

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2025

Exhibit B-1

(Dollars in Thousands)

	General Fund	Highway Fund	Highway Trust Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents (Note 3)	\$ 21,629,526	\$ 1,741,949	\$ 1,001,389	\$ 2,446,790	\$ 26,819,654
Investments (Note 3)	27,686	-	-	383,674	411,360
Securities lending collateral (Note 3)	697,214	34,573	25,749	90,215	847,751
Receivables, net: (Note 4)					
Taxes receivable	3,160,680	203,262	63,896	7,873	3,435,711
Accounts receivable	607,359	41,268	9	28,674	677,310
Intergovernmental receivable	4,588,742	114,196	3,958	1,155	4,708,051
Interest receivable	21,427	-	-	6,514	27,941
Other receivables	-	7,514	-	-	7,514
Due from other funds (Note 10)	177,554	122,492	4,602	24,584	329,232
Due from fiduciary funds	371	-	-	-	371
Due from component units (Note 18)	15,911	-	-	3,022	18,933
Inventories	106,346	117,432	-	33,132	256,910
Advances to other funds (Note 10)	-	-	35,207	-	35,207
Advances to component units	-	1,191	-	-	1,191
Advances to outside entities	3,290	-	-	-	3,290
Notes receivable, net (Note 4)	17,524	116	-	16,090	33,730
Lease receivable	7,174	-	-	208	7,382
Securities held in trust	13	839	-	64,067	64,919
Restricted/designated cash and cash equivalents (Note 3)	550,449	-	-	2,842,517	3,392,966
Restricted investments (Note 3)	-	301,566	382,296	357,311	1,041,173
Total Assets	31,611,266	2,686,398	1,517,106	6,305,826	42,120,596
Deferred Outflows of Resources					
Forward funded state aid	725,586	-	-	63,697	789,283
Total Assets and Deferred Outflows	\$ 32,336,852	\$ 2,686,398	\$ 1,517,106	\$ 6,369,523	\$ 42,909,879
Liabilities					
Accounts payable and accrued liabilities:					
Accounts payable	\$ 609,979	\$ 514,823	\$ 118,815	\$ 89,207	\$ 1,332,824
Accrued payroll	3,955	17,145	-	129	21,229
Intergovernmental payable	1,079,084	194,673	-	7,580	1,281,337
Claims payable	-	-	-	110,000	110,000
Medical claims payable	4,162,338	-	-	-	4,162,338
Tax refunds payable	1,657,450	-	-	-	1,657,450
Obligations under securities lending	697,214	34,573	25,749	90,215	847,751
Due to fiduciary funds (Note 10)	152,085	-	-	554	152,639
Due to other funds (Note 10)	125,491	15,405	-	21,781	162,677
Due to component units (Note 18)	280,086	1,378	-	2,886	284,350
Unearned revenue	2,151,182	627,694	24,099	510	2,803,485
Funds held for others	18,651	30,934	-	64,194	113,779
Total Liabilities	10,937,515	1,436,625	168,663	387,056	12,929,859
Deferred Inflows of Resources					
Unavailable revenue	273,471	3,506	-	12,044	289,021
Deferred inflows for PPP arrangements	-	65,776	-	-	65,776
Deferred inflows for lease agreements	7,039	-	-	88	7,127
Total Deferred Inflows of Resources	280,510	69,282	-	12,132	361,924
Fund Balances (Note 11)					
Nonspendable	106,443	117,432	-	180,522	404,397
Restricted	344,448	305,210	382,296	2,055,450	3,087,404
Committed	14,957,903	757,849	966,147	3,649,206	20,331,105
Assigned	2,451,712	-	-	87,555	2,539,267
Unassigned	3,258,321	-	-	(2,398)	3,255,923
Total Fund Balances	21,118,827	1,180,491	1,348,443	5,970,335	29,618,096
Total Liabilities, Deferred Inflows and Fund Balances	\$ 32,336,852	\$ 2,686,398	\$ 1,517,106	\$ 6,369,523	\$ 42,909,879

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 POSITION

June 30, 2025

Exhibit B-1a

(Dollars in Thousands)

Total fund balances - governmental funds (see Exhibit B-1)		\$ 29,618,096
Amounts reported for governmental activities in the Statement of Net Position 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)	\$ 74,120,766	
Less: Accumulated depreciation (excluding internal service funds)	(1,105,282)	
Net capital assets		73,015,484
– Some assets , such as receivables, are not available soon enough to pay for current period expenditures and thus, are offset by unavailable revenue in the governmental funds.		289,021
– Equity interest in component unit is not a financial resource and, therefore, is not reported in the funds.		316,719
– Net pension asset (excluding internal service funds) resulting from contributions in excess of the actuarially determined contribution are not financial resources and, therefore, are not reported in the funds (see Note 12).		41,734
– Net OPEB asset (excluding internal service funds) resulting from contributions in excess of the actuarially determined contribution are not financial resources and, therefore, are not reported in the funds (see Note 14).		6,116
– Deferred losses on refundings are reported in the Statement of Net Position (to be amortized as interest expense) but are not reported in the funds.		12,188
– Deferred gain on refunding is reported in the Statement of Net Position (to be amortized as a component of interest expense) but is not reported in the funds.		(10,647)
– Deferred outflows for pensions (excluding internal service funds) are reported in the Statement of Net Position but are not reported in the funds (see Note 12).		2,061,021
– Deferred outflows for OPEB (excluding internal service funds) are reported in the Statement of Net Position but are not reported in the funds (see Note 14).		3,225,278
– Long-term debt instruments , such as bonds and notes from direct borrowings, are not due and payable in the current period and, therefore, the outstanding balances are not reported in the funds (see Note 8). Also, unamortized debt premiums are reported in the Statement of Net Position but are not reported in the funds. These balances consist of:		
General obligation bonds payable	(1,412,640)	
Limited obligation bonds payable	(1,978,945)	
GARVEE bonds payable	(1,044,580)	
Unamortized debt premiums (to be amortized as interest expense)	(395,669)	
Notes from direct borrowings	(62,424)	
Lease liability (excluding internal service funds)	(384,487)	
Subscription liability (excluding internal service funds)	(230,855)	
Net long-term debt		(5,509,600)
– Other liabilities not due and payable in the current period and, therefore, not reported in the funds (see Note 8 as applicable) consist of:		
Accrued interest payable	(22,983)	
Compensated absences (excluding internal service funds)	(718,855)	
Obligations for workers' compensation (excluding internal service funds)	(607,336)	
Arbitrage rebate payable	(2,586)	
Death benefit payable	(37)	
Pollution remediation payable	(6,457)	
Claims and judgments payable	(731,703)	
Pension liability (excluding internal service funds)	(3,718,709)	
Net OPEB liability (excluding internal service funds)	(6,573,251)	
Total other liabilities		(12,381,917)
– Deferred inflows for pensions (excluding internal service funds) are reported in the Statement of Net Position but are not reported in the funds (see Note 12).		(282,088)
– Deferred inflows for OPEB (excluding internal service funds) are reported in the Statement of Net Position but are not reported in the funds (see Note 14).		(1,918,671)
– 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 Position (see Exhibit B-3).		186,819
Total net position - governmental activities (see Exhibit A-1)		\$ 88,669,553

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2025

Exhibit B-2

(Dollars in Thousands)

	General Fund	Highway Fund	Highway Trust Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Individual income tax	17,101,833	-	-	-	17,101,833
Corporate income tax	1,536,667	-	-	-	1,536,667
Sales and use tax	11,815,150	165,248	495,744	10,040	12,486,182
Motor fuels tax	-	1,888,802	624,887	28,064	2,541,753
Franchise tax	696,690	-	-	-	696,690
Highway use tax	-	120,688	1,130,340	-	1,251,028
Insurance tax	1,471,660	-	-	-	1,471,660
Beverage tax	588,583	-	-	-	588,583
Sports wagering tax	128,366	-	-	-	128,366
Tobacco products tax	248,670	-	-	-	248,670
Other taxes	199,696	-	-	128,295	327,991
Federal funds	35,020,046	1,805,698	-	159,367	36,985,111
Local funds	144,712	17,968	14,606	13,103	190,389
Investment earnings (losses)	1,352,182	85,715	47,074	211,584	1,696,555
Interest earnings on loans	30	-	1,334	1,435	2,799
Sales and services	167,962	10,944	-	171,961	350,867
Rental and lease of property	14,697	3,655	757	2,269	21,378
Fees, licenses, and fines	1,848,391	1,183,810	175,384	180,744	3,388,329
Tobacco settlement	132,506	-	-	-	132,506
Contributions, gifts, and grants	78,826	100,280	4,667	86,440	270,213
Funds escheated	-	-	-	277,010	277,010
Federal COVID-19 funds	2,725,994	13,189	-	33,824	2,773,007
Miscellaneous	143,421	28,069	5,566	16,861	193,917
Total revenues	75,416,082	5,424,066	2,500,359	1,320,997	84,661,504
Expenditures					
Current:					
General government	2,218,621	-	-	85,229	2,303,850
Primary and secondary education	15,866,572	-	-	-	15,866,572
Higher education	7,280,586	-	-	150,124	7,430,710
Health and human services	39,993,602	-	-	100,566	40,094,168
Economic development	1,056,732	-	-	1,278	1,058,010
Environment and natural resources	1,189,508	-	-	335,357	1,524,865
Public safety, corrections, and regulation	6,091,673	-	-	353,443	6,445,116
Transportation	-	6,022,229	2,100,169	-	8,122,398
Agriculture	300,278	-	-	30,664	330,942
Capital outlay	-	-	-	512,676	512,676
Debt service:					
Principal retirement	473,084	281,104	72,930	4,856	831,974
Interest and fees	126,956	50,162	49,016	1,025	227,159
Debt issuance costs	16	151	374	-	541
Total expenditures	74,597,628	6,353,646	2,222,489	1,575,218	84,748,981
Excess revenues over (under) expenditures	818,454	(929,580)	277,870	(254,221)	(87,477)
Other Financing Sources (Uses)					
Special indebtedness issued	-	-	300,000	-	300,000
GARVEE bonds issued	-	275,750	-	-	275,750
Refunding bonds issued	-	165,765	-	-	165,765
Other debt issued	194,313	43,191	-	-	237,504
Premium on debt issued	-	27,124	23,950	-	51,074
Sale of capital assets	28,070	8,537	145	5,265	42,017
Insurance recoveries	3,715	17,449	-	1,024	22,188
Transfers in (Note 10)	1,337,503	458,885	-	1,697,441	3,493,829
Transfers out (Note 10)	(2,159,068)	(55,891)	(97,985)	(209,533)	(2,522,477)
Total other financing sources (uses)	(595,467)	940,810	226,110	1,494,197	2,065,650
Net change in fund balances	222,987	11,230	503,980	1,239,976	1,978,173
Fund balances — July 1, as previously reported	20,891,192	1,169,261	844,463	4,729,249	27,634,165
Adjustments to July 1 balances	4,648	-	-	1,110	5,758
Fund balances — July 1, as restated (Note 23)	20,895,840	1,169,261	844,463	4,730,359	27,639,923
Fund balances — June 30	\$ 21,118,827	\$ 1,180,491	\$ 1,348,443	\$ 5,970,335	\$ 29,618,096

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, 2025

Exhibit B-2a

(Dollars in Thousands)

Net change in fund balances - total governmental funds (see Exhibit B-2) \$ 1,978,173

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 and computer soft. in develop.)	\$ 4,953,785	
Less: Depreciation expense (excluding internal service funds)	(1,397,751)	
Net capital outlay adjustment		3,556,034
- **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. (200,515)
- **Pension Contributions** (excluding internal service funds) to defined benefit pension plans in the current fiscal year are not included on the Statement of Activities. 812,701
- **OPEB Contributions** (excluding internal service funds) to defined benefit OPEB plans in the current fiscal year are not included on the Statement of Activities. 301,563
- **Benefit payments** to the special separation allowance defined benefit pension plan in the current fiscal year are not included on the Statement of Activities (see Note 12). 27,825
- **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 position. 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	(575,750)	
Refunding bonds issued	(165,765)	
Premiums on debt issued	(51,074)	
Leases (excluding internal service funds)	(66,425)	
Subscriptions (excluding internal service funds)	(171,079)	
Principal repayments:		
Bonds, notes, and similar debt	691,754	
Leases (excluding internal service funds)	48,851	
Subscriptions (excluding internal service funds)	91,369	
Net debt adjustments		(198,119)
- **Some revenues** in the Statement of Activities do not provide current financial resources and, therefore, are deferred inflows of resources 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. 90,656
- **Change in equity interest** of component unit resulting from changes in stockholder's equity are not current financial resources, and therefore, are not recognized in the funds. 2,257
- **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	1,903	
Compensated absences (excluding internal service funds)	(69,469)	
Workers' compensation (excluding internal service funds)	(1,099)	
Pension expense (excluding internal service funds)	(1,041,997)	
OPEB expense (excluding internal service funds)	(249,528)	
Pollution remediation	278	
Arbitrage rebate	(2,586)	
Amortization of deferred amounts	70,971	
Net expense accruals		(1,291,527)
- **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). (17,328)

Change in net position - governmental activities (see Exhibit A-2) \$ 5,061,720

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