



REQUIRED SUPPLEMENTARY INFORMATION

BUDGET

Required supplementary information for budget provides information on budget versus actual revenues, expenditures and changes in fund balance and related note disclosures for budgetary reporting.

The following schedules are included in the Required Supplementary Information for Budget:

Schedule of Revenues, Expenditures and Changes in Fund Balance: Budget and Actual (Budgetary Basis—Non-GAAP):
General Fund

Notes to Required Supplementary Information: Budgetary Reporting

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS — NON-GAAP)
GENERAL FUND

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes:				
Individual income	\$ 16,280,800	\$ 16,280,800	\$ 17,070,811	\$ 790,011
Corporate income	1,636,900	1,636,900	1,571,616	(65,284)
Sales and use	10,776,300	10,776,300	11,863,527	1,087,227
Franchise	744,300	744,300	777,125	32,825
Insurance	1,394,970	1,394,970	1,465,072	70,102
Beverage	583,200	583,200	589,348	6,148
Tobacco products	278,200	278,200	248,812	(29,388)
Other	190,000	190,000	328,540	138,540
Non-Tax:				
Fees, licenses and fines	218,000	218,000	226,844	8,844
Investment income	657,800	657,800	850,618	192,818
Disproportionate share receipts	88,400	88,400	169,805	81,405
Other	388,576	388,576	383,465	(5,111)
Tobacco settlement	128,100	128,100	132,506	4,406
Departmental:				
Federal funds	27,680,290	33,840,531	31,253,242	(2,587,289)
Federal COVID-19 funds	-	881,838	1,085,427	203,589
Local funds	903,188	1,168,981	1,148,040	(20,941)
Inter-agency grants and allocations	287,098	432,048	486,255	54,207
Intra-governmental transactions	15,156,578	21,800,884	20,428,625	(1,372,259)
Sales and services	248,224	275,375	164,594	(110,781)
Rental and lease of property	21,482	40,908	41,991	1,083
Fees, licenses and fines	1,641,991	1,767,866	1,674,067	(93,799)
Contributions, gifts and grants	2,578,147	2,631,998	2,678,119	46,121
Miscellaneous	221,609	346,796	612,009	265,213
Total Revenues	82,104,153	96,552,771	95,250,458	(1,302,313)
Expenditures				
Current:				
General government	4,849,740	19,272,362	13,396,276	5,876,086
Primary and secondary education	14,435,924	16,845,803	16,238,886	606,917
Higher education	7,634,200	8,528,671	8,046,642	482,029
Health and human services	42,006,870	48,999,636	47,777,733	1,221,903
Environment and natural resources	3,360,863	3,786,139	2,148,183	1,637,956
Economic development	1,375,552	1,999,261	1,573,574	425,687
Public safety, corrections, and regulation	5,676,067	8,862,779	7,067,802	1,794,977
Agriculture	727,815	804,055	410,423	393,632
Debt Service	653,702	652,060	475,260	176,800
Total Expenditures	80,720,733	109,750,766	97,134,779	12,615,987
Excess (deficiency) of revenues over expenditures	1,383,420	(13,197,995)	(1,884,321)	11,313,674
Total Fund Balance at July 1, as previously reported	27,576,037	27,576,037	27,576,037	-
Total Fund Balance at June 30	\$ 28,959,457	\$ 14,378,042	\$ 25,691,716	\$ 11,313,674
Fund balance reserved:				
Statutory			\$ 7,818,323	
Non-reverting purposes			16,982,409	
Fund balance unreserved			890,984	
Total Fund Balance at June 30			\$ 25,691,716	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**BUDGETARY REPORTING****A. General Fund Budgetary Process**

The State of North Carolina operates on a biennial budget cycle with separate annual departmental certified budgets adopted by the General Assembly on the cash basis of accounting for the General Fund.

The accompanying budgetary comparison schedule discloses the annual original budget and final budget for the General Fund. Actual amounts in the schedule are presented on a budgetary basis. Since the budgetary basis differs from generally accepted accounting principles (GAAP), a reconciliation between the budgetary basis and the GAAP basis is presented in section C below.

On July 20, 2006, the General Assembly passed Session Law 2006-203, the State Budget Act, to replace the Executive Budget Act. This legislation was effective July 1, 2007, and affected budget development and management by simplifying, reorganizing, updating the current budget statutes, and making changes to conform the statutes to the state constitutional provisions governing appropriations. The legislation provided that agency budgets be classified in accordance with generally accepted accounting principles as interpreted by the State Controller.

The legal level of budgetary control is essentially at the object level. However, departments and institutions may make changes at their discretion within the budget of each purpose between and among objects for supplies and materials, current obligations and services, fixed charges and other expenses, and capital outlay. Also, Chapter 116, Article 1, Part 2A of the General Statutes authorized the 16 universities within the University of North Carolina System and the North Carolina School of Science and Mathematics to apply for special responsibility status, which sets the legal level of budgetary control at the institution's budget code level. A budget code is a convention used in the State's accounting system to distinguish the type of fund and the responsible department or institution. Budget codes are also used to segregate certain purposes within departments or institutions. Institutions with special responsibility status must still have certain budget revisions, primarily those associated with unanticipated revenues, approved by the Office of State Budget and Management (OSBM). Additionally, universities must maintain programs and services in accordance with the guidelines established by the Board of Governors of the consolidated University of North Carolina System. All 16 universities and the North Carolina School of Science and Mathematics have applied for and received special responsibility status.

Generally, unexpended appropriations at the end of the fiscal year lapse and are reappropriated in the next fiscal year. However, in certain circumstances, the OSBM will allow a department to carry forward appropriations for specifically identified expenditures that will be paid in the next fiscal year. This is accomplished by the department requesting the carryforward amount through OSBM and making required entries to the North Carolina Financial System (NCFS) in the current year expensing the funds from the agency budget codes. The Office of State Controller (OSC) then transfers the funds to the Carryforward Reserve Fund. The funds are held by OSC pending approval from OSBM to return the funds to the agencies. Upon OSBM approval, the funds are transferred back to the agency budget codes. The agency then makes an entry to NCFS recording the revenue in the subsequent fiscal year.

A detailed listing of appropriation and departmental budget information is available for public inspection in the separately published "Budgetary Compliance Report" prepared by the Office of the State Controller, 3514 Bush Street, Raleigh, NC 27609 and through the Office of State Budget and Management, 116 W. Jones Street, Raleigh, NC 27603 or can be accessed at <https://www.ncosc.gov/public-information/2025-annual-comprehensive-financial-report>.

B. Special Fund Budgetary Process

The major special revenue funds, which are the Highway Fund and Highway Trust Fund, do not have annual appropriated budgets.

C. Reconciliation of Budget/GAAP Reporting Differences

The *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis – Non-GAAP) – General Fund*, presents comparisons of the legally adopted budget (which is more fully described in section A, above) with actual data on a budgetary basis. Accounting principles applied to develop data on a budgetary basis differ significantly from those principles used to present financial statements in conformity with generally accepted accounting principles (GAAP). The following describes the major differences between budgetary financial data and GAAP financial data.

Basis differences. Budgetary funds are accounted for on the cash basis of accounting, while under GAAP the governmental funds use the modified accrual basis. Accrued revenues and expenditures are recognized in the GAAP financial statements.

Timing differences. A significant variance between budgetary practices and GAAP is any time-restricted appropriations. Section 11.26 of Session Law 2014-100 restricts the use of funds appropriated to the UNC-Need Based Financial Aid Forward Funding Reserve in the

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

current fiscal year to the subsequent fiscal year. Section 11A.3.(f) of Session Law 2016-94 restricts the use of funds appropriated to the Opportunity Scholarship Grant Fund Reserve in the current fiscal year to the subsequent fiscal year. This time-restriction prevented the revenue/expense from being recognized on GAAP basis, which resulted in the recognition of a deferred inflow of resources (deferred state aid) by the recipient and a deferred outflow of resources (forward funded state aid) by the provider. So while the cash is paid to the recipient in the current fiscal year, it will not be recognized as an expense (by the provider) or revenue (by the recipient) until the subsequent fiscal year.

The following table presents a reconciliation of resulting basis and timing differences in the fund balances (budgetary basis) as of June 30, 2025 to the fund balances on a modified accrual basis (GAAP). Amounts are expressed in thousands.

	<i>General Fund</i>
Fund balance (budgetary basis)	
June 30, 2025.....	\$ 25,691,716
<u>Reconciling Adjustments</u>	
Basis Differences	
Accrued revenues	
Taxes receivable.....	3,160,680
Less tax refunds payable.....	(1,657,450)
Accounts receivable and other receivables.....	(3,036,540)
Federal funds, net.....	4,292,236
Unearned revenue.....	(2,124,006)
Total accrued revenues.....	<u>634,920</u>
Accrued expenditures	
Medical claims payable.....	(4,162,338)
Accounts payable, accrued liabilities, and other payables.....	(1,630,566)
Total accrued expenditures.....	<u>(5,792,904)</u>
Other Adjustments	
Notes receivable.....	17,524
Inventories.....	106,346
Advances to outside entities.....	3,290
Lease receivable.....	7,174
Timing Differences	
Unavailable revenue.....	(274,825)
Forward funded state aid.....	<u>725,586</u>
Fund balance (GAAP basis)	
June 30, 2025.....	<u><u>\$ 21,118,827</u></u>

D. Budgetary Reserves

The North Carolina General Assembly has established several accounts in the General Fund as reserved fund balances for budgetary purposes. Funds that are transferred to these accounts from the unreserved credit balance of the General Fund can be used only for their intended purposes and on a budgetary basis are not available for appropriation.

Savings Reserve (General Statute 143C-4-2). The Savings Reserve is established as a reserve in the General Fund and is a component of the unappropriated General Fund balance. In accordance with Session Law 2017-5, in each fiscal year, funds reserved to the Savings Reserve shall be available for expenditure in an aggregate amount that does not exceed seven and one-half percent (7.5%) of the prior fiscal year's General Fund operating budget appropriations. Funds reserved to the Savings Reserve shall be available for expenditure only upon an act of appropriation by the General Assembly. Each Current Operations Appropriations Act enacted by the General Assembly shall include a transfer to the Savings Reserve of fifteen percent (15%) of each fiscal year's estimated growth in State tax revenues that are deposited in the General Fund. The Office of State Budget and Management and the Fiscal Research Division of the General Assembly shall jointly develop and annually produce an evaluation of the adequacy of the Savings Reserve based on the volatility of North Carolina's General Fund tax structure, which shall take into consideration relevant statistical and economic literature. After completing the evaluation,

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

these entities may revise the methodology as needed to estimate the target for the Savings Reserve balance, which shall be calculated so as to be sufficient to cover two years of need for nine out of 10 scenarios involving a decline in General Fund revenue from one fiscal year to the next fiscal year. The recommended balance shall be expressed as a percentage of the prior year General Fund operating budget appropriations, excluding departmental receipts. At the beginning of fiscal year 2024-25, the balance of the Savings Reserve was \$4.75 billion. Session Law 2024-55 authorized the transfer of \$125 million from the Unreserved Fund Balance to the Savings Reserve. In accordance with Session Law 2025-2, \$77 thousand was transferred from the Office of State Budget Management during the fiscal year related to the reversion of unused funds for the North Carolina Office of Recovery and Resiliency (NCORR). Additionally, \$12.566 million was transferred from the Office of the State Controller Hurricane Florence Disaster Relief Reserve to the Savings Reserve also in accordance with Session Law 2025-2. The Office of the State Controller transferred \$1.104 billion to the Hurricane Helene Disaster Recovery Fund in accordance with Session Laws 2024-51, 2024-53 and 2024-57. The Office of the State Controller transferred \$161 million to the OSBM Disaster Relief Reserve in accordance with Session Laws 2024-53 and 2025-2. At the end of fiscal year 2024-25, the balance of this reserve was \$3.623 billion.

Disaster Relief Reserve (Session Law 2005-1). During fiscal year 2004-05, \$248.17 million was transferred to the Disaster Relief Reserve. This \$248.17 million was funded from required agency, university, and community college transfers, a Savings Reserve Account transfer, and transfers of funds from the unreserved credit balance. At the beginning of fiscal year 2024-25, the balance was \$720.874 million. In accordance with Session Law 2024-55, the Office of State Controller was authorized to transfer \$75 million from the Unreserved Fund Balance to the Disaster Relief Reserve for the fiscal year. During the fiscal year, \$581.951 million was transferred out of the reserve. At the end of the fiscal year 2024-25, the balance of this reserve was \$213.923 million.

Medicaid Contingency Reserve (Session Law 2014-100). The Medicaid Contingency Reserve was established in accordance with Session Law 2014-100, Section 12H.38.(a) as a reserve in the General Fund. The Medicaid Contingency Reserve shall be used only for budget shortfalls in the Medicaid Program. At the beginning of fiscal year 2024-25, the balance was \$726.513 million. In accordance with Session Law 2024-55, the Office of State Controller was authorized to transfer \$250 million from the Unreserved Fund Balance to the Medicaid Contingency Reserve. At the end of fiscal year 2024-25, the balance of this reserve was \$976.513 million.

Medicaid Transformation Reserve Fund (Session Law 2015-241). The Medicaid Transformation Reserve Fund was established in the Office of State Budget and Management as a non-reverting reserve in the General Fund. It was established in accordance with Session Law 2015-241, Section 12H.29. The purpose of the Medicaid Transformation Fund is to provide funds for converting from a fee-for-services payment system to a capitated payment system. At the beginning of fiscal year 2024-25, the balance was \$60.642 million. Session Law 2023-134, Section 2.2(q) authorized the transfer of \$60.642 million from the reserve to the Department of Health and Human Services during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was zero.

Carryforward Reserve (Session Law 2014-100). In accordance with Session Law 2014-100, Section 6.7, the General Assembly required the Office of State Budget and Management and the Office of the State Controller, in consultation with the Fiscal Research Division, to review current budgeting practices in the General Fund. After review, the Office of State Budget and Management and the Office of the State Controller, in consultation with the Fiscal Research Division, established stronger internal controls over the carryforward process. In fiscal year 2024-25 this process included all State agencies with the exception of higher education. Carryforward funds were transferred from the agencies' General Fund appropriations and placed in the Carryforward Reserve. At the end of fiscal year 2024-25, the balance of this reserve was \$471.249 million.

Unfunded Liability Solvency Reserve (Session Law 2018-30). The Unfunded Liability Solvency Reserve was established in accordance with Session Law 2018-30 as a reserve in the General Fund. The funds in the Reserve shall be used only for transfers to the Health Benefit Fund or the Retirement System for the purpose of reducing the unfunded liabilities of those two funds. At the beginning of fiscal year 2024-25, the balance was zero. In accordance with General Statute 143C-4-10(c)(3)c, funds in the amount of \$294 thousand were transferred to the reserve from the Department of State Treasurer. Funds in the amount of \$294 thousand were transferred out of the reserve to the Health Benefit Fund and Retirement System during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was zero.

Hurricane Florence Disaster Recovery Reserve (Session Law 2018-136). The Hurricane Florence Disaster Recovery Reserve was established in accordance with Session Law 2018-136 as a reserve in the General Fund. The purpose is to maintain funds reserved for disaster recovery in relation to Hurricane Florence. At the beginning of fiscal year 2024-25, the balance was \$27.681 million. Funds in the amount of one thousand dollars were transferred to the reserve from the Department of Public Safety for unused funding. Funds in the amount of \$15.115 million were transferred out of the reserve to the Department of Public Safety during the fiscal year. In accordance with Session Law 2025-2, \$12.566 million was transferred to the Office of the State Controller Savings Reserve. At the end of fiscal year 2024-25, the balance of this reserve was zero.

State Fiscal Recovery Reserve (Session Law 2021-25). The State Fiscal Recovery Reserve or American Recovery Plan Act Reserve was established in accordance with Session Law 2021-25 as a reserve in the General Fund. The purpose is to maintain federal funds received from the American Rescue Plan Act of 2021, P.L. 117-2, which provides additional relief to address the continued impact of COVID-19. At the beginning of fiscal year 2024-25, the balance was \$38.861 million. Interest earned in the amount of \$116.828 million was received

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

during the fiscal year. Funds in the amount of \$90.037 million were transferred out of the reserve during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was \$65.652 million.

Information Technology Reserve (Session Law 2021-180). The Information Technology Reserve was established in accordance with Session Law 2021-180 as a reserve in the General Fund. The purpose is to make funds available for information technology project expenditures. At the beginning of fiscal year 2024-25, the balance was \$410.308 million. In accordance with Session Law 2024-57, Section 2D.2.(a), funds in the amount of \$2.5 million were reverted to the reserve from the Administrative Office of the Courts. Funds in the amount of \$69.015 million were transferred out of the reserve during the fiscal year to various agencies per Session Law 2023-134. At the end of fiscal year 2024-25, the balance of this reserve was \$343.793 million.

State Capital and Infrastructure Fund (SCIF) Reserve (General Statute 143C-4-3.1). The State Capital and Infrastructure Fund (SCIF) Reserve was established in accordance with General Statute 143C-4-3.1 as a reserve in the General Fund. The purpose is to reserve an unappropriated balance to transfer funds to the State Capital and Infrastructure Fund upon appropriation by the General Assembly. The Fund was established to address the ongoing capital and infrastructure needs of the State. At the beginning of fiscal year 2024-25, the balance of the SCIF Reserve was zero. In accordance with Session Law 2024-55, the Office of State Controller was authorized to transfer \$2.161 billion from the Unreserved Fund Balance to the SCIF Reserve for the fiscal year. Funds in the amount of \$2.161 billion were transferred out of the reserve to the Office of State Budget and Management State Capital and Infrastructure Fund during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was zero.

Wilmington Harbor Enhancements Reserve (Session Law 2021-180). The Wilmington Harbor Enhancements Reserve was established in accordance with Session Law 2021-180 as a reserve in the General Fund. The purpose is to make funds available for expenditures associated with the Wilmington Harbor Enhancement project. At the beginning of fiscal year 2024-25, the balance of the Wilmington Harbor Enhancements Reserve was \$283.8 million. No funds were transferred in or out of the reserve during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was \$283.8 million.

Economic Development Project Reserve (Session Law 2021-180). The Economic Development Project Reserve was established in accordance with Session Law 2021-180 as a reserve in the General Fund. The purpose is to make funds available for expenditures associated with economic development projects meeting or exceeding high-yield project metrics. At the beginning of fiscal year 2024-25, the balance of the Economic Development Project Reserve was \$735.832 million. In accordance with Session Law 2024-55, the Office of State Controller was authorized to transfer \$250 million from the Unreserved Fund Balance to the Economic Development Project Reserve for the fiscal year. Funds in the amount of \$133.943 million were transferred out of the reserve to the Department of Commerce during the fiscal year. Funds in the amount of \$150.45 million were transferred out of the reserve to the Department of Transportation. At the end of fiscal year 2024-25, the balance of this reserve was \$701.439 million.

Opioid Abatement Reserve (Session Law 2021-180). The Opioid Abatement Reserve was established in accordance with Session Law 2021-180 as a reserve in the General Fund. The purpose is to maintain funds received by the State as a beneficiary of the final consent judgment resolving the case, *State of North Carolina, ex. Rel. Joshua H. Stein, Plaintiff v. McKinsey and Company, Inc.*, and any other funds received by the State as a result of the settlement. At the beginning of fiscal year 2024-25, the balance of the Opioid Abatement Reserve was \$35.03 million. In accordance with Session Law 2022-74, funds in the amount of \$18.733 million were transferred to or deposited into the reserve as a result of the settlement during the fiscal year. Funds in the amount of \$4.479 million were transferred out of the reserve to the Opioid Abatement Fund at the Department of Health and Human Services during the fiscal year. Funds in the amount of \$5.5 million were transferred out of the reserve to the Opioid Abatement Fund at the University of North Carolina at Chapel Hill during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was \$43.784 million.

Public School Contingency Reserve (Session Law 2022-74). The Public School Contingency Reserve was established in accordance with Session Law 2022-74 as a reserve in the General Fund. The purpose of the reserve is to make funds available to the Department of Public Instruction to provide sufficient State net General Fund appropriations and necessary budget authority. At the beginning of fiscal year 2024-25, the balance of the Public School Contingency Reserve was zero. No funds were transferred in or out of the reserve to the during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was zero.

World University Games Reserve (Session Law 2022-74). The World University Games Reserve was established in accordance with Session Law 2022-74 as a reserve in the General Fund. The purpose of the reserve is to make funds available to support the State of North Carolina as a host of the 2027 World University Games. At the beginning of fiscal year 2024-25, the balance of the World University Games Reserve was zero. No funds were transferred in or out of the reserve during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was zero.

Housing Reserve (Session Law 2022-74). The Housing Reserve was established in accordance with Session Law 2022-74 as a reserve in the General Fund. The purpose of the reserve is to make funds available upon appropriation for the Workforce Housing Loan Program and the Dare County Affordable Housing Project. At the beginning of fiscal year 2024-25, the balance of the Housing Reserve was zero. In accordance with Session Law 2024-55, the Office of State Controller was authorized to transfer \$45 million from the Unreserved Fund

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Balance to the Housing Reserve for the fiscal year. Funds in the amount of \$45 million were transferred out of the reserve to the North Carolina Housing Finance Agency during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was zero.

Local Project Reserve (Session Law 2022-74). The Local Project Reserve was established in accordance with Session Law 2022-74 as a reserve in the General Fund. The purpose of the reserve is to make funds available for local project expenditures. At the beginning of fiscal year 2024-25, the balance of the Local Project Reserve was zero. No funds were transferred in or out of the reserve during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was zero.

Federal Infrastructure Match Reserve (Session Law 2022-74). The Federal Infrastructure Match Reserve was established in accordance with Session Law 2022-74 as a reserve in the General Fund. The purpose of the reserve is to make funds available State agencies and departments to use for State match requirements when procuring federal aid made available under the federal Infrastructure Investment and Jobs Act. At the beginning of fiscal year 2024-25, the balance of the Federal Infrastructure Match Reserve was \$121.759 million. Funds in the amount of \$25.833 million were transferred out of the reserve to the Department of Environmental Quality during the fiscal year. Funds in the amount of \$250 thousand were transferred out of the reserve to the Department of Commerce during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was \$95.676 million.

Retiree Supplement Reserve (Session Law 2022-74). The Retiree Supplement Reserve was established in accordance with Session Law 2022-74 as a reserve in the General Fund. The purpose of the reserve is to make funds available to provide a one percent (1%) retiree supplement. At the beginning of fiscal year 2024-25, the balance of the Retiree Supplement reserve was zero. No funds were transferred in or out of the reserve during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was zero.

Public School Needs-Based Capital Reserve (Session Law 2022-74). The Public School Needs-Based Capital Reserve was established in accordance with Session Law 2022-74 as a reserve in the General Fund. The purpose of the reserve is to make funds available to the Department of Public Instruction. At the beginning of fiscal year 2024-25, the balance of the Public School Needs-Based Capital Reserve was zero. No funds were transferred in or out of the reserve during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was zero.

Clean Water and Drinking Water Reserve (Session Law 2022-74). The Clean Water and Drinking Water Reserve was established in accordance with Session Law 2022-74 as a reserve in the General Fund. The purpose of the reserve is to make funds available to the Department of Environmental Quality to use for clean water and drinking water projects. At the beginning of fiscal year 2024-25, the balance of the Clean Water and Drinking Water Reserve was zero. In accordance with Session Law 2024-55, the Office of State Controller was authorized to transfer one billion from the Unreserved Fund Balance to the Clean Water Drinking Water Reserve for the fiscal year. Funds in the amount of one billion dollars were transferred out of the reserve to the Department of Environmental Quality during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was zero.

Stabilization and Inflation Reserve (Session Law 2022-74). The Stabilization and Inflation Reserve was established in accordance with Session Law 2022-74 as a reserve in the General Fund. The purpose of the reserve is to make, only upon an act of appropriation by the General Assembly, funds available to be used for costs associated with inflation and other measures necessary to stabilize the State economy. At the beginning of fiscal year 2024-25, the balance of the Stabilization and Inflation Reserve was one billion dollars. No funds were transferred in or out of the reserve during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was one billion dollars.

Regional Economic Development Reserve (Session Law 2023-134). The Regional Economic Development Reserve was established in accordance with Session Law 2023-134 as a reserve in the General Fund. The purpose of the reserve is to make funds available to State agencies and departments for economic development initiatives. At the beginning of fiscal year 2024-25, the balance of the Regional Economic Development Reserve was \$4.65 million. Funds in the amount of \$4.65 million were transferred out of the reserve to OSBM during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was zero.

Transportation Reserve (Session Law 2023-134). The Transportation Reserve was established in accordance with Session Law 2023-134 as a reserve in the General Fund. The purpose of the reserve is to make funds available to Department of Transportation. At the beginning of fiscal year 2024-25, the balance of the Transportation Reserve was zero. In accordance with Session Law 2024-55, the Office of State Controller was authorized to transfer \$100 million from the Unreserved Fund Balance to the Transportation Reserve for the fiscal year. Funds in the amount of \$100 million were transferred out of the reserve to the Department of Transportation during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was zero.

NCInnovation Reserve (Session Law 2023-134). The NCInnovation Reserve was established in accordance with Session Law 2023-134 as a reserve in the General Fund. The purpose of the reserve is to make funds available to the NCInnovation Incorporated nonprofit organization through the Department of Commerce. At the beginning of fiscal year 2024-25, the balance of the NCInnovation Reserve was zero. In accordance with Session Law 2024-55, the Office of State Controller was authorized to transfer \$250 million from the Unreserved Fund Balance to the NCInnovation Reserve for the fiscal year. Funds in the amount of \$250 million were transferred out of the reserve to the Department of Commerce during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was zero.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Education Reserve (Session Law 2024-55). The Education Reserve was established in accordance with Session Law 2024-55 as a reserve in the General Fund. The purpose of the reserve is to make funds available to the Board of Governors of the University of North Carolina for educational programs. At the beginning of fiscal year 2024-25, the balance of the Education Reserve was zero. In accordance with Session Law 2024-55, the Office of State Controller was authorized to transfer \$248 million from the Unreserved Fund Balance to the Education Reserve for the fiscal year. Funds in the amount of \$248 million were transferred out of the reserve to the University of North Carolina System Office during the fiscal year. At the end of fiscal year 2024-25, the balance of this reserve was zero.