
NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: PLEDGED REVENUES

Primary Government**Governmental Activities**

The State has pledged future federal transportation revenues to repay \$845.715 million of Grant Anticipation Revenue Vehicle (GARVEE) bonds payable at June 30, 2024. These bonds were issued in May 2015, June 2019 and September 2021. Such federal transportation revenues consist of amounts derived from the National Highway System and other federal surface transportation programs pursuant to Title 23 of the United States Code. Annual principal and interest requirements on the GARVEE bonds of governmental activities are expected to require less than 12% of such federal transportation revenues. The North Carolina General Statute 136-18 limits the amount that can be issued by providing that the maximum debt service on all GARVEE bonds may not exceed 20% of the expected annual federal revenue and that the outstanding principal amount may not exceed the total amount of federal transportation funds authorized to the State in the prior federal fiscal year.

Proceeds from the bonds will be used to accelerate the funding of various transportation projects identified in the current State Transportation Improvement Plan. As required by State law, the projects have been selected on factors including a broad geographical distribution across the State. The total principal and interest remaining to be paid on the bonds is \$1.073 billion, payable through fiscal year 2036. For the current fiscal year, principal and interest paid and total federal transportation revenues were \$118.085 million and \$1.375 billion, respectively.

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

The State has pledged, as security for revenue bonds issued by the North Carolina Turnpike Authority (NCTA), net revenues from the operation of the Triangle Expressway System and the Monroe Connector System. As of June 30, 2024, the Triangle Expressway had \$1.67 billion of Appropriation and Revenue bonds payable and a \$499.462 million TIFIA line of credit. The Monroe Expressway had \$389.852 million of Appropriation and Revenue bonds payable and a \$166.282 million TIFIA line of credit. For the Senior Lien and Toll Revenue bonds and TIFIA, specific revenues pledged consist of toll revenues and all other income derived from the operation of the Triangle Expressway and the Monroe Expressway.

During the fiscal year, the Monroe Expressway State Appropriation Revenue Bonds were refunded with appropriation revenue bonds. As a result, the refunded bonds were defeased and the liability was removed from the statement of net position as of June 30, 2024.

Proceeds from the bonds are being used to pay the costs of land acquisition, design, construction, and equipping of the Triangle Expressway System, a 19-mile toll road facility built in Durham and Wake counties that opened in January 2013 and the Complete 540 project extending the Expressway an additional 28 miles. Additionally, proceeds from the bonds are being used to pay the costs of design, construction, and equipping of the Monroe Connector System, a 19.7-mile toll road facility in Mecklenburg and Union counties that opened in November 2018. The total principal and interest remaining to be paid on the bonds is \$4.009 billion, payable through fiscal year 2058 (final maturity date). For the current fiscal year, principal and interest paid, and available revenues (toll revenues, fees, federal interest subsidy and investment revenues) were \$132.422 million and \$126.124 million respectively.

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

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

Purpose	Revenue Source	Future Revenues Pledged		Current Year		Final Maturity Date	Payable as of 6/30/2024
		(1) Amount	% of Total Revenue Source	Pledged Revenues, Net of Expenses	Principal and Interest Payments		
Revenue Bonds							
Millennial Campus	University Charges to Athletics and Auxiliary Services	\$ 68,230	100%	\$ 2,201	\$ 1,895	2049	\$ 38,775
Health Care Facilities	Patient Service Revenues	629,329	100%	109,026	24,807	2050	393,320
Total		<u>\$ 697,559</u>		<u>\$ 111,227</u>	<u>\$ 26,702</u>		<u>\$ 432,095</u>
Direct Placements							
Utilities	Utilities Revenues	\$ 7,387	26%	\$ 4,092	\$ 809	2040	\$ 6,490
Student Housing System	Housing Revenues	19,118	50.7%	1,470	1,450	2035	15,558
Total		<u>\$ 26,505</u>		<u>\$ 5,562</u>	<u>\$ 2,259</u>		<u>\$ 22,048</u>
Special Indebtedness							
Student Housing System	Housing Revenues	\$ 80,249	33% - 53%	\$ 9,156	\$ 6,233	2041	\$ 62,427
Notes from Direct Borrowings							
Utilities	Utilities Revenues	\$ 1,326	10%	\$ 2,728	\$ 2,632	2034	\$ 1,000
Student Housing System	Housing Revenues	26,292	10%	5,374	821	2057	18,594
Total		<u>\$ 27,618</u>		<u>\$ 8,102</u>	<u>\$ 3,453</u>		<u>\$ 19,594</u>

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