State of North Carolina June 30, 2025

INDEX

	Page
Note 1 - Summary of Significant Accounting Policies	76
A. Financial Reporting Entity	76
B. Basis of Presentation	82
C. Measurement Focus and Basis of Accounting	84
D. Cash and Cash Equivalents	85
E. Investments	85
F. Securities Lending	85
G. Receivables and Payables	85
H. Inventories and Prepaid Items	85
I. Securities Held in Trust	85
J. Restricted/Designated Assets	85
K. Capital Assets	86
L. Tax Refund Liabilities M. Compensated Absences	87 87
N. Long-Term Liabilities	87
O. Deferred Outflows/Inflows of Resources	87
P. Net Position/Fund Balance	88
Q. Revenues and Expenses	89
R. Food and Nutrition Services	89
Note 2 - Changes in Financial Accounting and Reporting	90
	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
DETAIL NOTES ON ALL FUNDS AND ACTIVITIES	
Note 3 - Deposits and Investments	91
A. Deposits and Investments with State Treasurer	91
B. Deposits Outside the State Treasurer	94
C. Investments Outside the State Treasurer	95
Note 4 - Receivables	105
Note 5 - Capital Assets	106
Note 6 - Short-Term Debt	112
Note 7 - Derivative Instruments	113
A. Summary Information	113
B. Hedging Derivative Instruments	113
C. Investment Derivative Instruments	114
D. Synthetic Guaranteed Investment Contracts	114
Note 8 - Long-Term Liabilities	116
A. Changes in Long-Term Liabilities	116
B. Bonds, Special Indebtedness, Direct Placements, and Notes from Direct Borrowings	120
C. Debt Authorized but Unissued	120
D. Demand Bonds	121
E. Debt Service Requirements	125
F. Bond Defeasances	126
G. Pollution Remediation Payable	127
H. Asset Retirement Obligation	128
Note 9 - Lease and Subscription Obligations	129
A. Summary Information	129
B. Principal and Interest Requirements for Leases Liability	131
C. Principal and Interest Requirements for Subscription Liability	132
Note 10 - Interfund Balances and Transfers	133
A. Interfund Balances	133
B. Interfund Transfers	134
Note 11 - Fund Balance	135

State of North Carolina June 30, 2025

	Page
Note 12 - Retirement Plans	136
A. Summary of Significant Accounting Policies and Plan Asset Matters	136
B. Plan Descriptions	136
Cost-Sharing, Multiple Employer, Defined Benefit Plans	136
Single-Employer Defined Benefit Plans	140
Defined Contribution Plans	142
C. Plan Membership	143
D. Investments	144
E. Net Pension Liability of Participating Employers	144
F. GASB Statements 68 and 73 Employer Reporting	147
Note 13 - Deferred Compensation Plans	155
Note 14 - Other Postemployment Benefits	156
A. Summary of Significant Accounting Policies and Plan Asset Matters	156
B. Plan Descriptions	156
Cost-Sharing, Multiple-Employer, Defined Benefit Plans	156
C. Plan Membership	159
D. Investments	159
E. Net OPEB Liability of Participating Employers	160
F. GASB Statement 75 Employer Reporting	164
Note 15 - Risk Management and Insurance	172
A. Public Entity Risk Pool	172
B. Employee Benefit Plans	173
C. Other Risk Management and Insurance Activities	174
Note 16 - Individual Plan Financial Statements - Pension and Other Employee Benefit Trust Funds	180
Note 17 - Pledged Revenues	184
Note 18 - Component Units - Financial Information	186
Note 19 - Related Organizations	189
Note 20 - Related Party Transactions	190
Note 21 - Conduit Debt Obligations, Commitments, and Contingencies	191
A. Conduit Debt Obligations	191
B. Litigation	191
C. Federal Grants	200
D. Highway Construction	200
E. Construction and Other Commitments	200
F. Tobacco Settlement	201
G. Other Contingencies	201
Note 22 - Tax Abatements	203
Note 23 - Fund Equity Reclassifications and Restatements	204
Note 24 - Stewardship, Compliance, and Accountability	209
Note 25 - Subsequent Events	210