



OFFICE OF THE
STATE CONTROLLER

STATE OF NORTH CAROLINA FINANCIAL HIGHLIGHTS

FISCAL YEAR ENDED JUNE 30, 2024

Financial Highlights

On the cover:

This year's Annual Comprehensive Financial Report and Financial Highlights are a tribute to the people of Western North Carolina and to the resilience of North Carolinians everywhere in the wake of Hurricane Helene, the deadliest storm in North Carolina history. With Chimney Rock in the foreground and Lake Lure in the distance, it is hard to imagine the devastation experienced by these and many other western communities because of this storm. Thousands of North Carolinians rallied support and supplies then found a way to help even in the most isolated areas. As of the publication of this document, many families and businesses are still recovering and will be for many months. The death toll is staggering, and the overall economic and property loss has been estimated to exceed \$50 billion dollars.

Cover photo: Soff95/Shutterstock.com | Other photos courtesy of NC Department of Transportation

Financial Highlights

Dear Fellow North Carolinian,

I am pleased to present **North Carolina's Financial Highlights** for the fiscal year ended June 30, 2024. 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.

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 written in a cursive, flowing style.

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.osc.nc.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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I-40 in Waterville, Cataloochee Township, NC / NCDOT

Financial Highlights

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



US-70 in Morganton, NC / NCDOT

The Economy

North Carolina's economic indicators in FY 2023-24 continued to improve relative to the prior fiscal year, as the post-pandemic recovery continued without a recession. Over the previous period, inflation had been a key concern, and the Federal Reserve had acted to raise the federal funds rate, and thus interest rates across the economy, to levels which had not been seen since prior to the Great Recession. In the past, such actions have typically caused a recession, so economists widely predicted one for late in 2023. However, this did not come to pass. Real growth exceeded expectations and surpassed levels for the prior fiscal year in both the United States and in North Carolina.

With inflation moderating, the Federal Reserve stopped raising interest rates in August 2023, maintaining a federal funds effective rate of 5.33% for the duration of FY 2023-24. The rate "stuck" because inflation did not fall below its 2% target during the fiscal year. Additionally, the labor market remained strong; unusually, strong jobs reports were seen negatively by many market observers as indications of future wage growth and continued inflation. Labor force growth of 1.3% in North Carolina allowed more jobs to be added while the unemployment rate stayed steady, not rising above 4% within the fiscal year. As post-COVID supply-related issues worked themselves out around the world, the economy was able to experience a "soft landing" with low inflation and low unemployment.

Financial Highlights

During this period of positive economic performance for the nation, North Carolina was generally able to outperform national averages. North Carolina gross state product grew faster than gross domestic product, with growth in State personal income and retail sales outpacing national indicators as well. These changes allowed continued growth of the State’s primary tax bases for the personal income tax and sales tax. North Carolina’s average unemployment rate also was lower than the national average for the year. With the higher federal funds rate came higher mortgage interest rates for North Carolinian homebuyers. While home prices were expected to decline in the face of higher rates due to higher monthly payments, prices continued to rise, though at much slower rates. This made home affordability a key issue for many North Carolinians, especially first-time homebuyers.

Following the completion of the FY 2023-24 fiscal year, the Federal Reserve began lowering interest rates as labor market demand weakened, the unemployment rate ticked upwards, and lower inflation was expected to continue. This establishes the background for the projections of key economic indicators used to generate the forecast for the next fiscal year, FY 2024-25. Gross state product and personal income are expected to grow at slower rates when compared to the previous fiscal year, but this growth will continue to increase the size of the tax base across North Carolina’s major tax categories. Strong corporate profits in calendar year 2024 should bolster corporate income tax collections. Lastly, falling interest rates are expected to lower nontax revenue derived from investment income, but otherwise encourage economic growth and keep unemployment low.

A major unanticipated event for FY 2024-25 so far has been Hurricane Helene. The storm devastated communities in the western part of the State, impacting property, infrastructure, and leading to loss of life. However, at this time it seems the storm will not have a major impact on the State’s fiscal health in terms of expected General Fund revenue collections. While initial unemployment claims shot up immediately following the storm, they returned to pre-disaster levels three weeks later. Following major storms, initial reductions in consumer activity are often offset by increased work by contractors as residents rebuild. This offsetting effect could drive additional tax collection. While areas most directly impacted by the storm will likely face issues for years, the strong Statewide economy is likely to hold revenues near forecasted levels in FY 2024-25.

North Carolina Economic Indicators

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Projected	FY 2025-26 Projected
Real Gross State Product Growth	2.4%	3.8%	3.1%	2.7%
Personal Income Growth	6.6%	6.7%	5.8%	5.0%
Wages & Salaries Growth	7.0%	6.6%	5.9%	4.7%
Retail Sales Growth	6.8%	3.1%	3.3%	3.8%
Average Unemployment Rate	3.6%	3.5%	3.9%	4.0%
Nonfarm Employment Growth	2.7%	1.3%	0.3%	0.7%



Blue Ridge Parkway / Gregory Simpson/Shutterstock

Financial Highlights

Financial Highlights

Government-wide Financials

- ◆ The State's total net position increased by \$4.89 billion or 5.61% as a result of this year's operations. Net position of governmental activities increased by \$3.79 billion or 4.75% while net position of business type-activities increased by \$1.1 billion or 15%. At year-end, net position of governmental activities and business-type activities totaled \$83.68 billion and \$8.47 billion, respectively.
- ◆ Component units reported net position of \$29.66 billion, an increase of \$3.47 billion or 13.25% 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 decreased from \$22.4 billion at June 30, 2023 (as restated) to \$20.89 billion at June 30, 2024, a decrease of 6.73%. The decrease was mainly due to an increase of expenditures for Medicaid expansion, educational state aid to local education agencies, community colleges, and state universities, and economic development initiatives.
- ◆ The Highway Fund reported a fund balance of \$1.17 billion at June 30, 2024, an decrease of \$27.69 million from the previous year with a fund balance of \$1.2 billion at June 30, 2023. This decrease was mainly due to the expenditures for highway and other infrastructure maintenance as well as an increase in operating costs that surpassed revenues.
- ◆ The Highway Trust Fund reported a fund balance of \$844.46 million, a decrease of 21.46% from the previous year. The fund balance decrease is attributable to expenditures outpacing revenues.
- ◆ The Unemployment Compensation Fund reported net position of \$5.24 billion at June 30, 2024 compared to \$4.56 billion at June 30, 2023, as restated, an increase of \$681.23 million or 14.94%. This increase in net position is related to various fluctuations. Unemployment rates remained low during the 2023-24 fiscal year, with the rate of 3.6% reported in June 2024.
- ◆ The N.C. State Lottery Fund reported net ticket sales of \$5.38 billion, an increase of 23.78% from the previous year. As required by law, the Lottery transferred \$1.092 billion to the General Fund to support educational programs.
- ◆ The N.C. Turnpike Authority (NCTA) reported net position of \$588.3 million, an increase of \$262.86 million of 80.77% from the previous year. The NCTA reported operating income of \$34.31 million, which represents an increase of \$32 million from the prior year, related to \$17.39 million increase in operating revenues, mostly related to toll revenues, and a \$14.61 million decrease in operating expenses, mostly related to decrease in capital outlay. The NCTA also had a \$31.48 million decrease in nonoperating expenses, mostly related to a decrease of \$30.82 million in debt interest and fees. NCTA also reported a \$172.42 million in capital contributions, an increase of \$96.97 million, and \$130.35 million in transfers in, an increase \$17.37 million, which contributed to the increase in net position.
- ◆ The EPA Revolving Loan Fund reported net position of \$2.37 billion, an increase of 6.83% from the previous year. Operating income was \$3.48 million, and net nonoperating revenues of \$124.53 million consisted primarily of federal capitalization grants.



Western NC / NCDOT

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 off or worse off 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 \$92.14 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 \$4.99 billion or 5.73% (total primary government) from the prior fiscal year. The following table was derived from the government-wide Statement of Net Position:

Net Position as of June 30, 2024 and 2023

(dollars in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change 2023-24
	2024	2023	2024	2023	2024	2023	
Current and other non-current assets.....	\$43,884,547	\$ 40,500,527	\$9,410,173	\$8,279,370	\$53,294,720	\$48,779,897	9.26%
Capital assets, net.....	69,877,598	66,281,599	3,145,675	2,895,503	73,023,273	69,177,102	5.56%
Total assets.....	113,762,145	106,782,126	12,555,848	11,174,873	126,317,993	117,956,999	7.09%
Total deferred outflows of resource.....	5,935,478	4,056,216	123,333	88,278	6,058,811	4,144,494	46.19%
Long-term liabilities..	16,789,003	16,519,539	3,131,638	2,824,384	19,920,641	19,343,923	2.98%
Other liabilities.....	15,903,561	11,823,700	978,808	1,002,019	16,882,369	12,825,719	31.63%
Total liabilities..	32,692,564	28,343,239	4,110,446	3,826,403	36,803,010	32,169,642	14.40%
Total deferred inflows of resources.....	3,329,737	2,707,431	102,610	75,171	3,432,347	2,782,602	23.35%
Net position:							
Net investment in capital assets.....	66,300,651	62,491,254	810,927	598,198	67,111,578	63,089,452	6.38%
Restricted.....	2,050,249	1,788,260	181,140	166,230	2,231,389	1,954,490	14.17%
Unrestricted.....	15,324,422	15,508,158	7,474,058	6,597,149	22,798,480	22,105,307	3.14%
Total net position.....	\$83,675,322	\$ 79,787,672	\$8,466,125	\$7,361,577	92,141,447	\$87,149,249	5.73%

The largest component of the State's net position (72.84% for fiscal year 2024) 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 (\$2.23 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, 2024 (dollars in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in Net Position			
Net (expense) revenue.....	\$ (35,825,062)	\$ 2,071,571	\$ (33,753,491)
General Revenues:			
Taxes:			
Individual income tax.	16,464,017	—	16,464,017
Corporate income tax.	1,501,535	—	1,501,535
Sales and use tax..	12,099,961	—	12,099,961
Motor fuels tax..	2,499,716	—	2,499,716
Franchise tax..	738,220	—	738,220
Highway use tax	1,195,898	—	1,195,898
Insurance tax	1,238,193	—	1,238,193
Beverage tax	591,463	—	591,463
Tobacco products tax..	257,414	—	257,414
Other taxes.	386,324	—	386,324
Tobacco settlement..	119,212	—	119,212
Federal COVID-19..	470,171	—	470,171
Unrestricted investment earnings...	988,438	—	988,438
Noncapital contributions.....	6,843	325	7,168
Miscellaneous.....	75,960	748	76,708
Contributions to permanent funds.....	11,048	—	11,048
Transfers.....	968,096	(968,096)	—
Total general revenues, contributions, and transfers...	39,612,509	(967,023)	38,645,486
Change in net position	3,787,447	1,104,548	4,891,995
Net position — July 1, as previously reported	79,745,375	7,207,862	86,953,237
Adjustments to July 1 balances	142,500	153,715	296,215
Net position — July 1, as restated	79,887,875	7,361,577	87,249,452
Net position — June 30.....	\$ 83,675,322	\$ 8,466,125	\$ 92,141,447

Governmental Activities

- ◆ For fiscal year 2024, 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 \$3.79 billion (or 4.75%) resulted for governmental activities.
- ◆ Total revenues increased by \$1.11 billion (or 1.49%), and total expenses increased by \$6.12 billion (or 9.19%).

Business-type Activities

- ◆ Business-type activities reflect an overall increase in net position of \$1.1 billion or 15%, primarily due to the increase in net position in the Unemployment Compensation Fund (Trust Fund).
- ◆ The Trust Fund reported in operating income of \$581.12 million, an increase of \$113.06 million or 24.15%. The increase in operating income related to \$73.63 million or 10.21% increase in employer unemployment contributions and a \$46.34 million or 16.89% decrease in unemployment benefits paid. The Trust Fund also reported nonoperating revenues of \$117.28 million, which included \$121.13 million in investment earnings, noncapital grants of \$482 thousand, and miscellaneous expenses of \$4.33 million
- ◆ The net position increased by \$262.86 million or 80.77% for the N.C. Turnpike Authority primarily due to receiving \$172.42 million in capital contributions and also received \$130.35 million in transfers related to project participation from the Highway and Highway Trust Funds in the current fiscal year. Nonoperating expenses of \$69.47 million offset the increases for the NCTA.
- ◆ The net position increase of \$151.74 million or 6.83% 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 2024 financial results:

- ◆ Total revenues increased by \$1.11 billion or 1.49% while total expenses increased by \$6.12 billion or 9.19%.
- ◆ Operating grants and contributions saw an increase of \$795.18 million or 2.56%, primarily due to the Medicaid Expansion that commenced on December 1, 2023. This initiative added nearly 500,000 new Medicaid members, that with 90% of their costs being funded by federal receipts.
- ◆ Sales and use tax experienced an increase of \$442.11 million, representing a growth of 3.79%. This positive trend can be attributed to the sustained strength in consumer spending throughout the year.
- ◆ Spending significantly increase in almost all of the State's functional areas, except for agriculture and interest on long-term debt. Activity within agriculture function experienced a decline, primarily driven by a decrease in disaster relief spending when comparing fiscal year 2024 to fiscal year 2023.
- ◆ Health and human services spending increased by \$2.31 billion or 7.15% primarily due to gradual continuing coverage of Medicaid eligibility redetermination since the end of the public health emergency, the implementation of Medicaid Expansion, and increased spending associated with the Healthcare Access and Stabilization Program.
- ◆ Higher education increased by \$881.56 million or 15.56%, and primary and secondary education increased by \$690.46 million or 4.45% primarily due to the enhances state aid allocated to local education agencies, community colleges, and state universities, which has been bolstered by the availability of COVID-19 relief funds.
- ◆ Expenses for transportation increased by \$579.21 million, a growth of 15.14%, due primarily to the authorization of Session Law 2023-134 to award grants from the Transportation Reserve Fund to various local county airports for improvements.
- ◆ Economic development increased by \$609.65 million or 80.54% due to in part to increased spending on the recent Job Development Investment Grant initiative with Toyota for job creation, education investment, and workforce development. Additionally, a new state program awarded funding to NCInnovation, a new component unit of the State created to connect public university researchers with industry partners, private sector knowledge, and support services to accelerate effective commercialization strategies across the State.

Condensed Schedule of Expenses & Program Revenue Primary Government For the Fiscal Year Ended June 30, 2024 (dollars in thousands)

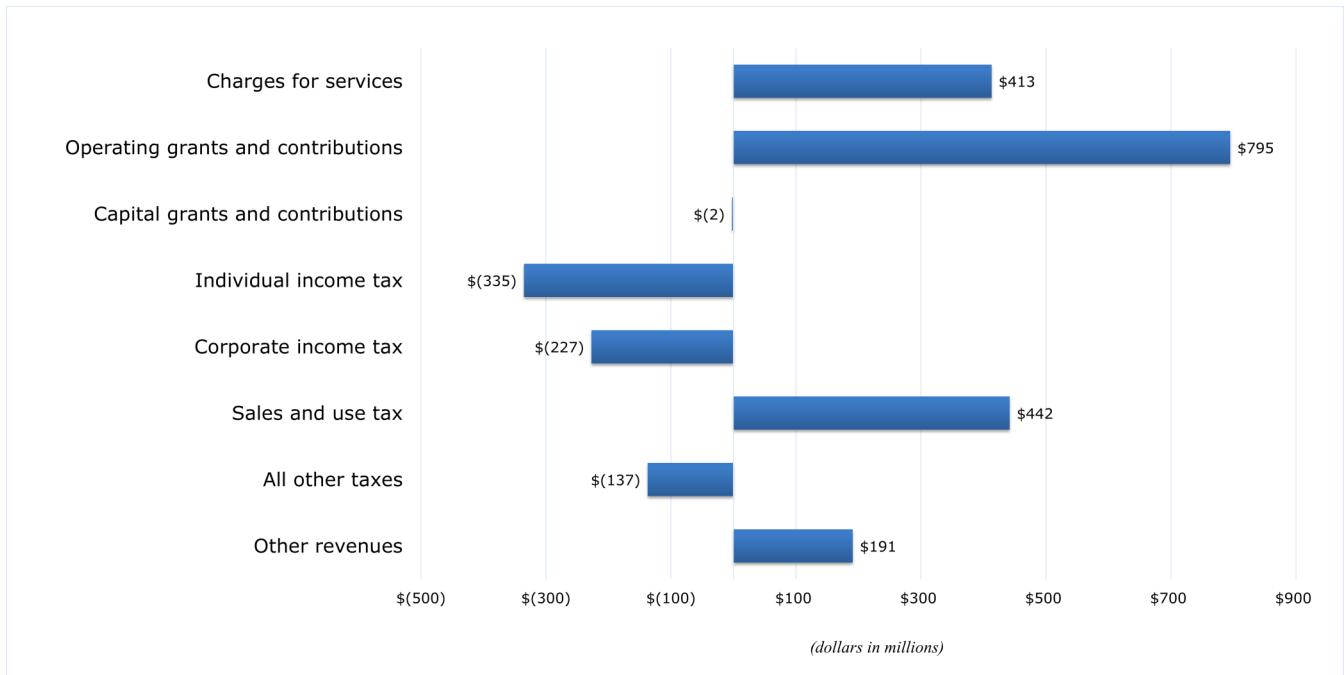
Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue
Primary Government			
Governmental Activities			
General government.....	\$ 3,086,211	\$ 731,886	\$ (2,354,325)
Primary and secondary education.....	16,203,270	3,901,157	(12,302,113)
Higher education.....	6,546,740	389,408	(6,157,332)
Health and human services.....	34,623,699	26,883,296	(7,740,403)
Economic development.....	1,366,638	218,360	(1,148,278)
Environment and natural resources.....	1,188,692	463,977	(724,715)
Public safety, corrections, and regulation.....	4,775,262	1,304,619	(3,470,643)
Transportation.....	4,404,717	2,843,402	(1,561,315)
Agriculture.....	302,166	85,423	(216,743)
Interest on long-term debt.....	149,195	-	(149,195)
Total Governmental Activities.....	72,646,590	36,821,528	(35,825,062)
Business-type Activities			
Unemployment Compensation.....	232,396	930,795	698,399
N.C. State Lottery.....	4,291,544	5,390,745	1,099,201
EPA Revolving Loan.....	55,403	183,410	128,007
N.C. Turnpike Authority.....	187,270	324,533	137,263
Regulatory programs.....	168,506	190,283	21,777
Insurance programs.....	34,925	17,533	(17,392)
North Carolina State Fair.....	14,757	17,012	2,255
Other business-type activities.....	16,606	18,667	2,061
Total Business-type Activities.....	5,001,407	7,072,978	2,071,571
Total Primary Government.....	\$ 77,647,997	\$ 43,894,506	\$ (33,753,491)

Financial Highlights

Statement of Activities (cont'd)

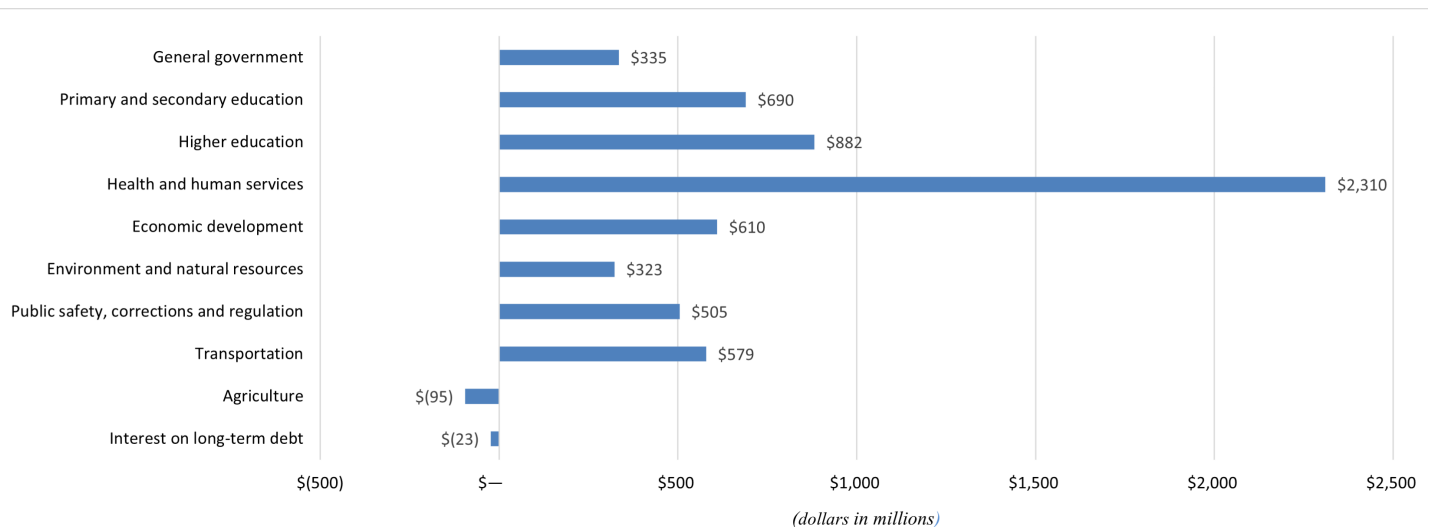
Dollar Change in Governmental Activities Revenues by Source Between Fiscal Years 2023 and 2024

The following chart reflects the dollar change in the revenues by source of governmental activities between fiscal years 2023 and 2024:



Dollar Change in Governmental Activities Functional Expenses Between Fiscal Years 2023 and 2024

The following chart reflects the dollar change in the functional expenses of governmental activities between fiscal years 2023 and 2024:

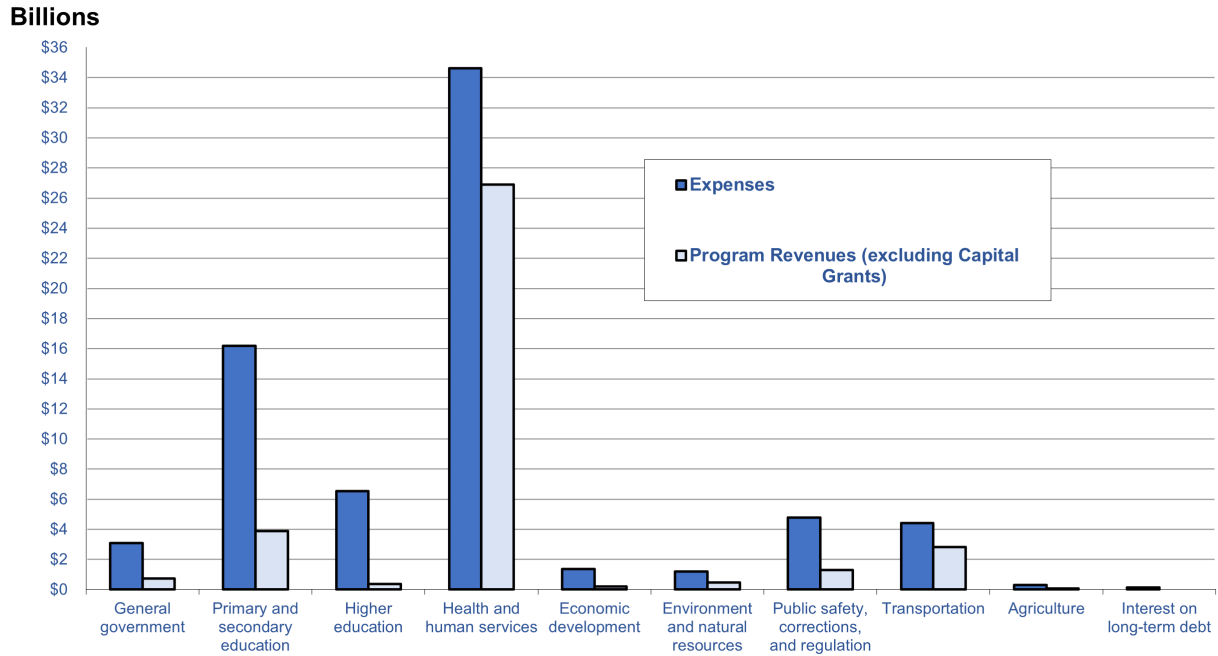


Financial Highlights

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, 2024**



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 2020 - 2024

(dollars in millions)

	2024	2023	2022	2021	2020
Governmental Activities					
Total Expenses.....	\$ (72,647)	\$ (66,530)	\$ (64,126)	\$ (55,481)	\$ (48,749)
Total Tax Revenues.....	36,973	37,230	36,973	32,370	27,651
Total Other Revenues and Contributions.....	38,493	37,124	36,990	31,273	23,838
Total Transfers.....	968	888	853	834	653
Change in Net Position.....	<u>3,787</u>	<u>8,712</u>	<u>10,690</u>	<u>8,996</u>	<u>3,393</u>
Net Position - June 30.....	\$83,675	\$79,788	\$71,026	\$60,720	\$51,684
Business-type Activities					
Total Expenses.....	(5,001)	(4,077)	(4,086)	(10,590)	(8,413)
Total Revenues.....	7,073	5,832	5,587	11,589	8,298
Total Transfers.....	(968)	(888)	(853)	(834)	(653)
Change in Net Position.....	<u>1,105</u>	<u>868</u>	<u>648</u>	<u>165</u>	<u>(768)</u>
Net Position - June 30.....	\$8,466	\$7,362	\$6,369	\$5,720	\$5,555
Total Primary Government					
Total Expenses.....	(77,648)	(70,607)	(68,212)	(66,071)	(57,162)
Total Revenues and Contributions.....	82,540	80,187	79,551	75,232	59,788
Change in Net Position.....	<u>4,892</u>	<u>9,580</u>	<u>11,339</u>	<u>9,161</u>	<u>2,626</u>
Net Position - June 30.....	\$92,141	\$87,149	\$77,395	\$66,439	\$57,239



Financial Highlights

Capital Assets

As of June 30, 2024, the State's investment in capital assets was \$73.02 billion, an increase of 5.56% from the previous fiscal year-end (see table below):

Capital Assets as of June 30
(net of depreciation, dollars in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2024	2023 (as restated)	2024	2023 (as restated)	2024	2023 (as restated)
Land and permanent easements.....	\$23,494,115	\$22,416,748	\$ 650,650	\$ 604,102	\$24,144,765	\$23,020,850
Buildings.....	2,781,351	2,995,563	54,528	56,972	2,835,879	3,052,535
Machinery and equipment.....	1,329,140	915,852	6,749	7,421	1,335,889	923,273
Infrastructure:						
State highway system.....	36,137,609	34,111,784	—	—	36,137,609	34,111,784
NC toll road system.....	—	—	1,269,585	1,299,269	1,269,585	1,299,269
General infrastructure.....	227,053	232,494	5,495	5,834	232,548	238,328
Computer software.....	311,938	286,067	455	380	312,393	286,447
Subscription asset	194,501	208,016	2,258	2,851	196,759	210,867
Art, literature, and other artifacts.....	190,296	187,454	1,293	1,293	191,589	188,747
Construction in progress.....	3,747,771	3,533,054	1,148,695	911,150	4,896,466	4,444,204
Computer software in development.....	1,053,293	1,010,515	—	—	1,053,293	1,010,515
RTU Land and permanent easements	507	442	—	—	507	442
RTU Buildings	407,966	380,737	5,405	5,930	413,371	386,667
RTU Machinery and equipment	899	1,783	562	301	1,461	2,084
RTU General infrastructure	1,159	1,090	—	—	1,159	1,090
Total.....	\$69,877,598	\$66,281,599	\$3,145,675	\$ 2,895,503	\$73,023,273	\$69,177,102

Total percent change between
fiscal years 2023 and 2024

5.43 %

8.64 %

5.56 %

The largest component of capital assets is the state highway system. North Carolina has an 80,480 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 billion for state highway projects. Additionally, the N.C. Turnpike Authority (business-type activity) reported year-end construction in progress of \$981.02 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 \$40.44 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 \$325 million and is expected to be completed by October 2026. At June 30, 2024, the NCGA reported \$39.15 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, Section 1.(c). 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, 2024, the DOA reported \$175.21 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 \$789.98 million.
- ◆ The State has commitments of \$6.15 billion for the construction of highway infrastructure (\$5.75 billion for governmental activities and \$399.11 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 \$659.43 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 \$7.19 billion, a decrease of 4.43% 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		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 1,645,060	\$ 1,975,940	\$ —	\$ —	\$ 1,645,060	\$ 1,975,940
Special Indebtedness:						
Limited obligation bonds	1,887,790	2,121,490	—	—	1,887,790	2,121,490
GARVEE bonds	845,715	918,940	—	—	845,715	918,940
Revenue bonds	—	—	2,060,470	1,787,362	2,060,470	1,787,362
Notes from direct borrowings	70,263	37,651	683,118	684,525	753,381	722,176
Total	<u>\$ 4,448,828</u>	<u>\$ 5,054,021</u>	<u>\$ 2,743,588</u>	<u>\$ 2,471,887</u>	<u>\$ 7,192,416</u>	<u>\$ 7,525,908</u>

Total percent change between
fiscal years 2023 and 2024

(11.97) %

(10.99) %

(4.43) %

During the 2024 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 \$1.3 billion of Build NC bonds to date, and approximately \$1.06 billion remained outstanding at June 30, 2024. 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 2011 to \$2.74 billion in 2024.

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 13 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 \$3.48 billion in 2023 to \$4.45 billion in 2024, 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 2020-24

Year	Population		Per Capita Income (whole dollars)		North Carolina Civilian Labor Force Data		North Carolina-Other Data (units)	
	North Carolina Population	N.C. Increase/ Decrease from Prior Period	North Carolina	N.C. as a Percentage of U.S.	Employed	Unemployed Percentage Rate	Motor Vehicles Registered	Residential Construction Authorized
2024	10,976,837	1.30%	\$ 61,840	88.58%	5,079,071	3.60%	10,329,557	49,721
2023	10,835,491	1.30%	\$ 61,839	88.58%	5,047,952	3.30%	10,493,355	49,507
2022	10,695,965	1.22%	\$ 58,953	88.99%	4,929,061	3.40%	10,344,024	50,527
2021	10,567,100	1.08%	\$ 57,008	88.44%	4,769,039	4.60%	10,245,443	45,417
2020	10,453,812	(0.33)%	\$ 51,758	87.54%	4,430,134	7.50%	9,876,946	36,244

TAXABLE SALES BY BUSINESS GROUP

For the Fiscal Years 2020-2024

(Dollars in Thousands)

	2024	2023	2022	2021
General merchandise (includes discount and department stores, industrial supply dealers).....	68,776,131	66,291,925	62,226,026	\$ 56,410,899
Food (includes restaurants, taverns, grocery, vending).....	40,402,946	38,416,024	35,303,794	30,564,158
Lumber & building material (includes material, electrical, plumbing supply, sheet metal fabrication).....	28,525,081	28,736,679	26,325,703	22,441,929
Automotive (includes dealers, garages, automotive supply).....	13,947,249	13,536,016	12,090,992	11,018,415
3% and 4.75% tax group (includes manufactured and modular homes, boats).....	930,364	972,905	910,727	839,260
Furniture (includes stores, appliance dealers, upholstery and floor covering).....	6,172,865	6,441,201	6,201,915	5,757,054
Apparel (includes clothing, boot, and shoe stores, shoe repair)..	8,409,690	8,448,251	8,216,790	7,025,959
Unclassified (includes lodging, medical supply, office equipment, book and school supply).....	69,070,692	65,990,901	59,892,202	50,815,780
Total.....	<u>236,235,018</u>	<u>228,833,902</u>	<u>211,168,149</u>	<u>\$ 184,873,454</u>
General State Sales Tax Rate	4.75%	4.75%	4.75%	4.75%

Financial Highlights

Demographic and Economic Indicators (cont'd)

PRINCIPAL EMPLOYERS

For the Fiscal Years 2015 & 2024

	2024			2015		
	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
State of North Carolina.....	175,000-179,999	1	3.49%	175,000-179,999	1	3.95%
Federal Government.....	80,000-84,999	2	1.62%	65,000-69,999	2	1.50%
Wal-Mart Associates, Inc.....	60,000-64,999	3	1.23%	45,000-59,999	3	1.17%
Duke University.....	40,000-44,999	4	0.84%	30,000-34,999	6	0.72%
Atrium Health.....	40,000-44,999	5	0.84%			
Food Lion LLC.....	35,000-39,999	6	0.74%	30,000-34,999	5	0.72%
Wells Fargo Bank NA.....	30,000-34,999	7	0.64%	25,000-29,999	7	0.61%
Amazon Fulfillment services, Inc.....	20,000-24,999	8	0.44%			
Wake County Public Schools.....	20,000-24,999	9	0.44%	20,000-24,999	9	0.50%
Bank of America NA.....	20,000-24,999	10	0.44%	15,000-19,999	10	0.39%
Charlotte-Mecklenburg Hospital.....	-		-	30,000-34,999	4	0.72%
Charlotte-Mecklenburg Bd of Education.....	-		-	20,000-24,999	8	0.50%
Total.....	<u>520,000-569,990</u>		<u>10.72%</u>	<u>455,000-514,990</u>		<u>10.78%</u>

TEACHERS AND STATE EMPLOYEES BY FUNCTION

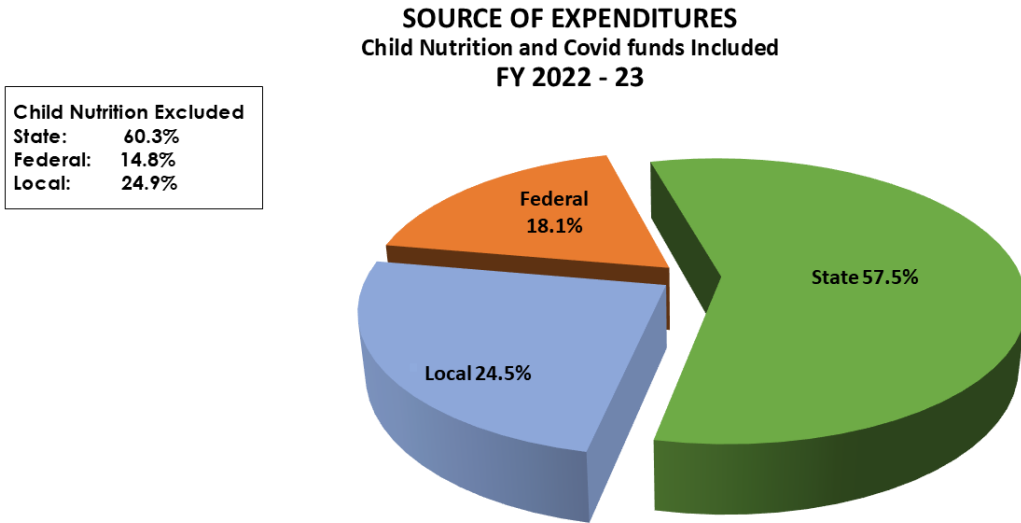
For the Fiscal Years 2020-2024

	2024	2023	2022	2021	2020
General government.....	5,798	5,859	5,811	5,769	5,631
Primary and secondary education.....	157,860	153,595	156,512	156,712	156,693
Higher education:					
Universities.....	72,476	68,209	67,987	65,824	67,166
Community colleges.....	16,882	17,002	17,025	17,122	17,761
Health and human services.....	18,423	18,432	18,286	18,270	18,270
Economic development.....	1,944	2,083	2,280	2,236	2,554
Environment and natural resources.....	4,999	4,869	4,295	4,222	4,157
Public safety, corrections and regulation.....	35,57	35,267	35,232	34,205	34,963
Transportation.....	11,439	11,421	11,423	11,624	11,669
Agriculture.....	<u>2,119</u>	<u>2,128</u>	<u>2,127</u>	<u>2,136</u>	<u>2,159</u>
Total.....	<u>327,097</u>	<u>318,865</u>	<u>320,978</u>	<u>318,120</u>	<u>321,023</u>

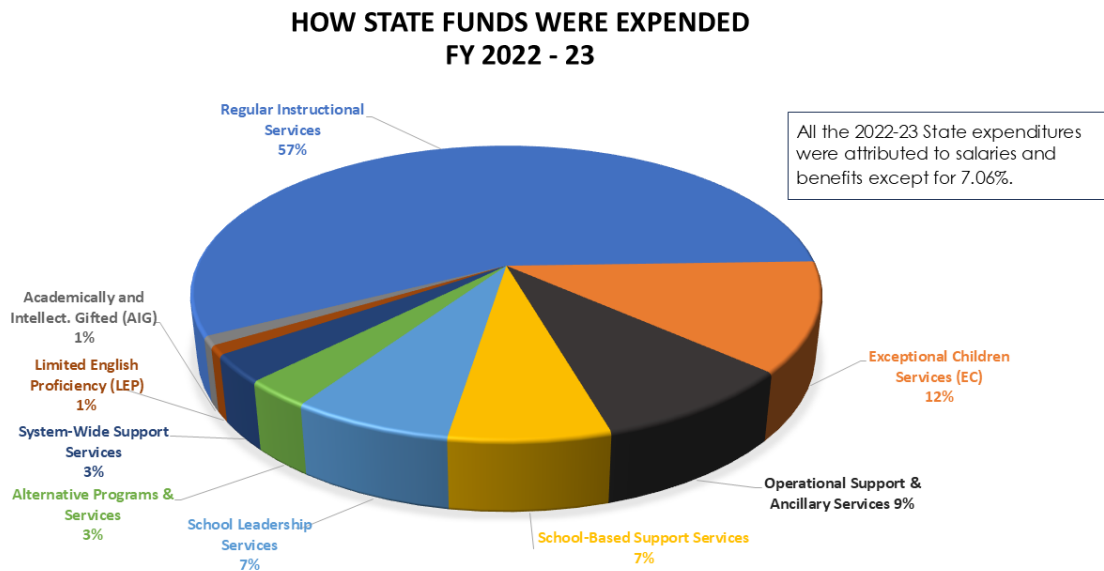
Financial Highlights

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:



Of the \$10.39 billion State Public School Fund for fiscal year 2022-2023, all but 7.06% was used for salaries and benefits:



Information provided by the North Carolina Department of Public Instruction

Financial Highlights

North Carolina Education Lottery

The North Carolina Education Lottery set new records for sales and earnings for education in fiscal year 2023-24, raising again more than \$1 billion for education programs in the state. Ticket sales exceeded \$5.38 billion, up 24% year-over-year. The Lottery continued its record of increasing sales every year of its operations. From those sales, the Lottery raised \$1.09 billion for education, up 7.6%, or \$77 million.

Scratch-off tickets consistently remain the Lottery's most popular product, generating \$2.92 billion in sales, or 54% of revenue. The Lottery launched 48 new scratch-off games during the year.

In November, the lottery significantly expanded its Online Play program by offering a fun, new way to play, digital instants. By the end of the fiscal year, lottery players had a choice of 24 digital instant games to play. The new type of lottery game generated 21 percent of revenue, or \$1.13 billion, in the first eight months. North Carolina was credited with conducting the most successful launch of digital instant games so far in the U.S. lottery industry.

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, 70.6 percent, to prize expense to ensure players have fun and enjoy winning prizes. Retailers earned \$285.6 million, 7 percent, in commissions and incentives for tickets sold at their stores. At the end of the year, the lottery had 7,123 retail locations in the state. Administrative expenses for operating the lottery were 3.75% percent of revenue, the lowest level on record.

In its annual financial audit, the Lottery received an "unqualified opinion" from independent auditors as it has in all prior annual financial audits. For the third year in a row, the lottery won a national award from the National Council on Problem Gambling for a responsible gaming newsletter.

The Lottery transferred its net profits monthly to the Office of State Budget and Management and the funds go into the North Carolina State Lottery Fund. The funds then were distributed as outlined in the state budget. The General Assembly reports the following allocation of money raised by the lottery in fiscal year 2023-2024:

- \$385.9 million to noninstructional support personnel;
- \$254.3 million to the Needs-Based Public School Capital Fund, which provides financial assistance to counties based on need to build new schools ;
- \$100 million for the Public School Capital Fund, which provides monies to North Carolina 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 fund seats in the prekindergarten program for at-risk four-year-olds;
- \$41.2 million to a Scholarship Reserve Fund for public colleges and universities;
- \$21.4 million to support school transportation for each of the state's school systems.

The earnings of \$1.09 billion exceeded the budgeted projections for FY 2023-24. The N.C. General Assembly allocates lottery revenues that exceed projections to the Needs-Based Public School Capital Fund. With that decision, \$157 million in additional monies raised went to that fund after the end of the fiscal year.

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 \$44.7 billion and the amount of total money raised for education stood at \$11.2 billion.

Information on this and the next page provided by the North Carolina State Lottery

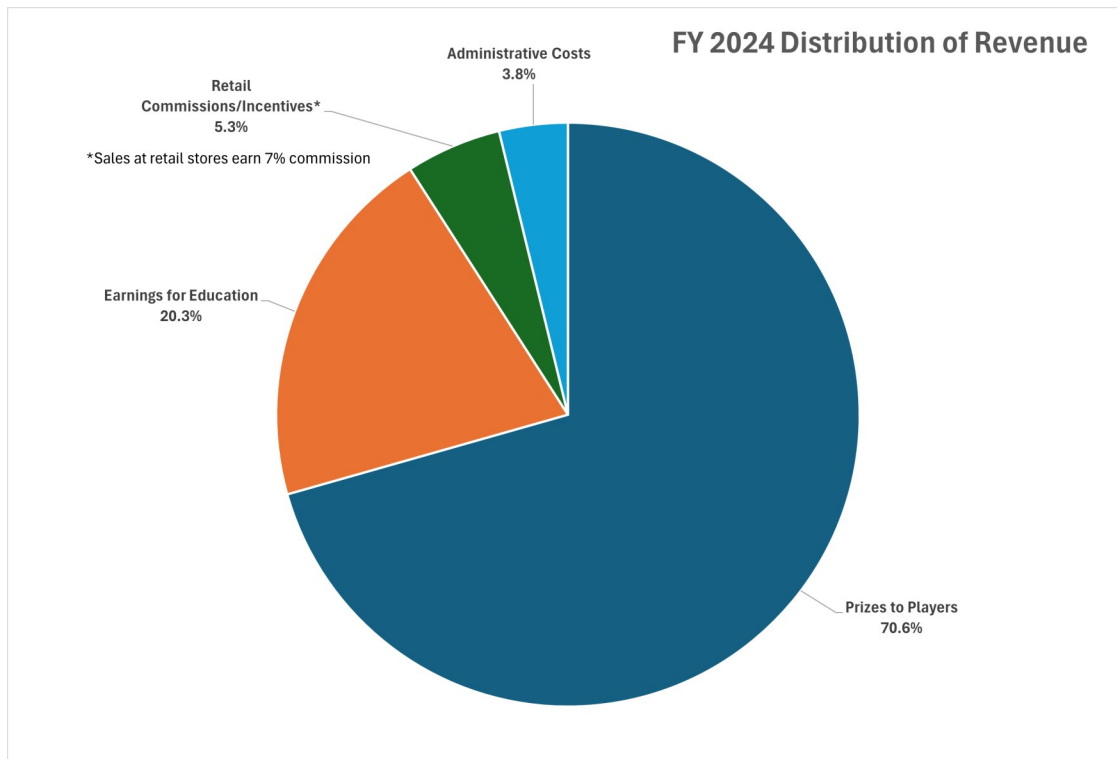
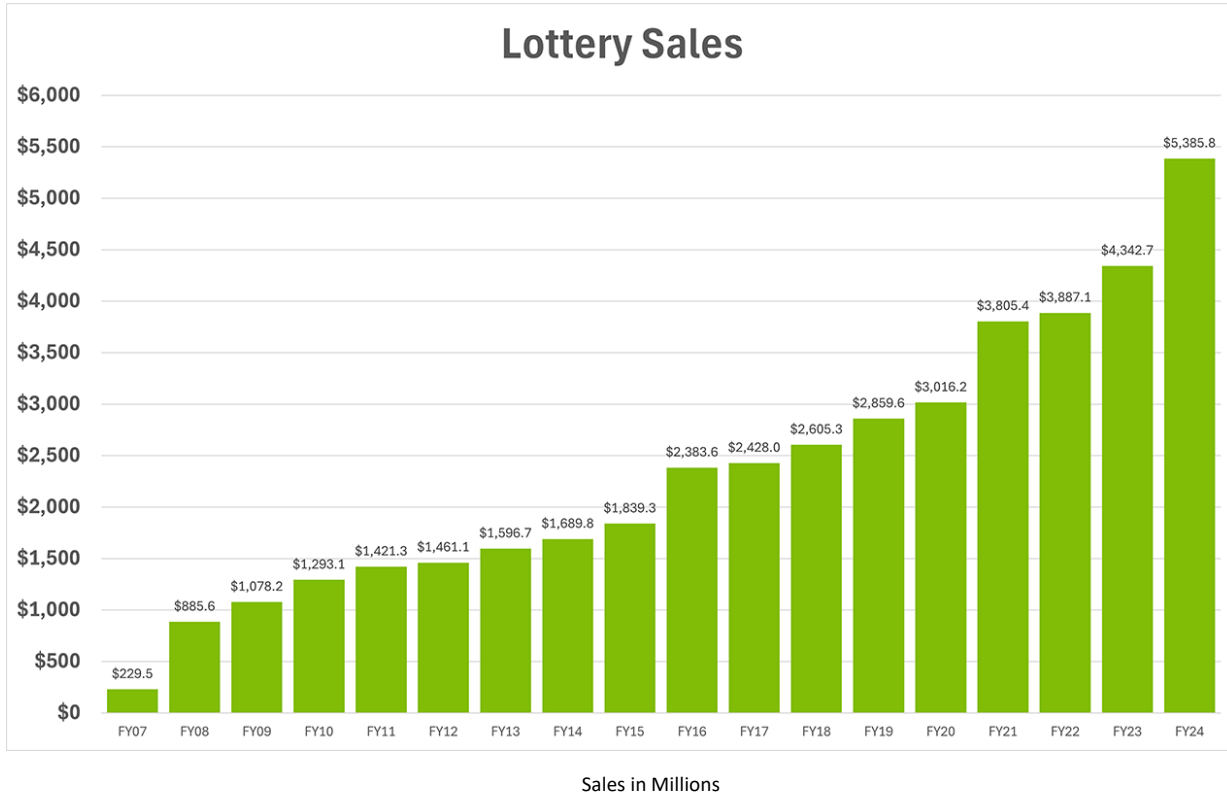


In October 2023, Harnett County celebrated the opening of the new Northwest Harnett Elementary School. A \$10 million state grant from money raised by the lottery helped the county build the new school. Last year, 16 counties received state grants ranging from \$2.6 million to \$62 million to build new schools from the state's Needs-Based Public School Capital Fund.

Financial Highlights

North Carolina Education Lottery (cont'd)

The following tables illustrate how lottery funds were distributed for education in fiscal year 2024:



Information provided by the North Carolina Education Lottery

Transportation Highlights

Related to the fiscal year 2024, the North Carolina Department of Transportation (NCDOT) listed the following as some of its key initiatives launched and project advancements:

- ◆ 2024 saw historic impacts and an unprecedented responses to Hurricane Helene. As of early December, more than 1,100 roads have been fully reopened, another 90 roads have partial access and NCDOT crews have completed permanent repairs on nearly 1,200 damage sites.
- ◆ NCDOT won a 2024 Environmental Excellence Award for its flood warning system that allows the agency to better respond to hurricanes and other storms.
- ◆ North Carolina and Virginia have been awarded up to \$200,000 in federal funds to continue their efforts to improve passenger and freight rail services in both states and the Southeast.
- ◆ Governor Cooper, NCDOT Secretary Joey Hopkins and U.S. Transportation Secretary Pete Buttigieg broke ground in July on the first section of the S-Line passenger rail service. The NCDOT received \$1 billion in federal discretionary grant funds for a part of the S-Line in North Carolina.
- ◆ NCDOT's Rail Division was awarded \$1.8 million as part of 50-50 matching grant funding to improve rail infrastructure on three short line railroads.
- ◆ Federal officials awarded NCDOT its largest highway grant to date, \$242 million, to support the Cape Fear Memorial Bridge replacement project. A project to preserve the Cape Fear Memorial Bridge, which closed all lanes in one direction at a time, was completed weeks ahead of schedule.
- ◆ In the Southern Association of State Highway and Transportation Officials' annual America's Transportation Awards contest, the NCDOT's Harkers Island bridge replacement project won an Operations Excellence award. For the first time, the department used a material designed to withstand the coastal environment and provide greater durability.
- ◆ The NCDOT Office of Civil Rights announced a partnership with N.C. State University's Institute for Transportation Research and Education to conduct groundbreaking research aimed at mapping unmarked burial sites belonging to historically marginalized groups.
- ◆ The state's Turnpike Authority opened Complete 540 Phase 1 in the fall. It is an extension of the Triangle Expressway, also known as Toll N.C. 540, spanning 18 miles south of Raleigh.
- ◆ The N.C. Division of Motor Vehicles unveiled the state's most secure licenses and IDs ever in May. The new driver licenses, permits and identification cards feature the latest in card security design and construction specifically designed to combat fraud.
- ◆ S&P Global Ratings announced it raised the North Carolina Turnpike Authority's long-term rating to 'A-' from 'BBB+' on the Monroe Expressway senior toll revenue bonds and the Turnpike's subordinate Transportation Infrastructure Finance and Innovation Act (TIFIA) loan.
- ◆ The southbound side of the new interchange at Julian Airport Road and U.S. 421 opened to traffic in June. The exits provide access between U.S. 421 South and the Toyota battery plant. . The interchange is the result of the \$100 million the General Assembly appropriated for site improvements for the Greensboro-Randolph Megasite.
- ◆ State, federal and local officials broke ground in June on a North Carolina Global TransPark complex the U.S. Navy will use to maintain and repair military aircraft.

Information provided by the North Carolina Department of Transportation

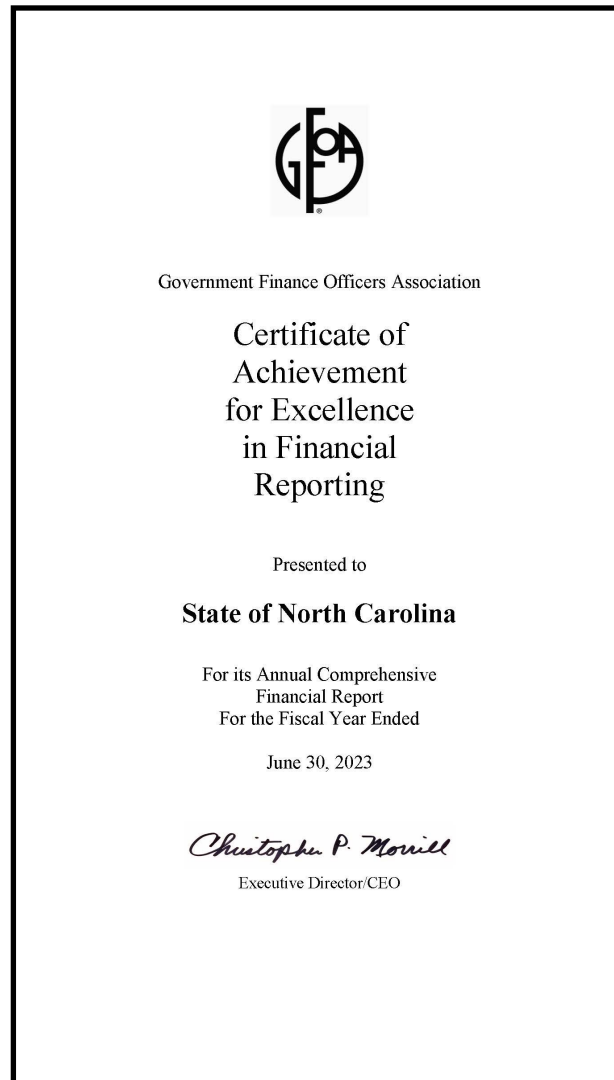
Financial Highlights

Award for Outstanding Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) has given an 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, 2023. 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 26 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.



30 copies of this public document were printed at a cost of \$309.09 or \$10.3029 per copy.



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