

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

The General Fund balance of \$118.69 million due to fiduciary funds is composed of \$31.98 million related to local sales taxes collected in the General Fund and due to the agency fund, as well as \$86.71 million related to retirement contributions payable to retirement systems at year end.

The Highway Fund balance of \$6.14 million and the N.C. Turnpike Authority balance of \$8.09 million due to fiduciary funds is related to fines and penalties collected by the Highway Fund and the N.C. Turnpike Authority and due to the agency fund.

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, 2020, consisted of the following (dollars in thousands):

	Due From Other Funds									
	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	Total
Due To Other Funds										
General Fund.....	\$ —	\$ 6,205	\$ —	\$ 28,530	\$ 18,410	\$ 673	\$ —	\$ 2,955	8,114	\$ 64,887
Highway Fund.....	1,468	—	200,396	—	—	—	6	—	1,267	203,137
Highway Trust Fund.....	—	14,488	—	—	—	—	113	—	—	14,601
Other Governmental Funds.....	52	—	—	9	—	—	—	—	114	175
N.C. State Lottery Fund.....	27,652	—	—	—	—	—	—	—	—	27,652
N.C. Turnpike Authority.....	—	10,644	1,829	—	—	—	—	—	—	12,473
Other Enterprise Funds.....	31	—	—	1	—	—	—	—	—	32
Internal Service Funds.....	4,740	3,740	—	—	—	—	—	—	102	8,582
Total.....	\$ 33,943	\$ 35,077	\$ 202,225	\$ 28,540	\$ 18,410	\$ 673	\$ 119	\$ 2,955	\$ 9,597	\$ 331,539

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 \$790.3 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 \$29.85 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, 2020 consisted of the following (dollars in thousands):

	Transfers In									Total
	General Fund	Highway Fund	Highway Trust Fund	Other Governmental Funds	Unemployment Compensation Fund	EPA Revolving Loan Fund	N.C. Turnpike Authority Fund	Other Enterprise Funds	Internal Service Funds	
Transfers Out										
General Fund.....	\$ —	\$ 219,095	\$ 627	\$ 95,468	\$ 1,571	\$ 30,094	\$ —	\$ 9,701	\$ 1,055	\$ 357,611
Highway Fund.....	27,666	—	—	15,479	—	—	13,683	—	—	56,828
Highway Trust Fund.....	392	31,799	—	—	—	—	171,713	—	—	203,904
Other Governmental Funds.....	132,326	—	—	1,355	—	—	—	3	—	133,684
N.C. State Lottery Fund.....	731,500	—	—	1,000	—	—	—	—	—	732,500
N.C. Turnpike Authority	—	50,423	95,832	—	—	—	—	—	—	146,255
Other Enterprise Funds.....	786	—	—	—	—	—	—	—	—	786
Internal Service Funds.....	65	—	—	—	—	—	—	—	13,521	13,586
Total.....	\$ 892,735	\$ 301,317	\$ 96,459	\$ 113,302	\$ 1,571	\$ 30,094	\$ 185,396	\$ 9,704	\$ 14,576	\$ 1,645,154

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 \$729.4 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 2020. The remaining \$122.7 million transfer from the Highway Trust Fund was made to the NCTA as a result of an increased state match for expenditures on the Complete 540 Project and the Mid-Currituck Bridge. Transfers from NCTA of \$50.4 million and \$95.8 million were made to the Highway Fund and Highway Trust Fund, respectively, as repayment for project participation incurred with proceeds from the sale of bonds for the Complete 540 Project.

Transfers totaling \$219.1 million were made to the Highway Fund from the General Fund. Senate Bill 356 [Session Law 2019-251] forgave repayment of a \$90 million advance from the General Fund required by Senate Bill 605 [Session Law 2019-15] made to meet the cash flow needs of the Highway Fund resulting from expenditures related to disaster relief. Senate Bill 356 [Session Law 2019-251] required a transfer of \$64 million from the General Fund to the Emergency Reserve to be used for major disasters. A transfer of \$36 million was made from the General Fund per Senate Bill 356 [Session Law 2019-251] for Hurricane Dorian recovery, Living Shoreline projects, as well as a flood mapping alert network and risk vulnerability assessment for the Strategic Highway Corridor System. Transfers of \$16.2 million were made for motor carrier safety. Transfers of \$12.5 million were made to the Disaster Recovery Fund per Senate Bill 605 [Session Law 2019-15], with smaller items comprising the remaining balance.