

**NOTES TO THE FINANCIAL STATEMENTS****NOTE 10: INTERFUND BALANCES AND TRANSFERS****A. Interfund Balances****Due To/From Fiduciary Funds**

The General Fund balance of \$152.09 million due to fiduciary funds is composed of \$34.42 million related to local sales taxes collected in the General Fund and due to the custodial fund, as well as \$117.67 million related to retirement contributions payable to retirement systems at year end.

Amounts payable to or receivable from fiduciary funds are considered interfund balances in the fund financial statements, but are not reported as internal balances in the government-wide statement of net position.

**Due To/From Other Funds**

Balances due to/from other funds at June 30, 2025 consisted of the following (dollars in thousands):

	<b>Due From Other Funds</b>						<b>Total</b>
	<b>General Fund</b>	<b>Highway Fund</b>	<b>Highway Trust Fund</b>	<b>Other Governmental Funds</b>	<b>Unemployment Compensation Fund</b>	<b>Internal Service Funds</b>	
<b>Due To Other Funds</b>							
General Fund.....	\$ —	\$ 13,809	\$ 4,602	\$ 19,366	\$ 52,879	\$34,835	\$125,491
Highway Fund.....	8,193	—	—	2,398	—	4,814	15,405
Other Governmental Funds.....	21,392	—	—	5	—	384	21,781
Unemployment Compensation Fund.....	278	—	—	—	—	—	278
N.C. State Lottery Fund.....	141,325	—	—	—	—	—	141,325
N.C. Turnpike Authority.....	6,366	108,683	—	—	—	—	115,049
Other Enterprise Funds.....	—	—	—	—	—	59	59
Internal Service Funds.....	—	—	—	2,815	—	84	2,899
<b>Total.....</b>	<b>\$177,554</b>	<b>\$ 122,492</b>	<b>\$ 4,602</b>	<b>\$ 24,584</b>	<b>\$ 52,879</b>	<b>\$40,176</b>	<b>\$422,287</b>

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

**Advances To/From Other Funds**

The advance of \$35.21 million to the N.C. Turnpike Authority from the Highway Trust Fund is related to operating costs.

**NOTES TO THE FINANCIAL STATEMENTS****B. Interfund Transfers**

Transfers in/out of other funds for the fiscal year ended June 30, 2025, consisted of the following (dollars in thousands):

	Transfers In									Total
	General Fund	Highway Fund	Other Governmental Funds	Unemployment Compensation Fund	EPA Revolving Loan Fund	NC State Lottery Fund	NC Turnpike Authority	Other Enterprise Funds	Internal Service Funds	
Transfers Out										
General Fund	-	408,887	1,672,102	38,907	36,170	2,187	-	706	109	2,159,068
Highway Fund	36,703	-	19,188	-	-	-	-	-	-	55,891
Highway Trust Fund	408	39,880	-	-	-	-	57,697	-	-	97,985
Other Governmental Funds	203,753	629	5,139	-	-	-	-	12	-	209,533
Unemployment Compensation Fund	15,839	-	-	-	-	-	-	-	-	15,839
NC State Lottery Fund	1,079,030	-	1,000	-	-	-	-	-	-	1,080,030
NC Turnpike Authority	320	9,489	-	-	-	-	-	-	-	9,809
Other Enterprise Funds	1,328	-	12	-	-	-	-	-	-	1,340
Internal Service Funds	122	-	-	-	-	-	-	-	9,720	9,842
Total	<u>\$ 1,337,503</u>	<u>458,885</u>	<u>1,697,441</u>	<u>38,907</u>	<u>36,170</u>	<u>2,187</u>	<u>57,697</u>	<u>718</u>	<u>9,829</u>	<u>\$ 3,639,337</u>

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

In compliance with the North Carolina State Lottery Act, House Bill 1023 [Session Law 2005-344] as amended by Senate Bill 99 [Session Law 2018-5], all “Net Revenues” of the N.C. State Lottery Fund are required to be transferred to the Education Lottery Fund (General Fund) for educational purposes. Transfers of \$1.079 billion were made to the Education Lottery Fund for this fiscal year, as set forth in General Statute 18C-164.

House Bill 817 [Session Law 2013-183] amends the law that created the Highway Trust Fund. The amendment directs that funds are to be transferred to the N.C. Turnpike Authority (NCTA) to pay debt service or related financing expenses on revenue bonds or notes issued for the following toll road construction projects: Triangle Expressway and Monroe Connector/Bypass. Debt has been issued for the Triangle Expressway and the Monroe Connector/Bypass, and \$57.697 million was transferred to the NCTA during fiscal year 2025.

House Bill 259 [Session Law 2023-134] established that the Department of Environment Quality received a transfer of \$1 billion for the Clean Water and Drinking Water Reserve for fiscal year 2025.

House Bill 10 [Session Law 2024-55] Section 2.2(h) transferred an additional \$250 million from the General Fund to the Economic Development Project Reserve.