

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

The General Fund balance of \$149.43 million due to fiduciary funds is composed of \$38.16 million related to local sales taxes collected in the General Fund and due to the custodial fund, as well as \$111.27 million related to retirement contributions payable to retirement systems at year end.

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

**Due To/From Other Funds**

Balances due to/from other funds at June 30, 2023 consisted of the following (dollars in thousands):

	<b>Due From Other Funds</b>								Total
	General Fund	Highway Fund	Highway Trust Fund	Other Governmental Funds	Unemployment Compensation Fund	EPA Revolving Loan Fund	Other Enterprise Funds	Internal Service Funds	
<b>Due To Other Funds</b>									
General Fund	\$ —	\$16,401	\$ —	\$ 8,344	\$ 36,831	\$ 2,512	\$ —	\$ 5,092	\$ 69,180
Highway Fund	12,026	—	—	1,960	—	—	—	2,444	16,430
Other Governmental Funds	11,797	—	—	22	—	—	—	566	12,385
Unemployment Compensation Fund	959	—	—	—	—	—	—	—	959
N.C. State Lottery Fund	130,250	—	—	—	—	—	—	—	130,250
N.C. Turnpike Authority	23,521	72,079	15,990	—	—	—	—	—	111,590
Internal Service Funds	—	—	—	7,652	—	—	1,299	90	9,041
<b>Total</b>	<b>\$178,553</b>	<b>\$88,480</b>	<b>\$15,990</b>	<b>\$ 17,978</b>	<b>\$ 36,831</b>	<b>\$ 2,512</b>	<b>\$ 1,299</b>	<b>\$ 8,192</b>	<b>\$349,835</b>

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

**Advances To/From Other Funds**

The advance of \$32.84 million to the N.C. Turnpike Authority from the Highway Trust Fund is related to operating costs.

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

Transfers in/out of other funds for the fiscal year ended June 30, 2023, consisted of the following (dollars in thousands):

	Transfers In									Total
	General Fund	Highway Fund	Highway Trust Funds	Other Governmental Funds	Unemployment Compensation Fund	EPA Revolving Loan Fund	NC Turnpike Authority	Other Enterprise Funds	Internal Service Funds	
<b>Transfers Out</b>										
General Fund	\$ -	\$281,241	\$ -	\$ 737,351	\$ 514	\$18,874	\$ -	\$ 1,359	\$1,608	\$1,040,947
Highway Fund	37,322	-	109,835	17,700	-	-	21,667	-	-	186,524
Highway Trust Fund	542	35,239	-	-	-	-	91,316	-	-	127,097
Other Governmental Funds	142,789	-	-	21,570	-	-	-	12	451	164,822
N.C. State Lottery Fund	1,017,350	-	-	1,000	-	-	-	-	-	1,018,350
Other Enterprise Funds	1,574	-	-	1,874	-	-	-	-	-	3,448
Internal Service Funds	73	-	-	-	-	-	-	-	905	978
<b>Total</b>	<b>\$1,199,650</b>	<b>\$316,480</b>	<b>\$109,835</b>	<b>\$ 779,495</b>	<b>\$ 514</b>	<b>\$18,874</b>	<b>\$112,983</b>	<b>\$ 1,371</b>	<b>\$2,964</b>	<b>\$2,542,166</b>

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

In compliance with the North Carolina State Lottery Act, House Bill 1023 [Session Law 2005-344] as amended by Senate Bill 99 [Session Law 2018-5], all "Net Revenues" of the N.C. State Lottery Fund are required to be transferred to the Education Lottery Fund (General Fund) for educational purposes. Transfers of \$1.016 billion were made to the Education Lottery Fund for this fiscal year, as set forth in General Statute 18C-164. The remaining \$2.1 million transfer to the General Fund was made to the Alcohol Law Enforcement Branch for gambling enforcement activities as directed by House Bill 97 [Session Law 2015-241].

House Bill 817 [Session Law 2013-183], amends the law that created the Highway Trust Fund. The amendment directs that funds are to be transferred to the N.C. Turnpike Authority (NCTA) to pay debt service or related financing expenses on revenue bonds or notes issued for the following toll road construction projects: Triangle Expressway and Monroe Connector/Bypass. Debt has been issued for the Triangle Expressway and the Monroe Connector/Bypass, and \$91.32 million was transferred to the NCTA during fiscal year 2023. House Bill 103 [Session Law 2022-74] Section 41.7(a) directed a \$109.84 million transfer from the Highway Fund to advance Right-of-Way Acquisition, so Highway Trust Fund could purchase property under the Undue Hardship Program.

Senate Bill 105 [Session Law 2021-180], as amended by House Bill 103 [Session Law 2022-74] Section 11.9(a), directed a \$215.16 million transfer of funds during fiscal year 2023 from the Department of Commerce to the Department of Transportation for public roadwork and associated wetlands mitigation needed to support economic development projects. Per House Bill 103 [Session Law 2022-74] Section 2.2.(m)&(9), the Department of Environment Quality received a transfer of \$325.99 million for the Clean Water and Drinking Water Reserve.