,126.49	\$32,791.32	\$31,860.41	\$30,445.57	\$28,131.81	\$27,183.09	\$23,848.45	\$22,154.46	\$21,301.86	\$24,856.71	\$31,617.34	\$423,022.97
TOBACCO SETTLEMENT*						{1}	{2}			\$4,300,172.06			\$4,300,172.06
Total Revenue	\$113,705.46	\$35,126.49	\$32,791.32	\$31,860.41	\$30,445.57	\$28,131.81	\$27,183.09	\$23,848.45	\$22,154.46	\$4,321,473.92	\$24,856.71	\$31,617.34	\$4,723,195.03
EXPENSES										{3}			
<u>Personnel Expenses</u>													
Per Diem-BD MEM	\$60.00	\$45.00	\$120.00	\$180.00	\$135.00	\$240.00	\$150.00	\$0.00	\$390.00	\$45.00	\$255.00	\$15.00	\$1,635.00
Trans-BD MEM	\$106.00	\$66.50	\$376.00	\$709.50	\$406.50	\$261.50	\$248.00	\$0.00	\$824.50	\$211.50	\$526.50	\$10.00	\$3,746.50
Subsistence-BD MEM	\$118.00	\$88.50	\$423.86	\$442.26	\$327.94	\$332.94	\$210.22	\$0.00	\$583.50	\$171.85	\$499.09	\$29.50	\$3,227.66
Other-BD MEM	\$0.00	\$0.00	\$0.00	\$210.16	\$0.00	\$0.00	\$27.58	\$0.00	\$0.00	\$24.21	\$0.00	\$0.00	\$261.95
	\$284.00	\$200.00	\$919.86	\$1,541.92	\$869.44	\$834.44	\$635.80	\$0.00	\$1,798.00	\$452.56	\$1,280.59	\$54.50	\$8,871.11
<u>Staff Personnel Expenses</u>													
Sal, Ins, Ret, SS Bene.**	\$10,502.27	\$6,515.79	\$8,830.91	\$8,642.53	\$8,398.15	\$8,715.65	\$12,066.75	\$11,909.15	\$11,225.80	\$10,737.04	\$10,737.04	\$10,248.28	\$118,529.36
Travel, Exp Acts, Reg Fees, Train.	\$5.84	\$96.68	\$135.06	\$6.57	\$0.00	\$619.88	\$261.89	\$940.98	\$159.01	\$284.48	\$113.68	\$327.12	\$2,951.19
	\$10,508.11	\$6,612.47	\$8,965.97	\$8,649.10	\$8,398.15	\$9,335.53	\$12,328.64	\$12,850.13	\$11,384.81	\$11,021.52	\$10,850.72	\$10,575.40	\$121,480.55
<u>Office Expenses</u>													
Repairs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Postage Freight & Del***	\$359.34	\$471.74	\$244.11	\$422.18	\$486.91	\$432.74	\$65.79	\$46.92	\$98.21	\$63.92	\$338.42	\$323.37	\$3,353.65
General Office Supplies	\$57.17	\$73.49	\$0.00	\$0.00	\$10.99	\$202.47	\$62.05	\$0.00	\$485.16	\$19.21	\$7.23	\$87.82	\$1,005.59
Furniture	\$0.00	\$0.00	\$0.00	\$446.18	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$387.58	\$0.00	\$833.76
Computer Equipment	\$0.00	\$0.00	\$74.12	\$0.00	\$17.76	\$5.75	\$0.00	\$0.00	\$0.00	\$0.00	\$1,776.26	\$107.00	\$1,980.89
Communication/Office Equipment	\$19.50	\$0.00	\$1,077.91	\$0.00	\$30.06	\$0.00	\$0.00	\$0.00	\$4.50	\$0.00	\$4.50	\$0.00	\$1,136.47
Other Administrative Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$675.00	\$0.00	\$0.00	\$201.60	\$0.00	\$876.60
Telephone Services****	\$231.57	\$11.05	\$203.50	\$186.74	\$187.58	\$138.47	\$11.38	\$184.63	\$460.79	\$178.60	\$183.08	\$401.56	\$2,378.95
	\$667.58	\$556.28	\$1,599.64	\$1,055.10	\$733.30	\$779.43	\$139.22	\$906.55	\$1,048.66	\$261.73	\$2,898.67	\$919.75	\$11,565.91
<u>Professional Services</u>													
Legal Services/Office Equip.-DOJ	\$28,166.90	\$0.00	\$0.00	\$25,870.89	\$0.00	\$960.68	\$24,888.35	\$768.45	\$0.00	\$26,637.72	\$0.00	\$0.00	\$107,292.99
Contract Services	\$5,575.00	\$1,803.75	\$3,532.50	\$12,992.50	\$0.00	\$440.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,545.00	\$1,669.00	\$29,557.75
Misc.	\$0.00	\$8,750.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,750.00
	\$33,741.90	\$10,553.75	\$3,532.50	\$38,863.39	\$0.00	\$1,400.68	\$24,888.35	\$768.45	\$0.00	\$26,637.72	\$3,545.00	\$1,669.00	\$145,600.74
Year 2002-2003 Expenses													\$287,518.31

Encumbered Funds	
2002 Granting Cycle	\$1,359,807.04
Flue-Cured Tobacco Container Corp	\$184,648.00
Burley Marketing Center	\$420,000.00
2003 Granting Cycle	\$4,000,000.00
Out-of-Cycle Grants	<u>\$627,362.06</u>
TOTAL	\$6,591,817.10
Budget Shortfall Transfers	
FY 02 Designated Interceptions	\$82,004,511.11
FY 03 Designated Interceptions	\$38,000,000.00
{1} December 31, 2002	\$9,356,017.67
{2} January 10, 2003	\$3,122,649.75
{3} April 16 and 23, 2003	\$25,521,332.58
FY 04 Planned Interceptions	\$40,900,000.00
FY 05 Planned Interceptions	\$40,000,000.00
TOTAL	\$200,904,511.11
Total Grants Paid Out Since Inception	
Barn Retrofit	\$41,090,228.00
Burley Marketing Center	\$2,050,000.00
NCDA/NC SU Barn Retrofit	\$168,254.00
Hay Relief	\$5,000.00
FCTCC	\$1,865,352.00
2002 Granting Cycle	<u>\$1,443,002.96</u>
TOTAL	\$46,621,836.96

2002 Granting Cycle Paid Out	
NC A&T	\$9,440.00
Stokes County	\$49,500.00
NC Tobacco Foundation	\$87,500.00
NC Agricultural Foundation	\$147,500.00
Tobacco Growers Assoc. of NC	\$44,090.00
NC Foundation for Soil & Water	\$175,000.00
Johnston Co. Farmers Market	\$350,000.00
Carolina Farm Stewardship	\$10,000.00
Appalachian Sustainable Ag.	\$112,472.96
RAFI	\$250,000.00
NC NEP/Martin Co. EDC	\$175,000.00
Columbus Co. Farmers Market	\$32,500.00
Hay Relief	\$5,000.00
SUBTOTAL	\$1,448,002.96

Other Grants Paid Out	
Burley Marketing Center	\$750,000.00
Flue-Cured Tob Container Corp.	\$1,865,352.00
TOTAL GRANTS PAID OUT	\$4,063,354.96
Barn Retrofit Refund (7/02)	\$3,894.00
GRANTS PAID OUT 02-03	\$4,059,460.96

Cash Carried Forward	\$8,217,057.92
Total Revenue 02-03	\$4,723,195.03
Total Expenses 02-03 (-)	\$287,518.31
Total Cash on Hand	\$12,652,734.64
Total Grants Paid Out (-)	\$4,059,460.96
Current Cash Balance	\$8,593,273.68
Encumbered Funds (-)	\$6,591,817.10
TOTAL Grant Mgmt/Admin	\$2,001,456.58

*Interest Income- May vary due to adjusting interest rates & date of deposit.

**Sal, Ins, Ret, SS Bene.-Some data was not available at the time of this report.

***Postage Freight & Deliv-NCDA&CS keys USPS fees for TTFC.

Several months are accumulated before data is entered into NCAS.

****Telephone Services-Due to billing dates, some data was unavaible for this report.

Data pulled 7/1/02-6/30/03 for this report.

Tobacco Trust Fund Commission Operating Statement July 1, 2003 - June 30, 2004 (2003-2004 Fiscal Year)

	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Total Amounts
Cash Carried Forward	\$8,593,273.68												
INTEREST INCOME*	\$31,033.08	\$27,657.49	\$24,939.71										\$83,630.28
TOBACCO SETTLEMENT*	\$113,767.14												\$113,767.14
Total Revenue	\$144,800.22	\$27,657.49	\$24,939.71	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$197,397.42
	{1}												
EXPENSES													
<u>Personnel Expenses</u>													
Per Diem-BD MEM	\$15.00	\$0.00	\$105.00										\$120.00
Trans-BD MEM	\$14.25	\$0.00	\$265.25										\$279.50
Subsistence-BD MEM	\$29.50	\$0.00	\$244.00										\$273.50
Other-BD MEM	\$0.00	\$0.00	\$0.00										\$0.00
	\$58.75	\$0.00	\$614.25	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$673.00
<u>Staff Personnel Expenses</u>													
Sal, Ins, Ret, SS Bene.**	\$11,261.92	\$10,378.68	\$10,773.16										\$32,413.76
Travel, Exp Acts, Reg Fees, Train.	\$919.36	\$80.88	\$100.54										\$1,100.78
	\$12,181.28	\$10,459.56	\$10,873.70	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$33,514.54
<u>Office Expenses</u>													
Repairs	\$0.00	\$0.00	\$0.00										\$0.00
Postage Freight & Del***	\$60.87	\$50.89	\$1,156.02										\$1,267.78
General Office Supplies	\$0.00	\$0.00	\$46.55										\$46.55
Furniture	\$0.00	\$0.00	\$507.18										\$507.18
Computer Equipment	\$0.00	\$124.12	\$0.00										\$124.12
Communication/Office Equipment	\$0.00	\$0.00	\$1,063.46										\$1,063.46
Other Administrative Expenses	\$5.15	\$0.00	\$0.00										\$5.15
Telephone Services****	\$11.05	\$170.16	\$192.24										\$373.45
	\$77.07	\$345.17	\$2,965.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,387.69
<u>Professional Services</u>													
Legal Services/Office Equip.-DOJ	\$108.07	\$22,290.57	\$86.38										\$22,485.02
Contract Services	\$4,177.50	\$506.25	\$0.00										\$4,683.75
Misc.	\$0.00	\$0.00	\$0.00										\$0.00
	\$4,285.57	\$22,796.82	\$86.38	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$27,168.77
Fiscal Year 2003-2004 Expenses													\$64,744.00

Encumbered Funds	
2002 Granting Cycle	\$1,250,947.65
Flue-Cured Tobacco Container Corp	\$175,678.16
Burley Marketing Center	\$420,000.00
2003 Granting Cycle	\$4,000,000.00
Out-of-Cycle Grants	\$627,362.06
TOTAL	\$6,473,987.87
Budget Shortfall Transfers	
FY 02 Designated Interceptions	\$82,004,511.11
FY 03 Designated Interceptions	\$38,000,000.00
FY 04 Designated Interception {1}	\$900,000.00
FY 04 Planned Interceptions	\$40,000,000.00
FY 05 Planned Interceptions	\$40,000,000.00
TOTAL	\$200,904,511.11

Total Grants Paid Out Since Inception	
Barn Retrofit	\$41,090,228.00
Burley Marketing Center	\$2,050,000.00
NCDA/NCSS Barn Retrofit	\$168,254.00
Hay Relief	\$5,000.00
FCTCC	\$1,874,321.84
2002 Granting Cycle	\$1,551,862.35
TOTAL	\$46,739,666.19

2002 Granting Cycle Paid Out		
	FY 02-03	FY 03-04
NC A&T	\$9,440.00	\$54,609.39
Stokes County	\$49,500.00	
NC Tobacco Foundation	\$87,500.00	
NC Agricultural Foundation	\$147,500.00	
Tobacco Growers Assoc. of NC	\$44,090.00	
NC Foundation for Soil & Water	\$175,000.00	
Johnston Co. Farmers Market	\$350,000.00	
Carolina Farm Stewardship	\$10,000.00	
Appalachian Sustainable Ag.	\$112,472.96	
RAFI	\$250,000.00	\$25,000.00
NC NEP/Martin Co. EDC	\$175,000.00	
Columbus Co. Farmers Market	\$32,500.00	\$29,250.00
SUBTOTAL		\$108,859.39
Flue-Cured Tob Container Corp.	\$1,865,352.00	\$8,969.84
TOTAL		\$117,829.23

Cash Carried Forward	\$8,593,273.68
Total Revenue 03-04	\$197,397.42
Total Expenses 03-04 (-)	\$64,744.00
Total	\$8,725,927.10
Total Grants Paid Out (-)	\$117,829.23
Current Cash Balance	\$8,608,097.87
Encumbered Funds (-)	\$6,473,987.87
TOTAL Grant Mgmt/Admin	\$2,134,110.00

*Interest Income- May vary due to adjusting interest rates & date of deposit.

**Sal, Ins, Ret, SS Bene.-Some data was not available at the time of this report.

***Postage Freight & Delv-NCDA&CS keys USPS fees for TTFC.

Several months are accumulated before data is entered into NCAS.

****Telephone Services-Due to billing dates, some data was unavailable for this report.

Data pulled 7/1/03-9/30/03 for this report.

**STATE OF NORTH CAROLINA
Office of the State Auditor**

**Ralph Campbell, Jr.
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.osa.state.nc.us>

AUDITOR'S TRANSMITTAL

The Honorable Michael F. Easley, Governor
The General Assembly of North Carolina
Members of the Commission, Tobacco Trust Fund
William B. Upchurch, Executive Director

This report presents the results of our fiscal control audit of Tobacco Trust Fund for the period March 1, 2002 through January 31, 2003. Our work was performed by authority of Article 5A of Chapter 147 of the General Statutes and was conducted in accordance with the standards contained in Government Auditing Standards issued by the Comptroller General of the United States. The objective of the audit was to gather and evaluate evidence about selected internal control policies and procedures designed to ensure reliable financial accounting and reporting and compliance with finance-related laws, regulations, and contract provisions.

The results of our tests disclosed no significant weaknesses in internal control or significant instances of noncompliance or abuse, which require disclosure under Government Auditing Standards.

North Carolina General Statutes require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.

Ralph Campbell, Jr.
State Auditor

*Additional information can be
obtained from contacting the staff:*

William Upchurch
Executive Director

Amy Bissette
Administrative Officer

1080 Mail Service Center
Raleigh, NC 27699-1080

919.733.2160
Fax 919.733.2510

tobaccotrustfund@ncmail.net

www.tobaccotrustfund.org