

---

**NOTES TO THE FINANCIAL STATEMENTS**

---

---

**NOTE 17: PLEDGED REVENUES**

---

**Primary Government****Governmental Activities**

The State has pledged future federal transportation revenues to repay \$1.045 billion of Grant Anticipation Revenue Vehicle (GARVEE) bonds payable at June 30, 2025. These bonds were issued in May 2015, June 2019, September 2021 and May 2025. Such federal transportation revenues consist of amounts derived from the National Highway System and other federal surface transportation programs pursuant to Title 23 of the United States Code. Annual principal and interest requirements on the GARVEE bonds of governmental activities are expected to require less than 12% of such federal transportation revenues. The North Carolina General Statute 136-18 limits the amount that can be issued by providing that the maximum debt service on all GARVEE bonds may not exceed 20% of the expected annual federal revenue and that the outstanding principal amount may not exceed the total amount of federal transportation funds authorized to the State in the prior federal fiscal year.

During the fiscal year, the GARVEE series 2015 were refunded with appropriation revenue bonds. As a result, the refunded bonds were defeased and the liability was removed from the statement of net position as of June 30, 2025.

Proceeds from the bonds will be used to accelerate the funding of various transportation projects identified in the current State Transportation Improvement Plan. As required by State law, the projects have been selected on factors including a broad geographical distribution across the State. The total principal and interest remaining to be paid on the bonds is \$1.349 billion, payable through fiscal year 2040. For the current fiscal year, principal and interest paid and total federal transportation revenues were \$119.994 million and \$1.722 billion, respectively.

**Business-type Activities****North Carolina Turnpike Authority**

The State has pledged, as security for revenue bonds issued by the North Carolina Turnpike Authority (NCTA), net revenues from the operation of the Triangle Expressway System and the Monroe Connector System. As of June 30, 2025, the Triangle Expressway had \$1.638 billion of Appropriation and Revenue bonds payable and a \$499.462 million TIFIA line of credit. The Monroe Expressway had \$380.737 million of Appropriation and Revenue bonds payable and a \$165.573 million TIFIA line of credit. For the Senior Lien and Toll Revenue bonds and TIFIA, specific revenues pledged consist of toll revenues and all other income derived from the operation of the Triangle Expressway and the Monroe Expressway.

Proceeds from the bonds are being used to pay the costs of land acquisition, design, construction, and equipping of the Triangle Expressway System, a 19-mile toll road facility built in Durham and Wake counties that opened in January 2013 and the Complete 540 project extending the Expressway an additional 28 miles. Additionally, proceeds from the bonds are being used to pay the costs of design, construction, and equipping of the Monroe Connector System, a 19.7-mile toll road facility in Mecklenburg and Union counties that opened in November 2018. The total principal and interest remaining to be paid on the bonds is \$3.886 billion, payable through fiscal year 2058 (final maturity date). For the current fiscal year, principal and interest paid, and available revenues (toll revenues, fees, federal interest subsidy and investment revenues) were \$123.791 million and \$138.586 million respectively.

**NOTES TO THE FINANCIAL STATEMENTS****Component Units****University of North Carolina System**

The University of North Carolina System has pledged future revenues, net of specific operating expenses, to repay revenue bonds, direct placements, special indebtedness, and notes from direct borrowings as shown in the table below (dollars in thousands):

Purpose	Revenue Source	Future Revenues Pledged		Current Year		Final Maturity Date	Payable as of 6/30/2025
		(1) Amount	% of Total Revenue Source	Pledged Revenues, Net of Expenses	Principal and Interest Payments		
Revenue Bonds							
Millennial Campus	University Charges to Athletics & Auxiliary Services and to Indoor Practice Facility	\$ 88,910	100%	\$ 1,935	\$ 2,284	2049	\$ 56,045
Health Care Facilities	Patient Service Revenues	604,522	100%	208,317	24,795	2050	383,930
Total		<u>\$ 693,432</u>		<u>\$ 210,252</u>	<u>\$ 27,079</u>		<u>\$ 439,975</u>
Direct Placements							
Utilities	Utilities Revenues	\$ 6,590	14%	\$ 1,552	\$ 797	2040	\$ 5,810
Millennial Campus	University Charges to Athletic Turf Field	1,397	100%	40	280	2030	1,329
Student Housing System	Housing Revenues	18,298	50.3%	1,934	1,493	2035	14,598
Total		<u>\$ 26,285</u>		<u>\$ 3,526</u>	<u>\$ 2,570</u>		<u>\$ 21,737</u>
Special Indebtedness							
Student Housing System	Housing Revenues	\$ 74,028	39% - 67%	\$ 7,933	\$ 6,221	2041	\$ 58,524
Notes from Direct Borrowings							
Student Housing System	Housing Revenues	\$ 8,994	16%	\$ 467	\$ 406	2057	\$ 8,994

(1) The Future Revenues Pledged amount is equivalent to the total principal and interest remaining to be paid on the associated bonds.