

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

The General Fund balance of \$124.38 million due to fiduciary funds is composed of \$32.66 million related to local sales taxes collected in the General Fund and due to the custodial fund, as well as \$91.72 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, 2021, consisted of the following (dollars in thousands):

	Due From Other Funds									Total
	General Fund	Highway Fund	Highway Trust Fund	Other Governmental Funds	Unemployment Compensation Fund	EPA Revolving Loan Fund	N.C. Turnpike Authority	Other Enterprise Funds	Internal Service Funds	
Due To Other Funds										
General Fund	\$ —	\$ 6,309	\$ —	\$ 24,758	\$ 23,149	\$ 1,557	\$ —	\$ 2,717	\$ 11,386	\$ 69,876
Highway Fund	10,502	—	200,000	1,876	—	—	170	—	2,474	215,022
Highway Trust Fund	—	16,152	—	—	—	—	93	—	—	16,245
Other Governmental Funds	899	—	—	3	—	—	—	—	397	1,299
Unemployment Compensation Fund	859	—	—	—	—	—	—	—	—	859
N.C. State Lottery Fund	235,072	—	—	—	—	—	—	—	—	235,072
N.C. Turnpike Authority	9,876	42,012	2,188	—	—	—	—	—	—	54,076
Other Enterprise Funds	—	—	—	1	—	—	—	—	—	1
Internal Service Funds	1,358	1,052	—	—	—	—	—	—	86	2,496
Total	\$ 258,566	\$ 65,525	\$ 202,188	\$ 26,638	\$ 23,149	\$ 1,557	\$ 263	\$ 2,717	\$ 14,343	\$ 594,946

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 Highway Fund was advanced \$400.3 million from the Highway Trust Fund. This advance to the Highway Fund is to comply with cash management directives and also assist with disaster recovery relief expenditures.

The advance of \$30.4 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, 2021 consisted of the following (dollars in thousands):

	Transfers In									Total
	General Fund	Highway Fund	Other Governmental Funds	Unemployment Compensation Fund	EPA Revolving Loan Fund	N.C. State Lottery Fund	N.C. Turnpike Authority Fund	Other Enterprise Funds	Internal Service Funds	
Transfers Out										
General Fund	\$ —	\$11,339	\$ 205,576	\$ 39,963	\$12,558	\$ 4,000	\$ —	\$16,797	\$ 48	\$290,281
Highway Fund	28,641	—	15,301	—	—	—	—	—	—	43,942
Highway Trust Fund	219	32,742	—	—	—	—	49,922	—	—	82,883
Other Governmental Funds	158,986	—	19,827	—	—	—	—	8	—	178,821
EPA Revolving Loan Fund	137	—	—	—	—	—	—	—	—	137
N.C. State Lottery Fund	938,919	—	1,000	—	—	—	—	—	—	939,919
N.C. Turnpike Authority	—	13,891	—	—	—	—	—	—	—	13,891
Other Enterprise Funds	1,416	—	1,398	—	—	—	—	—	—	2,814
Internal Service Funds	68	—	—	—	—	—	—	—	8,405	8,473
Total	<u>\$1,128,386</u>	<u>\$57,972</u>	<u>\$ 243,102</u>	<u>\$ 39,963</u>	<u>\$12,558</u>	<u>\$ 4,000</u>	<u>\$49,922</u>	<u>\$16,805</u>	<u>\$ 8,453</u>	<u>\$1,561,161</u>

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 \$936.8 million 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 \$49 million was transferred to the NCTA during fiscal year 2021. Transfers from NCTA of \$13.9 million were made to the Highway Fund as repayment for project participation incurred with proceeds from the sale of bonds for the Complete 540 Project.

House Bill 1105 [Session Law 2020-97] appropriated up to \$87 million from the General Fund to the Department of Commerce’s Unemployment Compensation Fund to be used to provide enhanced unemployment benefits for individuals who are eligible for the COVID-19 Increased Benefit Amount of \$50 weekly from September 2020 through December 2020. Of this amount, \$39 million was transferred to the Unemployment Compensation Fund during the year from the General Fund.