



OFFICE OF THE
STATE CONTROLLER

STATE OF NORTH CAROLINA

FINANCIAL HIGHLIGHTS

FISCAL YEAR ENDED JUNE 30, 2025

Financial Highlights

On the Cover:

The cover features an aerial evening view of the North Carolina State Fairgrounds in Raleigh, highlighting the towering SkyGazer Ferris Wheel beside the iconic J.S. Dorton Arena as dusk settles over the midway. The photograph was created by Justin Kase Conder of JKase & Co. (www.JKase.com), the official photographer and content producer for the North Carolina State Fair.

This year's Annual Comprehensive Financial Report and Financial Highlights celebrate the vibrant festivals that bring communities together across North Carolina. From the mountains to the coast, these gatherings highlight the state's rich cultural traditions, local heritage, and shared sense of pride. Featuring the Ferris wheel at the North Carolina State Fair on the cover, the image reflects the energy, tradition, and sense of community that festivals large and small inspire across our state. These events remind us that North Carolina's strength lies not only in its economy, but in the people and communities who come together to celebrate, support one another, and carry traditions forward for generations to come. While this publication can only highlight a few, there are hundreds of festivals to visit in North Carolina annually.

Cover photo: JKase & Co. (www.JKase.com)

Other photos courtesy of:

- City of Hendersonville
- Town of Tabor City
- North Carolina Blueberry Festival Association
- NC Department of Agriculture
- Mount Airy
- Pixels on Paper: Ryan Case
- The Barbecue Festival
- City of Greenville, NC
- City of Salisbury
- Town of Roseboro
- Cleveland County
- Denton FarmPark, Denton, NC
- Adobe Stock

Financial Highlights

Dear Fellow North Carolinian,

I am pleased to present **North Carolina's Financial Highlights** for the fiscal year ended June 30, 2025. The State's fiscal year starts July 1 and ends the following June 30. Accurate financial reporting is a hallmark of our Great State. This report reflects my commitment to you, the citizens of North Carolina, to provide financial reporting in conformance with accounting principles generally accepted in the United States of America as



established by the Governmental Accounting Standards Board (GASB). It also represents our continuing commitment to you to provide transparency to our citizens through clear reporting, financial management, and fiscal accountability for the resources of the State of North Carolina.

North Carolina's Financial Highlights is a report for all North Carolinians and an initiative of the Office of the State Controller to provide easy-to-understand information about our State's financial condition. It summarizes basic financial information about our State which is supported in more detail in the State's Annual Comprehensive Financial Report (ACFR). The ACFR is prepared in accordance with generally accepted accounting principles (GAAP) and is independently audited by the North Carolina Office of the State Auditor.

This report provides information at the government-wide level in addition to the major fund level, and certain selected statistical information cited in our ACFR. Coverage of legally separate but related organizations is limited to universities and community colleges and is at a high level. This year's Financial Highlights digital version is the first fully accessible document of its kind in North Carolina history.

In 1985, the North Carolina General Assembly established the Office of the State Controller. In their wisdom, they saw the need to create an independent, non-partisan office to oversee the State's accounting, disbursing, and financial reporting functions. Their goal was to provide a source of checks and balances between the branches of government to ensure there was an appropriate accounting of public funds and integrity in the State's fiscal reports. I trust that the information provided throughout this report will give us all reason to celebrate living in this Great State.

Thank you for your interest in the financial integrity of the State of North Carolina.

Sincerely,

A handwritten signature in black ink that reads "Nels C. Roseland". The signature is fluid and cursive.

Nels Roseland
State Controller

Information is presented in this report on the basis of GAAP. This report and the State's complete financial statements, known as the ACFR, can be obtained at <https://www.ncosc.gov>, by telephone at (919) 707-0500, or by writing to the N.C. Office of the State Controller, 1410 Mail Service Center, Raleigh, N.C. 27699-1410.



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State Reporting Entity and Services

The State of North Carolina entity as reported in the ACFR includes all fund types of the departments, agencies, boards, commissions, and authorities governed and legally controlled by the State's executive, legislative, and judicial branches. In addition, the reporting entity includes legally separate component units for which the State is financially accountable. The component units are discretely presented in the government-wide financial statements. The State's discretely presented major component units are the University of North Carolina System, the State's community colleges, and the State Health Plan.

The 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
- General Government Services

The Economy

North Carolina's economic indicators in FY 2024-25 continued to improve compared to the prior fiscal year, leading to continued growth in the State's tax base. In general, NC economic indicators grew faster than the US economic indicators. Nationwide, inflation grew by a fiscal year average of 2.6% year-over-year as measured by the Consumer Price Index for All Urban Consumers. The Federal Reserve enacted three federal funds rate reductions throughout the fiscal year, lowering the effective rate from 5.33% in July 2024 to 4.33% in June 2025. These rate reductions increase the availability of credit throughout the economy, increasing consumer and business spending relative to higher rates and promoting additional economic growth throughout the period, including for North Carolinians.

These changes helped to continue the national and State trend of low unemployment, which averaged 4.1% nationwide and 3.7% in NC for fiscal 2024-25. Low unemployment put upward pressure on wages as firms continued to compete for available workers, leading to growth in the State's wage and salary base of 6% year over year and total State personal income growth of 6.8%, higher than the national average. Additionally, other than a short-lived decline in March and April, equities performed well over the fiscal year. The S&P 500 index rose from 5,475 to 6,205, over a 13% increase, over fiscal 2024-25. Growth in equities can increase income when capital gains are realized, for example from pre-tax retirement accounts such as 401(k) plans. Due in part to these factors, the State's personal income tax base expanded significantly. While the individual income tax was reduced by roughly 5.4% compared to the FY 2023-24 fiscal year average, total collections from individual income tax grew at 2.7% year over year.

Financial Highlights

Other changes in federal policy affected the State's economy in fiscal year 2024-25. The federal government imposed a series of tariffs, a type of import tax, in 2025. Per the Federal Reserve Bank of Richmond, the actual average effective tariff rate, which reflects the average tariff paid across all imports, rose from 2.3% in 2024 to 8.7% in May 2025. Accordingly, prices for durable goods (such as home appliances, electronics, and furniture) increased at a faster rate than other goods throughout 2025. Durable goods make up a significant share of the State's sales and use tax base, so higher prices can lead to higher collections if consumers continue to spend. Retail sales tax collections saw a large increase in early 2025 as consumers stocked up on durable goods due to anticipated tariffs, but this effect was short-lived. Still, the sales tax saw year-over-year growth due to growth in the tax base. NC retail sales grew at 4.3%, faster than the national average of 3.5%, during FY 2024-25. Corporate profits grew nationwide as well, bolstering the State's corporate income tax collections for FY 2024-25. While the short-lived bear market in March and April reduced estimated payments for corporate income tax, the subsequent recovery increased collections by the end of the fiscal year.

Hurricane Helene disrupted the State's economy in fiscal 2024-25, causing over 100 deaths and destroying billions of dollars in property in the western part of the State. The storm caused a brief but serious spike in unemployment claims, and counties that were most severely impacted saw reduced sales tax revenue relative to the rest of the state in the two months following the storm.

However, Helene's impact on the State's tax base was short-lived. Initial unemployment claims returned to their pre-storm levels after 7 weeks and income tax payments that were delayed by the storm were made later in the fiscal year. Local sales tax collections from the 25 initially declared disaster counties, where Helene's impact was most severe, recovered after two months and were on par with the State average for the rest of the fiscal year. While rebuilding after Helene will be a long-term endeavor, the storm did not cause lasting damage to the State's economy and tax base. Following the completion of the FY 2024-25 fiscal year, the Federal Reserve lowered the target federal funds rate two more times, with an effective rate of 3.87% as of November 2025, due to slower job gains and a desire to keep unemployment low and avoid a recession. Currently, forecasters such as Moody's Analytics do not anticipate a recession in fiscal year 2025-26, but rather a general slowing of economic growth. Moody's Analytics anticipates that lower rates, combined with other factors including tariffs and the impact of the One Big Beautiful Bill Act, will cause inflation to rise faster in fiscal year 2025-26 than it did in fiscal year 2024-25. This establishes the background for the projections of key economic indicators used to generate the forecast for the next fiscal year, fiscal year 2025-26.

North Carolina's real gross domestic product, which is adjusted for inflation, is expected to grow at 2.4%, compared to 2.9% last year, indicating a slower but continued general increase in the tax base due to population and productivity growth. Lower interest rates and tariffs contribute to higher inflation expectations for fiscal 2025-26, with the Consumer Price Index for All Urban Consumers at over 3% year over year for



Financial Highlights

September 2025. Higher inflation contributes to both income and retail sales growth, with State population increases relative to the rest of the country allowing North Carolina's growth to exceed the national average projections. While the income tax base is projected to grow, the May 2025 consensus revenue forecast expected net collections to decline due to an average reduction of the personal income tax rate of 5.8% in fiscal 2025-26. Additionally, reductions to the corporate income tax rate contribute to lower forecasted corporate income tax collections in the consensus revenue forecast. Sales tax growth is projected to be higher than in fiscal 2024-25 due to higher inflation and the impact of tariffs. On net, General Fund collections are expected to be roughly flat year-over-year due to this mix of slowing growth and policy factors.

North Carolina Economic Indicators

Economic Indicator	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Real Gross State Product Growth	3.7%	2.9%	2.4%	2.2%
Personal Income Growth	6.9%	6.8%	5.3%	5.2%
Wages & Salaries Growth	6.2%	6.0%	5.2%	4.6%
Retail Sales Growth	3.9%	4.3%	5.0%	4.3%
Average Unemployment Rate	3.5%	3.7%	4.2%	4.8%
Nonfarm Employment Growth	1.3%	0.0%	-0.4%	0.0%



NC Apple Festival, Hendersonville, NC / City of Hendersonville

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Government-wide Financials

- ◇ The State's total net position increased by \$6 billion or 6.51% as a result of this year's operations. Net position of governmental activities increased by \$5.02 billion or 6.01% while net position of business type-activities increased by \$975.67 million or 11.48%. At year-end, net position of governmental activities and business-type activities totaled \$88.67 billion and \$9.48 billion, respectively.
- ◇ Component units reported net position of \$34.06 billion, an increase of \$4.35 billion or 14.64% from the previous year. The majority of the net position is attributable to the University of North Carolina System, a major component unit.

Fund Financials

- ◇ The fund balance of the General Fund increased from \$20.9 billion at June 30, 2024 (as restated) to \$21.12 billion at June 30, 2025, an increase of 1.07%. The increase was mainly due to funding for very large infrastructure projects along with funding from Hurricane Helene disaster relief and recovery.
- ◇ The Highway Fund reported a fund balance of \$1.18 billion at June 30, 2025, consistent with the prior year. The Highway Fund issued \$441.52 million in GARVEE refunding bonds, which were offset by increased expenditures for highway and other infrastructure maintenance as well as recovery costs associated with Hurricane Helene.
- ◇ The Highway Trust Fund reported a fund balance of \$1.35 billion, an increase of 59.68% from the previous year. The increase is attributable to increases in revenues and a reduction of expenditures for the Strategic Transportation Improvement Program (STIP). Also contributing to the increase was the issuance of \$300 million of limited obligation Build NC Bonds.
- ◇ The Unemployment Compensation Fund reported net position of \$5.91 billion at June 30, 2025 compared to \$5.24 billion at June 30, 2024, an increase of \$673.88 million or 12.86%. This increase in net position is related to various fluctuations. Unemployment rates remained low during the 2024-24 fiscal year, with the rate of 3.7% reported in June 2025.
- ◇ The N.C. State Lottery Fund reported net ticket sales of \$6.59 billion, an increase of 22.51% from the previous year. As required by law, the Lottery transferred \$1.079 billion to the General Fund to support educational programs.
- ◇ The N.C. Turnpike Authority (NCTA) reported net position of \$725.38 million, an increase of \$137.1 million or 23.3% from the previous year. The NCTA reported operating income of \$70.33 million related to toll road revenues and operations; total nonoperating revenues and expenses of (\$64.62) million, which consisted mostly of investment earnings of \$34.07 million and interest and fees related to bond interest expense of (\$99.3 million); capital contributions of \$83.51 million; and net transfers in of \$47.89 million.
- ◇ The EPA Revolving Loan Fund reported net position of \$2.59 billion, an increase of 7.67% from the previous year. Operating income was \$4.47 million, and net nonoperating revenues of \$143.6 million consisted primarily of federal capitalization grants and investment earnings.

Financial Highlights

Government-wide Financials

The Statement of Net Position 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 as a result of this year's activities?

- ◇ Governmental activities cover most of the State's basic services such as health and human services, transportation, and education. Taxes and intergovernmental revenues generally fund these services.
- ◇ Business-type activities are services provided to the State or outside customers that are similar in function to private businesses and are primarily financed by fees charged to the customers. These fees cover all or most of the cost of the services being provided. The State's Unemployment Compensation Fund, the EPA Revolving Loan Fund, the N.C. State Lottery Fund, and the N.C. Turnpike Authority are the predominant business-type activities of the State.



Statement of Net Position

The Statement of Net Position presents all of the State's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the sum of these components reported as "net position." The State of North Carolina's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$98.15 billion at the close of the most recent fiscal year (see total primary government column). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the State is improving or deteriorating. The State's overall net position increased \$6 billion or 6.51% (total primary government) from the prior fiscal year. The following table was derived from the government-wide Statement of Net Position:

Financial Highlights

Net Position as of June 30, 2025 and 2024 - Governmental Activities (dollars in thousands)

Governmental Activities	2025	2024 (as restated)**
Current and other non-current assets	\$42,573,702	\$43,863,805
Capital assets, net	<u>73,219,021</u>	<u>69,878,399</u>
Total assets	<u>115,792,723</u>	<u>113,742,204</u>
Total deferred outflows of resources	<u>6,211,982</u>	<u>5,935,478</u>
Long-term liabilities	18,179,052	16,789,456
Other liabilities	<u>12,842,219</u>	<u>15,912,231</u>
Total liabilities	<u>31,021,271</u>	<u>32,701,687</u>
Total deferred inflows of resources	<u>2,313,881</u>	<u>3,331,259</u>
Net Position: Net investment in capital assets	69,715,710	66,301,452
Net investment in Restricted	2,493,708	2,043,502
Net investment in Unrestricted	<u>16,460,135</u>	<u>15,299,782</u>
Total Net Position	<u>\$88,669,553</u>	<u>\$83,644,736</u>

Net Position as of June 30, 2025 and 2024 - Business-Type Activities (dollars in thousands)

Business-Type Activities	2025	2024 (as restated)**
Current and other non-current assets	\$10,006,781	\$9,441,006
Capital assets, net	<u>3,352,063</u>	<u>3,148,732</u>
Total assets	<u>13,358,844</u>	<u>12,589,738</u>
Total deferred outflows of resources	<u>116,388</u>	<u>123,085</u>
Long-term liabilities	3,125,630	3,131,647
Other liabilities	<u>787,904</u>	<u>976,380</u>
Total liabilities	<u>3,913,534</u>	<u>4,108,027</u>
Total deferred inflows of resources	<u>83,839</u>	<u>102,610</u>
Net Position: Net investment in capital assets	978,785	813,984
Net investment in Restricted	285,968	181,140
Net investment in Unrestricted	<u>8,213,106</u>	<u>7,507,062</u>
Total Net Position	<u>\$9,477,859</u>	<u>\$8,502,186</u>

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Net Position as of June 30, 2025 and 2024 - Total Primary Government (dollars in thousands)

Total Primary Government	2025	2024 (as restated)**	Total Percentage Change
Current and other non-current assets	\$52,580,483	\$53,304,811	(1.36%)
Capital assets, net	<u>76,571,084</u>	<u>73,027,131</u>	<u>4.85%</u>
Total assets	<u>129,151,567</u>	<u>126,331,942</u>	<u>2.23%</u>
Total deferred outflows of resources	<u>6,328,370</u>	<u>6,058,563</u>	<u>4.45%</u>
Long-term liabilities	21,304,682	19,921,103	6.95%
Other liabilities	<u>13,630,123</u>	<u>16,888,611</u>	<u>(19.29%)</u>
Total liabilities	<u>34,934,805</u>	<u>36,809,714</u>	<u>(5.09%)</u>
Total deferred inflows of resources	<u>2,397,720</u>	<u>3,433,869</u>	<u>(30.17%)</u>
Net Position: Net investment in capital assets	70,694,495	67,115,436	5.33%
Net investment in Restricted	2,779,676	2,224,642	24.95%
Net investment in Unrestricted	<u>24,673,241</u>	<u>22,806,844</u>	<u>8.18%</u>
Total Net Position	<u>\$98,147,412</u>	<u>\$92,146,922</u>	<u>6.51%</u>

** Net position – ending as reported in the 2024 (as restated) columns for Governmental Activities, Business-type Activities, and Total Primary Government in the table above do not agree to the restated net position in the following page at July 1 reported on Condensed Statement of Activities- Primary Government for the Fiscal Year Ended June 30, 2025 related to restatements for compensated absences due to the adoption of GASB Statement No. 101 in the current fiscal year. Restatements in the amount of (\$36.9) million in governmental activities and (\$700) thousand in business-type activities for compensated absences liability restatements are not included in these tables.

The largest component of the State's net position (72.03% for fiscal year 2025) reflects its investment in capital assets (land, buildings, machinery and equipment, state highway system, toll road system, and other capital assets), less related debt still outstanding that was used to acquire or construct those assets. An additional portion of net position represents restricted net position (\$2.78 billion). These resources are subject to constraints that are externally imposed (e.g., by creditors or grantors) or are imposed by law through constitutional provisions. The remaining portion, unrestricted net position, consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

Financial Highlights

Statement of Activities

The Statement of Activities presents information showing how the State's net position changed during the most recent fiscal year. The following financial information was derived from the government-wide Statement of Activities:

Condensed Statement of Activities - Primary Government for the Fiscal Year Ended June 30, 2025 (dollars in thousands)

Changes in Net Position	Governmental Activities	Business-Type Activities	Total
Net (expense) revenue	<u>\$(37,050,962)</u>	<u>\$1,947,474</u>	<u>\$(35,103,488)</u>
General Revenues, Transfers, and Contributions	Governmental Activities	Business-Type Activities	Total
Individual income tax	17,101,833	—	17,101,833
Corporate income tax	1,540,009	—	1,540,009
Sales and use tax	12,496,972	—	12,496,972
Motor fuels tax	2,541,788	—	2,541,788
Franchise tax	698,017	—	698,017
Highway use tax	1,251,028	—	1,251,028
Insurance tax	1,471,355	—	1,471,355
Beverage tax	588,633	—	588,633
Sports wagering tax	128,366	—	128,366
Tobacco products tax	249,018	—	249,018
Other taxes.	324,893	—	324,893
Tobacco settlement	129,069	—	129,069
Federal COVID-19	1,546,320	—	1,546,320
Unrestricted investment earnings	967,460	—	967,460
Noncapital contributions	2,049	227	2,276
Miscellaneous	94,224	11	94,235
Contributions to permanent funds	10,309	—	10,309
Transfers	<u>971,339</u>	<u>(971,339)</u>	<u>—</u>
Total general revenues, contributions, and transfers	<u>42,112,682</u>	<u>(971,101)</u>	<u>41,141,581</u>

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Net Positions	Governmental Activities	Business-Type Activities	Total
Changes in net position	5,061,720	976,373	6,038,093
Net position - July 1, as previously reported	83,675,322	8,466,125	92,141,447
Adjustments to July 1 balances	<u>(67,489)</u>	<u>35,361</u>	<u>(32,128)</u>
Net position - July 1, as restated	<u>83,607,833</u>	<u>8,501,486</u>	<u>92,109,319</u>
Net position - June 30	\$88,669,553	\$9,477,859	\$98,147,412

Governmental Activities

- ◇ For fiscal year 2025, revenues outpaced expenses and when combined with contributions to permanent funds and transfers from the State's business-type activities, an increase in net position of \$5.02 billion (or 6.01%) resulted for governmental activities.
- ◇ Total revenues increased by \$9.37 billion (or 12.42%), and total expenses increased by \$8.04 billion (or 11.07%).

Business-type Activities

- ◇ Business-type activities reflect an overall increase in net position of \$975.67 million or 11.48%, primarily due to the increase in net position in the Unemployment Compensation Fund (Trust Fund).
- ◇ The Trust Fund reported operating income of \$486.85 million, including operating revenues of \$911.87 million predominately related to employer unemployment contributions and operating expenses of \$425.02 million for unemployment benefits paid. The Trust Fund also reported nonoperating revenues of \$163.96 million, mostly related to investment earnings, and net transfers of \$23.07 million.
- ◇ The net position increased by \$137.1 million or 23.3% for the N.C. Turnpike Authority (NCTA). NCTA received \$83.51 million in capital contributions and net transfers of \$47.89 million from the Highway and Highway Trust Funds related to project participation in the current fiscal year.
- ◇ The net position increase of \$184.24 million or 7.67% in the EPA Revolving Loan Fund is due to the Loan Fund continuing to focus on streamlining its processes resulting in more infrastructure projects completed during the year, using a cash flow model to better predict fund disbursements and revenue, and prioritizing the spending of funds from the U.S. EPA (federal) capitalization grant for these projects.
- ◇ The N.C. State Lottery Fund's net position did not change and will continue to remain constant as a result of legislative changes in the methodology used to calculate net revenues to be distributed to the State's governmental activities, as required by statute.

Financial Highlights

Statement of Activities (cont'd)

The following activities for governmental activities were the primary drivers of the fiscal year 2025 financial results:

- ◇ Total revenues increased by \$9.37 billion or 12.42% while total expenses increased by \$8.04 billion or 11.07%.
- ◇ Operating grants and contributions experienced a significant increase of \$6.04 billion or 18.94%, primarily driven by the Medicaid Expansion, which marks fiscal year 2025 as the first full fiscal year since its implementation in December 2023. This initiative resulted in the addition of nearly 185,000 new Medicaid members, with approximately 90% of their associated costs covered by federal receipts.
- ◇ Individual income tax revenue saw an increase of \$637.82 million, reflecting a growth of 3.87%. This rise can be largely attributed to several key factors, including an increase in wage and salary income, persistently low unemployment rates, and robust performance in non-wage income sources (notably, investment income and pension-related earnings, particularly from 401(k) plans).
- ◇ Sales and use tax experienced an increase of \$397.01 million, representing a growth of 3.28%. This positive trend can be attributed to the sustained strength in consumer spending throughout the year.
- ◇ Charges for services increased by \$590.06 million, or 16.12%. This growth is primarily attributed to higher medical billing resulting from the Medicaid Expansion. Additionally, there was a rise in collections of Department of Motor Vehicles fees linked to the quadrennial reset that took effect on July 1, 2024, further contributing to this positive trend.
- ◇ Spending increased across the majority of the State's functions, with notable exceptions in general government, primary and secondary education, and economic development. The decline in general government spending was primarily due to the absence of a nonrecurring grant, state aid, and subsidies that were awarded in fiscal year 2024 but not in fiscal year 2025.
- ◇ Health and human services spending increased by \$5.67 billion or 16.37% primarily due to the launch of Tailored Plans on July 1, 2024, a program providing enhanced services for NC Medicaid beneficiaries, the first full fiscal year under Medicaid Expansion, and increased spending associated with the Healthcare Access and Stabilization Program.
- ◇ Public safety, corrections, and regulation experienced a substantial increase from the prior year, rising by \$1.92 billion, or 40.21%. This significant growth is primarily attributable to enhanced state aid grants and subsidies provided to governmental organizations and non-governmental organizations for programs such as Homeland Security, ongoing recovery efforts from Hurricanes Matthew and Helene, and COVID-19 initiatives.
- ◇ Transportation spending increased by \$715.04 million, a growth of 16.23%, due primarily to higher expenses in supplies, materials, general contracting and consulting, and data processing services. The significant rise in these areas is largely in response to recovery efforts from Hurricane Helene.

Financial Highlights

Condensed Schedule of Expenses and Program Revenue Primary Government For the Fiscal Year Ended June 30, 2025

(dollars in thousands)

Total Primary Government expenses equaled \$87,195,497, program revenue equaled \$52,092,009, and net (expense) revenue equaled \$(35,103,488).

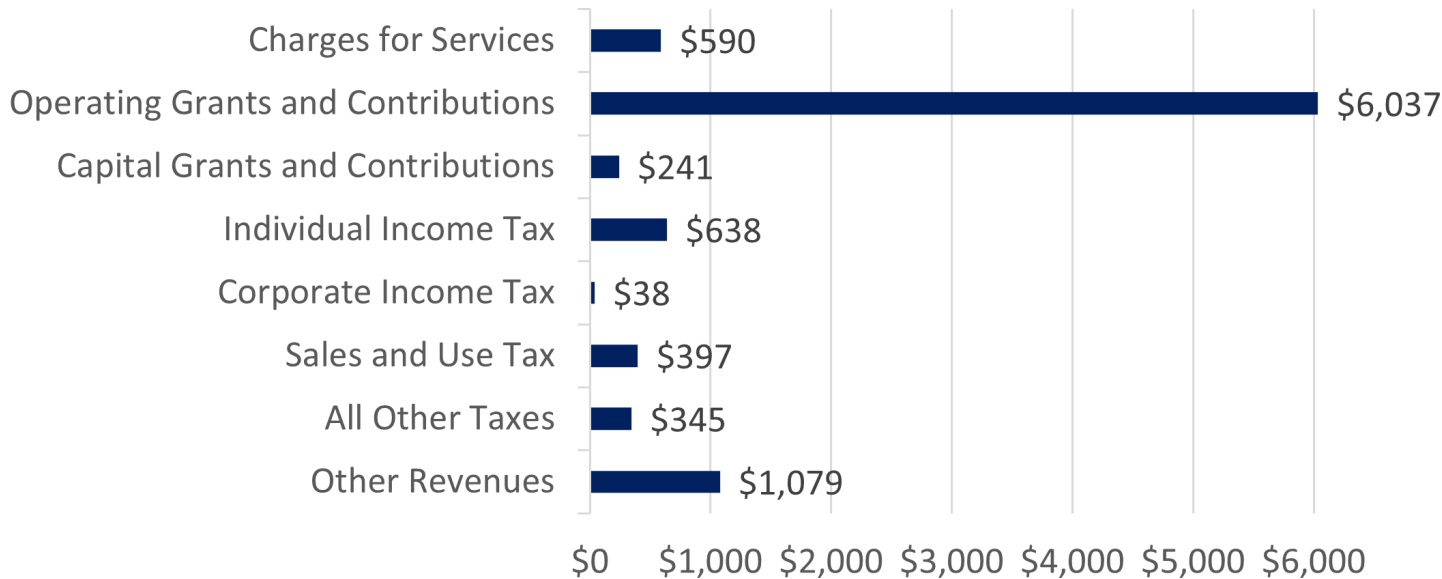
Governmental Activities	Expenses	Program Revenue	Net (Expense) Revenue
General Government	\$2,299,617	\$780,818	\$(1,518,799)
Primary and Secondary Education	15,772,911	2,762,793	(13,010,118)
Higher Education	7,431,222	430,609	(7,000,613)
Health and Human Services	40,290,630	33,185,813	(7,104,817)
Economic Development	1,065,093	348,322	(716,771)
Environment and Natural Resources	1,547,719	565,428	(982,291)
Public Safety, corrections, and regulation	6,710,657	2,003,367	(4,707,290)
Transportation	5,119,753	3,482,457	(1,637,296)
Agriculture	322,029	103,346	(218,683)
Interest on long-term debt	<u>154,284</u>	=	<u>(154,284)</u>
Total Government Activities	80,713,915	43,662,953	(37,050,962)

Business-Type Activities	Expenses	Program Revenue	Net (Expense) Revenue
Unemployment Compensation	425,186	1,075,996	650,810
N.C. State Lottery	5,522,617	6,600,447	1,077,830
EPA Revolving Loan	45,022	193,090	148,068
N.C. Turnpike Authority	207,607	296,815	89,208
Regulatory programs	191,344	203,982	12,638
Insurance programs	55,317	19,980	(35,337)
North Carolina State Fair	17,317	19,075	1,758
Other business-type activities	<u>17,172</u>	<u>19,671</u>	<u>2,499</u>
Total Business-type Activities	6,481,582	8,429,056	1,947,474

Statement of Activities, (cont'd)

Dollar Change in Governmental Activities Revenues by Source
Between Fiscal Years 2024 and 2025

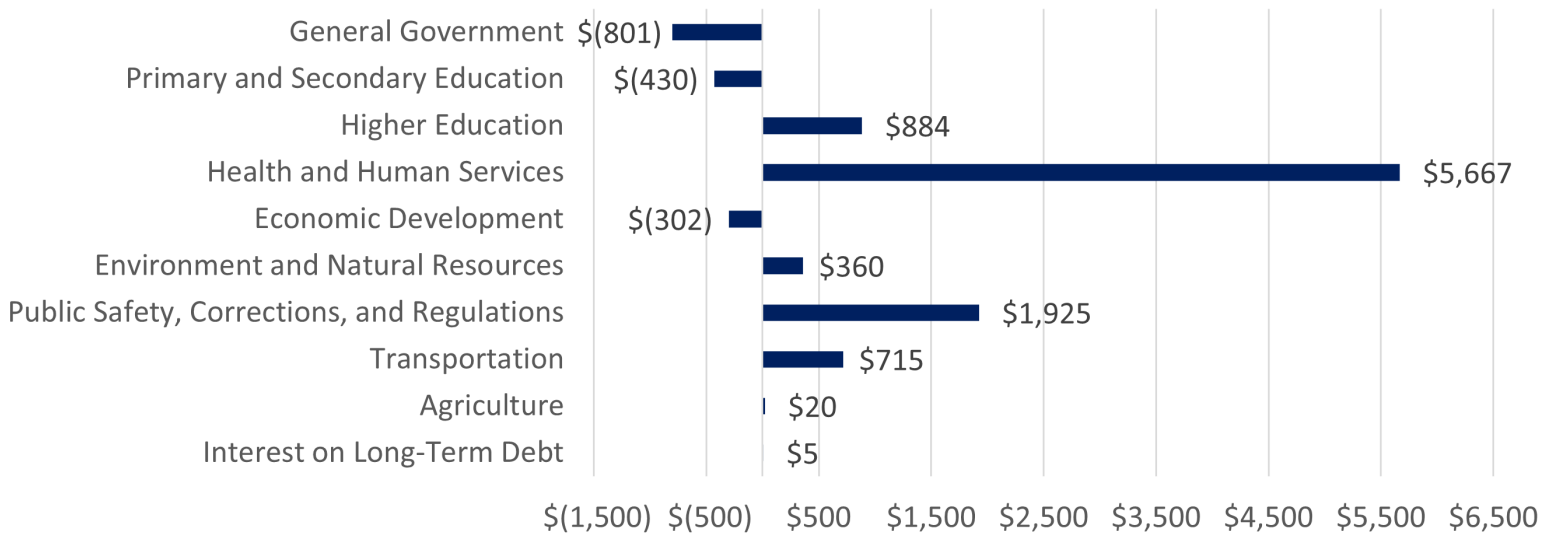
The following chart reflects the dollar change in the revenues by source of governmental activities between fiscal years 2024 and 2025. Units are represented as dollars in millions. Charges for services equaled \$590. Operating grants and contributions equaled \$6,037. Capital grants and contributions equaled \$241. Individual income tax equaled \$638. Corporate income tax equaled \$38. Sales and use tax equaled \$397. All other taxes equaled \$345. Other revenues equaled \$1,079.



Financial Highlights

Dollar Change in Governmental Activities Functional Expenses Between Fiscal Years 2024 and 2025

The following chart reflects the dollar change in the functional expenses of governmental activities between fiscal years 2024 and 2025. Units are represented as dollars in millions. General government decreased by \$801. Primary and secondary education decreased by \$430. Higher education increased by \$884. Health and human services increased by \$5,667. Economic development decreased by \$302. Environment and natural resources increased by \$360. Public safety, corrections, and regulation increased by \$1,925. Transportation increased by \$715. Agriculture increased by \$20. Interest on long-term debt increased by \$5.



Got to Be NC Festival, Raleigh, NC / NC Department of Agriculture

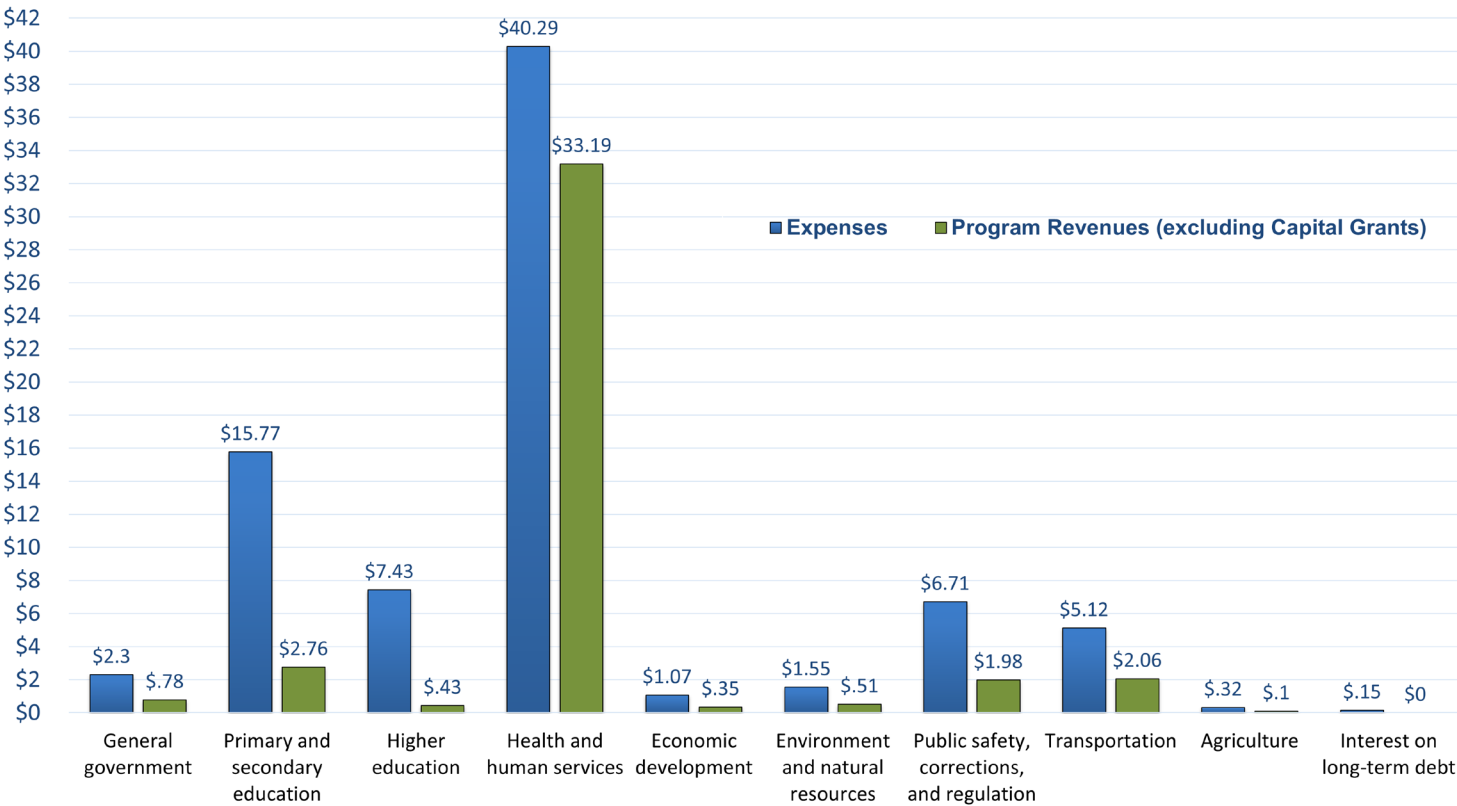


Statement of Activities (cont'd)

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 and Program Revenues - Governmental Activities
For the Fiscal Year Ended June 30, 2025

Units are represented in billions. General government expenses equaled \$2.3 and program revenues (excluding capital grants) equaled \$.78. Primary and secondary education expenses equaled \$15.77 and program revenues (excluding capital grants) equaled \$2.76. Higher education expenses equaled \$7.43 and program revenues (excluding capital grants) equaled \$.43. Health and human services expenses equaled \$40.29 and program revenues (excluding capital grants) equaled \$33.19. Economic development expenses equaled \$1.07 and program revenues (excluding capital grants) equaled \$.35. Environment and natural resources expenses equaled \$1.55 and program revenues (excluding capital grants) equaled \$.51. Public safety, corrections, and regulation expenses equaled \$6.71 and program revenues (excluding capital grants) equaled \$1.98. Transportation expenses equaled \$5.12 and program revenues (excluding capital grants) equaled \$2.06. Agriculture expenses equaled \$.32 and program revenues (excluding capital grants) equaled \$.1. Interest on long-term debt expenses equaled \$.15 and program revenues (excluding capital grants) equaled \$0.



Financial Highlights

Statement of Activities (cont'd)

The following schedule reflects the changes in the State's net position over the last five years:

Changes in Net Position For the Fiscal Years 2021-2025 (dollars in millions)

Governmental Activities	2025	2024	2023	2022	2021
Total Expenses	\$(80,714)	\$(72,660)	\$(66,530)	\$(64,126)	\$(55,481)
Total Tax Revenues	38,392	36,973	37,230	36,973	32,370
Total Other Revenues and Contributions	46,413	38,466	37,124	36,990	31,273
Total Transfers	<u>971</u>	<u>968</u>	<u>888</u>	<u>853</u>	<u>834</u>
Change in Net Position	5,062	3,747	8,712	10,690	8,996
Net Position - June 30	\$88,669	\$83,655	\$79,788	\$71,026	\$60,720
Business-type Activities	2025	2024	2023	2022	2021
Total Expenses	(6,482)	(5,000)	(4,077)	(4,086)	(10,590)
Total Revenues	8,429	7,074	5,832	5,587	11,589
Total Transfers	<u>(971)</u>	<u>(968)</u>	<u>(888)</u>	<u>(853)</u>	<u>(834)</u>
Change in Net Position	976	1,106	868	648	165
Net Position - June 30	\$9,478	\$8,474	\$7,362	\$ 6,369	\$ 5,720
Total Primary Government	2025	2024	2023	2022	2021
Total Expenses	(87,196)	(77,660)	(70,607)	(68,212)	(66,071)
Total Revenues and Contributions	<u>93,234</u>	<u>82,513</u>	<u>80,187</u>	<u>79,551</u>	<u>75,232</u>
Change in Net Position	6,038	4,853	9,580	11,339	9,161
Net Position - June 30	\$98,147	\$92,129	\$87,149	\$77,395	\$66,439

Financial Highlights

Capital Assets

As of June 30, 2025, the State's investment in capital assets was \$76.57 billion, an increase of 4.85% from the previous fiscal year-end (see tables below):

Governmental Activities

Capital Assets	2025	2024 (as restated)
Land and permanent easements	\$24,514,495	\$23,503,681
Buildings	2,952,508	3,050,879
Machinery and equipment	1,155,402	1,194,051
State highway system	38,027,568	36,137,609
General infrastructure	229,716	232,695
Computer software	313,098	289,639
Subscription asset	262,696	192,505
Art, literature, and other artifacts	200,189	190,820
Construction in progress	3,985,988	3,570,212
Computer software in development	1,194,175	1,103,201
RTU Land and permanent easements	2,485	673
RTU buildings	374,568	408,151
RTU Machinery and equipment	1,465	3,382
RTU General infrastructure	<u>4,668</u>	<u>902</u>
Total	\$73,219,021	\$ 69,878,400
Total percent change between fiscal years 2024 and 2025		4.78 %



Bloomfest, Roseboro, NC / Town of Roseboro

Financial Highlights

Business-Type Activities

Capital Assets	2025	2024 (as restated)
Land and permanent easements	\$723,045	\$650,650
Buildings	52,187	54,680
Machinery and equipment	9,580	9,024
NC toll road system	2,064,093	1,269,585
General infrastructure	5,187	5,495
Computer software	488	455
Subscription asset	10,358	2,258
Art, literature, and other artifacts	1,293	1,293
Construction in progress	476,073	1,148,695
RTU buildings	9,304	6,021
RTU Machinery and equipment	<u>455</u>	<u>576</u>
Total	\$3,352,063	\$3,148,732
Total percent change between fiscal years 2024 and 2025		6.46%



Financial Highlights

Total Capital Assets as of June 30, 2025

Capital Assets	2025	2024 (as restated)
Land and permanent easements	\$25,237,540	\$24,154,331
Buildings	3,004,695	3,105,559
Machinery and equipment	1,164,982	1,203,075
State highway system	38,027,568	36,137,609
NC toll road system	2,064,093	1,269,585
General infrastructure	234,903	238,190
Computer software	313,586	290,094
Subscription asset	273,054	194,763
Art, literature, and other artifacts	201,482	192,113
Construction in progress	4,462,061	4,718,907
Computer software in development	1,194,175	1,103,201
RTU Land and permanent easements	2,485	673
RTU buildings	383,872	414,172
RTU Machinery and equipment	1,920	3,958
RTU General infrastructure	<u>4,668</u>	<u>902</u>
Total	\$76,571,084	\$73,027,132
Total percent change between fiscal years 2024 and 2025		4.85%



NC Liver Mush Festival, Shelby, NC / Cleveland County

Financial Highlights

The largest component of capital assets is the state highway system. North Carolina has an 80,593 mile highway system, making it the second largest state-maintained highway system in the nation. The major capital asset activity during the current fiscal year included the following:

- ◇ The N.C. Department of Transportation reported year-end construction in progress of \$3.14 billion for state highway projects. Additionally, the N.C. Turnpike Authority (business-type activity) reported year-end construction in progress of \$297.55 million for the Complete 540 project. This project involves completing the 540 loop around the greater Raleigh area by extending the Triangle Expressway approximately 28 miles. The NCTA also has \$46.28 million construction in progress for the Mid-Currituck Bridge project. This project is a seven-mile roadway toll project, which includes a two-lane bridge that spans the Currituck Sound and connects the Currituck county mainland to the Outer Banks. It also includes a second two-lane bridge that spans Maple Swamp on the Currituck county mainland.
- ◇ The NC General Assembly is tasked with the planning and construction of a downtown Raleigh Education Campus as appropriated in Session Law 2022-74. The facility will house The University of North Carolina System Office, the Community Colleges System Office, the Department of Public Instruction, and the Department of Commerce. The project will cost \$395 million and is expected to be completed by June 2027. At June 30, 2025, the NCGA reported \$107.41 million in construction in progress.
- ◇ The Department of Administration is collaborating with the Department of Health and Human Services on the Dorothea Dix campus relocation project pursuant to Session Law 2020-88. Phase 1 of this project consists of the planning expenses associated with the relocation of the campus. The relocation project is scheduled to be completed in January 2026. At June 30, 2025, the DOA reported \$246.99 million in construction in progress for the first phase of the project.
- ◇ The Department of Health and Human Services (DHHS) is replacing seven major legacy IT systems. NC FAST, the new system for managing and administering social services benefits, will improve the way DHHS and the 100 county departments of social services conduct business. At year-end, computer software in development for NC FAST totaled \$820.85 million.
- ◇ The State has commitments of \$7.55 billion for the construction of highway infrastructure (\$6.93 billion for governmental activities and \$617.76 million for business-type activities), which are expected to be financed by motor fuels tax collections, motor vehicles fees, toll collections, federal funds, and debt proceeds. Other commitments of \$790.12 million for the construction and improvement of state government facilities are expected to be financed primarily by debt proceeds, state appropriations, and federal funds.

Financial Highlights

Debt Administration

At year-end, the State had total long-term debt outstanding (bonds, special indebtedness, and notes from direct borrowings) of \$7.2 billion, an increase of 0.08% from the previous fiscal year-end (see table below):

Outstanding Debt as of June 30 Bonds, Special Indebtedness, and Notes From Direct Borrowings (dollars in thousands)

Governmental Activities

Outstanding Debt Type	2025	2024
General obligation bonds	\$ 1,412,640	\$1,645,060
Special Indebtedness: Limited obligation bonds	1,978,945	1,887,790
GARVEE bonds	1,044,580	845,715
Notes from direct borrowings	<u>62,424</u>	<u>70,263</u>
Total	\$4,498,589	\$4,448,828
Total percent change between fiscal years 2024 and 2025		1.12%

Business-Type Activities

Outstanding Debt Type	2025	2024
Revenue bonds	2,018,664	2,060,470
Notes from direct borrowings	<u>681,181</u>	<u>683,118</u>
Total	\$2,699,845	\$2,743,588
Total percent change between fiscal years 2024 and 2025		(1.59)%

Financial Highlights

Total Outstanding Debt as of June 30

Outstanding Debt Type	2025	2024
General obligation bonds	\$ 1,412,640	\$ 1,645,060
Special Indebtedness: Limited obligation bonds	1,978,945	1,887,790
GARVEE bonds	1,044,580	845,715
Revenue bonds	2,018,664	2,060,470
Notes from direct borrowings	<u>743,605</u>	<u>753,381</u>
Total	\$7,198,434	\$7,192,416
Total percent change between fiscal years 2024 and 2025		0.08%

During the 2025 fiscal year, the State did not issue any new general obligation bonds, special indebtedness bonds, or GARVEE bonds. The 2017-18 Session of the General Assembly authorized the Build NC Bond Act of 2018 with the issuance of up to \$300 million annually over ten years, not to exceed \$3 billion in total, of special indebtedness. The 2021 Session of the General Assembly repealed the remaining authorization of the Connect NC general obligation bonds that had not been issued as of June 30, 2021 and replaced it with pay-as-you-go capital for the remaining amount of \$400 million total authorization. The general obligation bonds have provided financing for various capital improvements throughout the State including the University of North Carolina System, North Carolina Community Colleges, local parks and infrastructure, National Guard, agriculture, State parks and attractions, and public safety. The State has issued \$1.6 billion of Build NC bonds to date, and approximately \$1.28 billion remained outstanding at June 30, 2025. These bonds enable the NC Department of Transportation to accelerate Regional and Divisional transportation projects authorized pursuant to the State's Strategic Transportation Investments Act. The NCTA's long-term debt has increased from \$691.56 million in 2010 to \$2.8 billion in 2025.

In connection with the general obligation bond issues, Standard & Poor's, Moody's Investors Service, and Fitch Ratings all affirmed the triple-A bond rating for the State. A triple-A credit rating means that North Carolina has followed well-defined financial management policies and has demonstrated strong debt management practices. The rating agencies recognized the State's historically conservative budgeting, financial management, and debt issuance practices. North Carolina remains one of only 14 states with a triple-A rating from all three rating agencies. Special indebtedness carries slightly lower ratings and higher interest rates than general obligation bonds.

The State's total long-term debt (bonds, special indebtedness, and notes from direct borrowings) reported in governmental activities has increased from \$4.45 billion in 2024 to \$4.5 billion in 2025, in part due to large issuances of non-general obligation debt (special indebtedness) for higher education capital projects in previous years. Prior to 2003, the State only issued general obligation debt.

Financial Highlights

Demographic and Economic Indicators

The following tables illustrate comparative information for the State:

Schedule of Demographic Data For the Years 2021-25

Population

Year	North Carolina Population	N.C. Increase/Decrease from Prior Period
2025	11,213,356	1.51%
2024	11,046,024	1.51%
2023	10,881,189	1.59%
2022	10,710,793	1.39%
2021	10,564,320	1.10%

Population Per Capita Income (whole dollars)

Year	North Carolina	N.C. as a Percentage of U.S.
2025	68,636	89.66%
2024	65,634	89.66%
2023	62,233	88.90%
2022	59,092	89.13%
2021	57,233	88.47%

North Carolina Civilian Labor Force Data

Year	Employed	Unemployed Percentage Rate
2025	5,089,872	3.70%
2024	5,079,071	3.60%
2023	5,047,952	3.30%
2022	4,929,061	3.40%
2021	4,769,039	4.60%

North Carolina - Other Data (units)

Year	Motor Vehicles Registered	Residential Construction Authorized
2025	10,801,777	47,483
2024	10,329,557	49,721
2023	10,493,355	49,507
2022	10,344,024	50,527
2021	10,245,443	45,417

Financial Highlights

Taxable Sales by Business Group For the Fiscal Years 2022-2025

(Dollars in Thousands)

Business Group	2025	2024	2023	2022
General merchandise (includes discount and department stores, industrial supply dealers)	\$71,467,777	68,776,131	66,291,925	62,226,026
Food (includes restaurants, taverns, grocery, vending)	41,266,446	40,402,946	38,416,024	35,303,794
Lumber & building material (includes material, electrical, plumbing supply, sheet metal fabrication)	27,594,530	28,525,081	28,736,679	26,325,703
Automotive (includes dealers, garages, automotive supply)	14,225,662	13,947,249	13,536,016	12,090,992
3% and 4.75% tax group (includes manufactured and modular homes, boats)	882,732	930,364	972,905	910,727
Furniture (includes stores, appliance dealers, upholstery and floor covering)	6,005,075	6,172,865	6,441,201	6,201,915
Apparel (includes clothing, boot, and shoe stores, shoe repair)	8,563,608	8,409,690	8,448,251	8,216,790
Unclassified (includes lodging, medical supply, office equipment, book and school supply)	<u>72,166,388</u>	<u>69,070,692</u>	<u>65,990,901</u>	<u>59,892,202</u>
Total	\$ 242,172,218	236,235,018	228,833,902	211,168,149
General State Sales Tax Rate	4.75%	4.75%	4.75%	4.75%

Financial Highlights

Principal Employers

For the Fiscal Years 2016 & 2025

2025

Employer	Employees	Rank	Percentage of Total State Employment
State of North Carolina	180,000-184,999	1	3.59%
Federal Government	80,000-84,999	2	1.62%
Wal-Mart Associates, Inc	60,000-64,999	3	1.23%
Duke University	45,000-49,999	4	0.93%
Atrium Health	40,000-44,999	5	0.83%
Food Lion LLC	35,000-39,999	6	0.74%
Wells Fargo Bank NA	30,000-34,999	7	0.64%
Amazon Fulfillment Services, Inc	25,000-29,999	8	0.54%
Wake County Public Schools	20,000-24,999	9	0.44%
Bank of America NA	20,000-24,999	10	0.44%
Total	535,000-584,990	-	11.00%



Mayberry Days, Mount Airy, NC / Mount Airy

Financial Highlights

Principal Employers For the Fiscal Years 2016 & 2025

2016

Employer	Employees	Rank	Percentage of Total State Employment
State of North Carolina	185,000-189,999	1	4.06%
Federal Government	70,000-74,999	2	1.57%
Wal-Mart Associates, Inc	45,000-59,999	3	1.14%
Duke University	30,000-34,999	5	0.70%
Food Lion LLC	30,000-34,999	4	0.70%
Wells Fargo Bank NA	25,000-29,999	6	0.60%
Bank of America NA	15,000-19,999	8	0.38%
Lowes Home Centers, Inc	20,000-24,999	7	0.49%
Harris Teeter LLC	15,000-19,999	9	0.38%
Branch Banking & Trust Company	10,000-14,999	10	0.27%
Total	445,000-504,990	-	10.29%



Merlefest, Wilkesboro, NC / Pixels on Paper: Ryan Case

Financial Highlights

Teachers and State Employees by Function For the Fiscal Years 2021-2025

Function	2025	2024	2023	2022	2021
General Government	5,893	5,798	5,859	5,811	5,769
Primary and secondary education	162,706	157,860	153,595	156,512	156,712
Higher education: Universities	75,063	72,476	68,209	67,987	65,824
Higher education: Community Colleges	18,070	16,882	17,002	17,025	17,122
Health and Human Services	18,045	18,423	18,432	18,286	18,270
Economic Development	1,922	1,944	2,083	2,280	2,236
Environment and natural resources	5,022	4,999	4,869	4,295	4,222
Public safety, corrections, and regulation	34,481	35,157	35,267	35,232	34,205
Transportation	11,461	11,439	11,421	11,423	11,624
Agriculture	<u>2,120</u>	<u>2,119</u>	<u>2,128</u>	<u>2,127</u>	<u>2,136</u>
Total	334,783	327,097	318,865	320,978	318,120



NC Potato Festival, Elizabeth City, NC / Elizabeth City Downtown, Inc.

Financial Highlights

Education Highlights (Primary and Secondary)

North Carolina public schools are funded through a combination of state funds allotted from the State's General Fund, federal, and local funds. The chart below shows expenditures by funding source:

Source of Expenditures
Child Nutrition and COVID Funds Included
FY 2023-24

Child Nutrition and COVID Funds Included

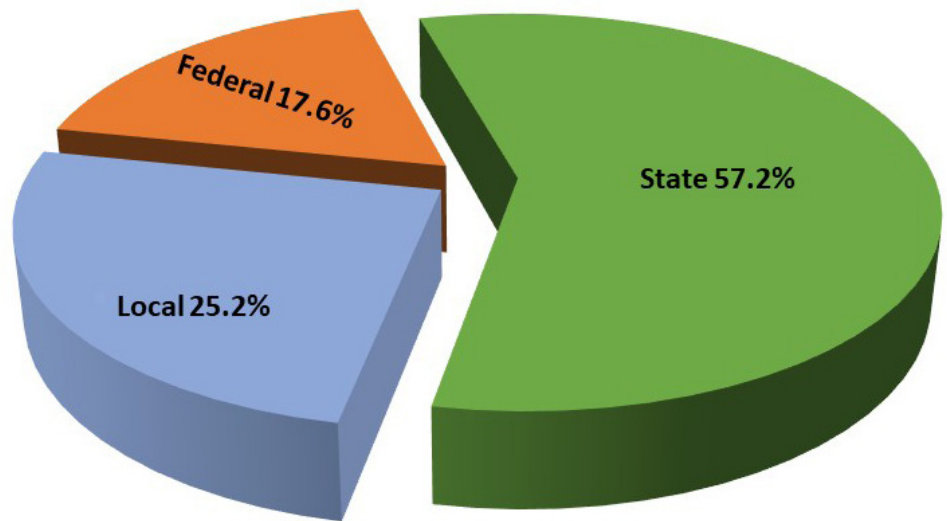
State: 57.2%
Federal: 17.6%
Local: 25.2%

Child Nutrition Excluded

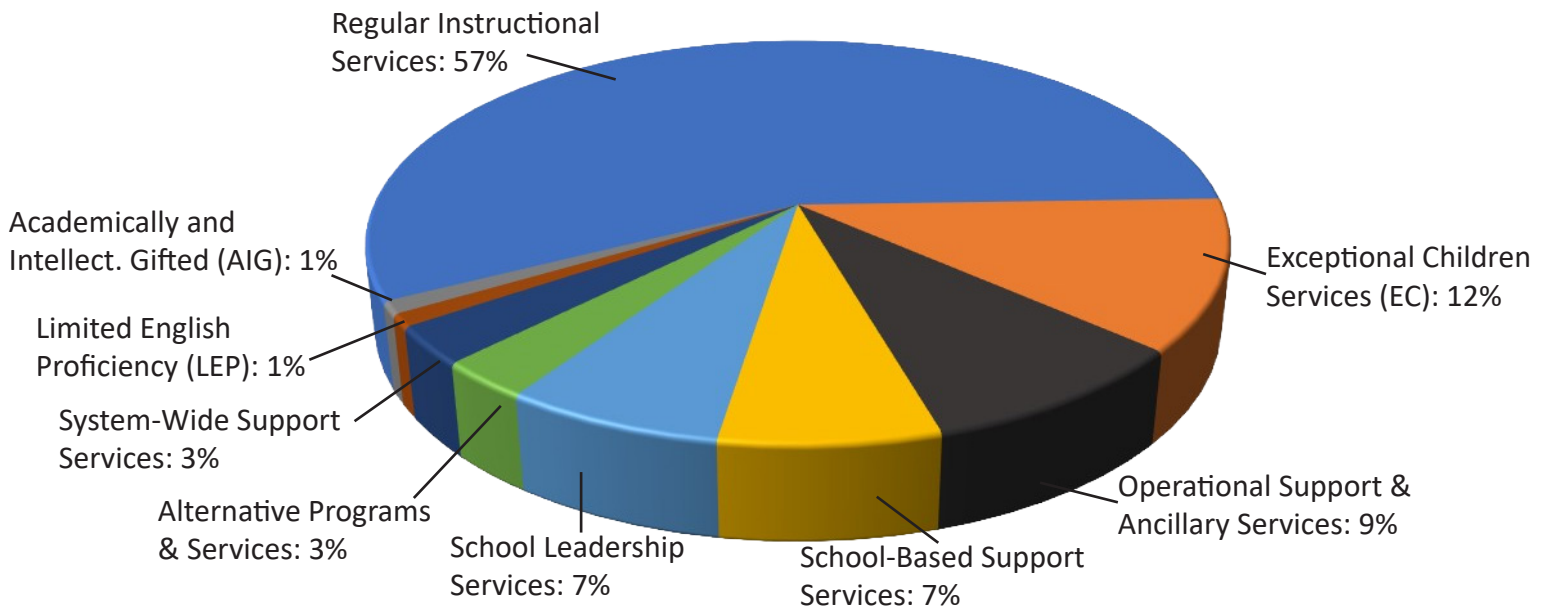
State: 60.2%
Federal: 14.3%
Local: 25.5%

COVID Funds Excluded

State: 61.9%
Federal: 10.9%
Local: 27.2%



How State Funds Were Expended
FY 2023-24



93% of all the 2023-24 State expenditures were attributed to salaries and benefits.

Financial Highlights

North Carolina Education Lottery

In fiscal year 2025, for the third year in a row, the North Carolina Education Lottery raised more than \$1 billion for education programs in the state. Sales from traditional retail stores exceeded \$6.58 billion for the year. The Lottery continued its record of increasing sales every year of its operations. From those sales, the Lottery raised \$1.08 billion for education.



Scratch-off tickets remain the Lottery's most popular product, generating \$2.84 billion in sales, or 43% of revenue. The Lottery launched 48 new scratch-off games during the year, including its second \$50 game, \$8 Million Money Maker with five top prizes of \$8 million. The lottery's Online Play program continued to grow in popularity with digital instant play generating 39% of overall revenue, or \$2.6 billion. By the end of the fiscal year, the lottery offered a portfolio of 49 digital instant games.

During the year, the lottery also expanded its portfolio of draw games. In November, a new draw game called Cash Pop began with tickets sold at retail locations only. The game offers five drawings a day. Players only need to match one number to win a prize.

The State Lottery Act directs the lottery to increase and maximize the available revenues for education purposes. To accomplish that, the lottery invested the largest share of its revenue, 75.7 percent, to prize expense to ensure players have fun and enjoy winning prizes. Retailers earned \$270.6 million, 7 percent, in

commissions and incentives for tickets sold at their stores. At the end of the year, the lottery had 7,150 retail locations in the state. Administrative expenses for operating the lottery were 3.9 percent of revenue. Lottery players won 74 prizes of \$1 million or more. The biggest wins occurred with two \$10,000,000 Spectacular scratch-off tickets valued at \$10 million each.

In its annual financial audit, the Lottery received the highest rating possible an "unmodified opinion" from independent auditors as it has in all prior annual financial audits.

The earnings of \$1.08 billion exceeded the budgeted allocations by the NC General Assembly for FY 2024-25. The NC General Assembly directs lottery revenues that exceed allocations to the

Needs-Based Public School Capital Fund. With that decision, \$141 million in additional monies went to that fund after the end of the fiscal year.



NC Azalea Festival, Wilmington, NC / Adobe Stock

Financial Highlights

The Fiscal Research Division of the NC General Assembly reported the following expenditures of money raised by the lottery in fiscal year 2025:

- \$385.9 million to noninstructional support personnel at public schools;
- \$458.2 million to the Needs-Based Public School Capital Fund, which provides financial assistance to counties to build new schools;
- \$100 million for the Public School Capital Fund, which provides monies to counties to build and repair schools;
- \$50 million to the Public School Repair and Renovation Fund, which provided \$500,000 grants to each of the state's 100 counties to repair and renovate schools and expand classrooms;
- \$78.2 million to the N.C. Pre-K program to cover the costs of sending at-risk four-year-olds to the academic prekindergarten program;
- \$45.8 million to provide funding for the Next NC Scholarships, awarded based on financial need;
- \$21.4 million to support school transportation for each of the state's school systems.

The N.C. General Assembly also directed transfers of \$2.1 million in profits to N.C. Alcohol Law Enforcement and \$1 million to the N.C. Problem Gambling Program.

At end of the fiscal year, sales since the inception of the Lottery in 2006 totaled \$50.7 billion and the amount of total money raised for education stood at \$12.4 billion.

In addition to operating the state lottery, the NC State Lottery Commission regulates sports wagering and eight licensed interactive sports betting operations. The Commission develops rules, licenses entities, monitors compliance, conducts focused investigations, and enforces both regulatory and statutory requirements.

In fiscal year 2025, the first full year of sports wagering activity in North Carolina, account holders bet \$6.6 billion on sporting events, including paid and promotional wagers. From those wagers, they won \$5.9 billion. State law levels an 18 percent tax on the gross wagering revenue generated by sports wagering activity. In fiscal year 2025, the gross wagering revenue for the state's eight licensed interactive sports wagering operators totaled \$647.7 million. After the 18 percent tax rate is applied, the estimated tax proceeds collected by the NC Department of Revenue was \$116.6 million.



NC Oyster Festival, Ocean Isle Beach, NC / Adobe Stock

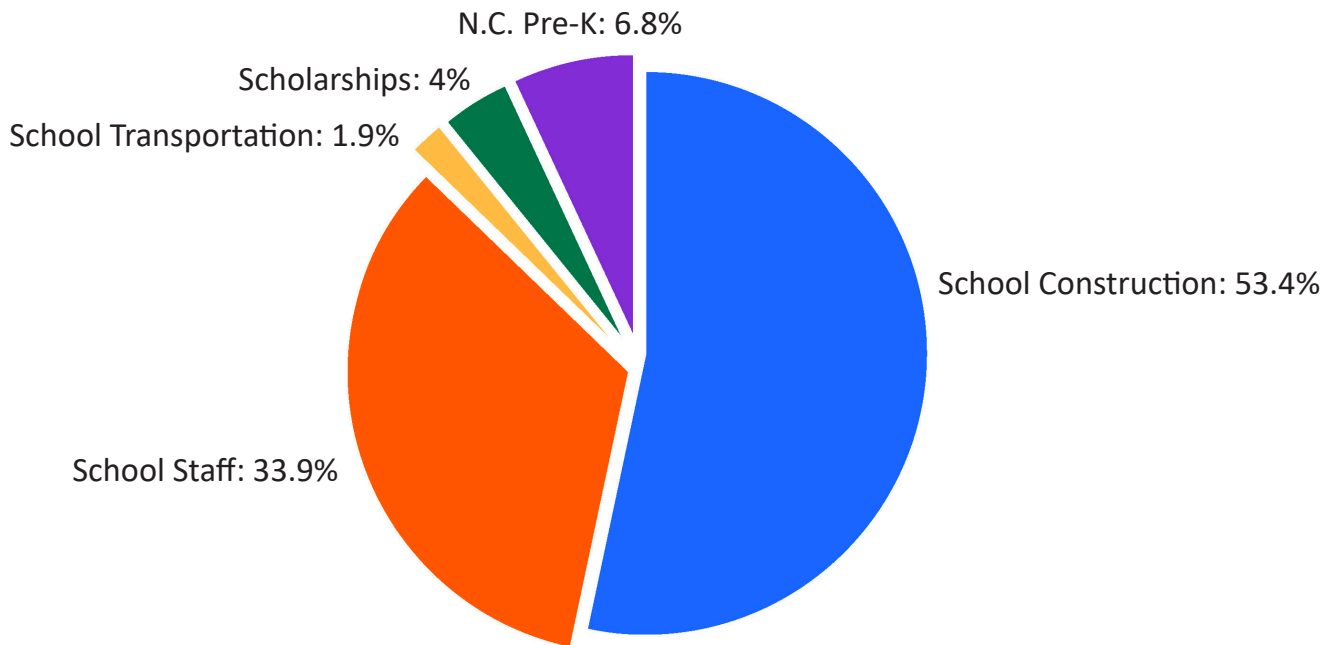
Financial Highlights

The following tables illustrate how lottery funds were distributed for education in fiscal year 2025:

How State Used Money Raised By Lottery in Fiscal Year 2025

Source: Fiscal Research Division of N.C. General Assembly

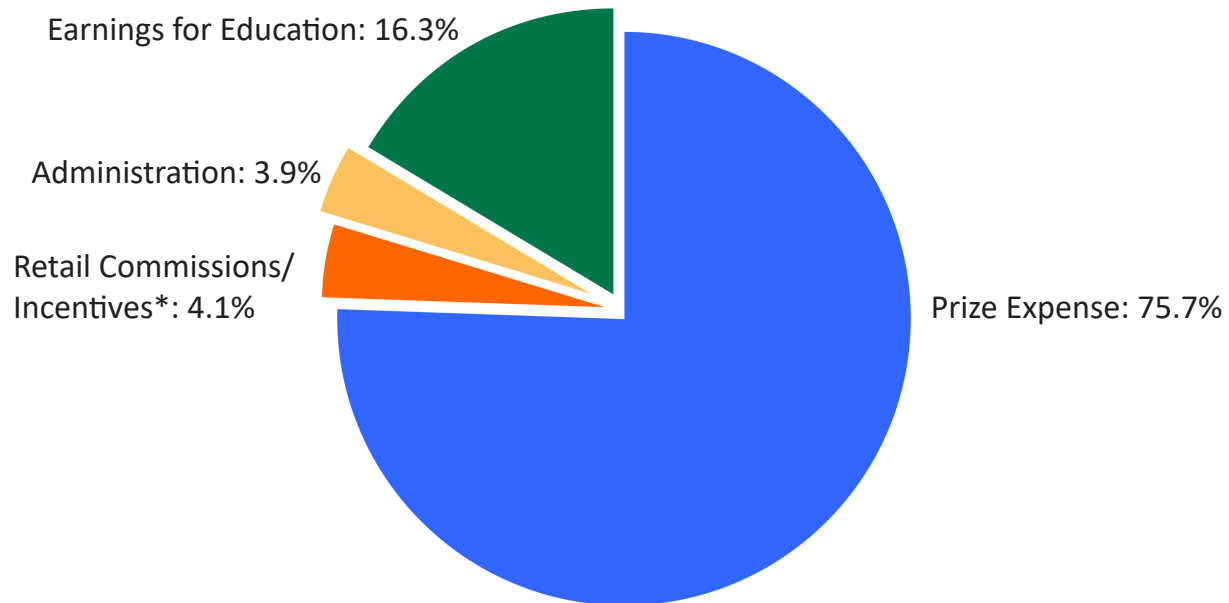
In fiscal year 2025, the state allocated 53.4% of the money raised by the lottery to help build new schools and repair older ones. Lottery dollars also supported public schools with money for staff with 33.9% and student transportation with 1.9%, provided free pre-k with 6.8%, and funded college scholarships based on financial need with 4%.



Financial Highlights

Distribution of Lottery Revenues, Fiscal Year 2025

Lottery prizes, large and small, make up the lottery's biggest expense at 75.7%, followed by commissions paid to lottery retails at 4.1% and administrative costs at 3.9%. The lottery earned a profit of 16.3% from sales, raising \$1 billion for education for the third year in a row.



*Sales at retail locations earn 7 percent commission plus incentives.

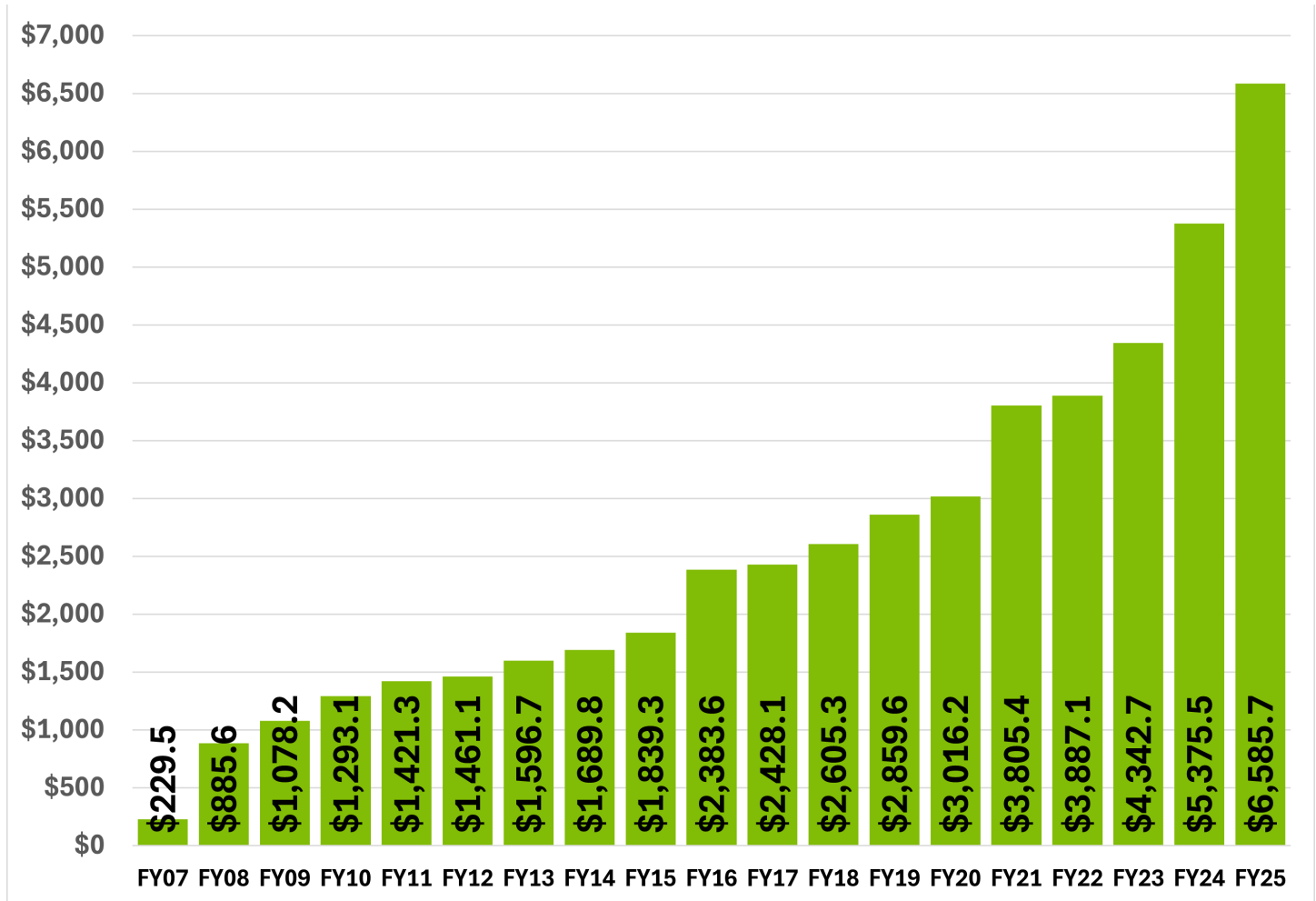


NC Yam Festival, Tabor City, NC / Town of Tabor City

Financial Highlights

Annual Lottery Sales

The N.C. Education Lottery is the only U.S. lottery to increase sales every year of its operations. Total sales climbed to \$6.6 billion in fiscal year 2025. Totals for all years are FY07 \$229.5 billion, FY08 \$885.6 billion, FY09 \$1,078.2 billion, FY10 \$1,293.1 billion, FY11 \$1,421.3 billion, FY12 \$1,461.1 billion, FY13 \$1,596.7 billion, FY14 \$1,689.8 billion, FY15 \$1,839.3 billion, FY16 \$2,383.6 billion, FY17 \$2,428.1 billion, FY18 \$2,605.3 billion, FY19 \$2,859.6 billion, FY20 \$3,016.2 billion, FY21 \$3,805.4 billion, FY22 \$3,887.1 billion, FY23 \$4,342.7 billion, FY24 \$5,375.5 billion, and FY25 \$6,585.7 billion.



Transportation Highlights

Related to the fiscal year 2025, the North Carolina Department of Transportation (NCDOT) listed the following as some of its key initiatives launched and project advancements:

- ◇ In the first nine months of the Hurricane Helene recovery effort, NCDOT completed repairs on nearly half of the 9,400 sites damaged by the storm, repaired 1,300 pipes and culverts, and repaired 458 (54%) of the 846 damaged bridges.
- ◇ Among the key post-Helene milestones, NCDOT reopened I-40 in the Pigeon River Gorge, selected a location for extracting and storing material to help rebuild sections of the damaged interstate, and worked to reopen Chimney Rock State Park. As of late June, the agency had spent \$867 million on Helene recovery and had been reimbursed with \$160 million in federal funds.
- ◇ NC By Train, the state-supported Amtrak service, [achieved record ridership in 2024](#) for the third year in a row, and in May 2025, celebrated 35 years of Carolinian service and 30 years of Piedmont service.
- ◇ North Carolina hosted the [2025 National Work Zone Awareness Week](#) kickoff event in April to raise awareness about the importance of work zone safety.
- ◇ Under new Commissioner Paul Tine, the N.C. Division of Motor Vehicles made several customer service improvements, including streamlining the check-in process to get lines moving and driver license offices started serving walk-in customers all day.
- ◇ The NCDMV in May 2025 hired [80 new driver license examiners](#) to increase service levels and address its staffing shortage at driver license offices statewide.
- ◇ The [new 7.2-mile Rockingham Bypass](#) opened Jan. 28 and was designated as U.S. 220/Future I-73/74.
- ◇ North Carolina achieved an aviation milestone in March when the [state's first electric aircraft charger](#) was used to power an electric aircraft for the first time.
- ◇ State transportation officials started a program to better use drones when responding to natural disasters, thanks to a \$1.1 million U.S. Department of Transportation grant.
- ◇ NCDOT opened the \$2 million pedestrian bridge across U.S. 421 before NASCAR's All-Star Race returned to North Wilkesboro Speedway.
- ◇ NCDOT and its partners earned a Stewardship Award at the May 2025 International Conference on Ecology and Transportation for a project that creates safe crossings on U.S. 64 for the world's only wild red wolf population.
- ◇ NCDOT's Integrated Mobility Division launched a [new intercity bus route](#) on Jan. 15 to coordinate with Virginia Breeze bus service and better connect North Carolina and Virginia.

Financial Highlights

- ◇ NCDOT and the N.C. State Highway Patrol nearly completed a project to recognize 23 troopers killed in the line of duty who had not yet received the customary honor of having a bridge dedicated in their honor.
- ◇ NCDOT's Office of Historically Black Colleges and Universities awarded more than [\\$50,000 in scholarships to 21 students](#) as part of the office's 2025 Transportation Scholarship Program.
- ◇ As part of NCDOT's workforce development efforts, the agency is training previously incarcerated people for jobs in highway construction. NCDOT found job placements for the first five previously incarcerated people who completed the initiative's first [Highway Construction Trade Academy](#) in the spring of 2025.
- ◇ New lanes on Interstate 26 east heading to South Carolina and new lanes on I-26 west from Hendersonville toward Asheville opened in 2025. These additions relieve heavy congestion and slowdowns.
- ◇ The Ocracoke Express passenger ferry hosted its seventh season of service from May until September 2025. More than 18,000 people rode the passenger ferry during its 2025 run – the highest ridership since 2022.
- ◇ In addition to Helene, NCDOT crews and support staff cleared and reopened roads, and pitched safe driving after tropical storms hit the state in August, September, and November 2024, and winter storms impacted travel in January and February 2025.



NC Blueberry Festival, Burgaw, NC / North Carolina Blueberry Festival Association

Financial Highlights

Award for Outstanding Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) presented the Award for Outstanding Achievement in Popular Annual Financial Reporting to the State of North Carolina for its Popular Annual Financial Report for the fiscal year ended June 30, 2024. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

To receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The State of North Carolina has received a Popular Award for the last 27 consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

State of North Carolina

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

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