



REQUIRED SUPPLEMENTARY INFORMATION BUDGET

Required supplementary information for budget provides information on budget versus actual revenues, expenditures and changes in fund balance and related note disclosures for budgetary reporting.

The following schedules are included in the Required Supplementary Information for Budget:

Schedule of Revenues, Expenditures and Changes in Fund Balance: Budget and Actual (Budgetary Basis—Non-GAAP):
General Fund

Notes to Required Supplementary Information: Budgetary Reporting

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS — NON-GAAP)
GENERAL FUND

For the Fiscal Year Ended June 30, 2024

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Individual income	\$ 16,583,700	\$ 16,583,700	\$ 16,619,056	\$ 35,356
Corporate income	1,686,000	1,686,000	1,553,297	(132,703)
Sales and use	10,749,400	10,749,400	11,685,222	935,822
Franchise	742,300	742,300	742,335	35
Insurance	1,235,323	1,235,323	1,257,393	22,070
Beverage	562,100	562,100	595,673	33,573
Tobacco products	281,900	281,900	261,640	(20,260)
Other	162,000	162,000	247,091	85,091
Non-Tax:				
Fees, licenses and fines	222,400	222,400	250,000	27,600
Investment income	826,000	826,000	858,249	32,249
Disproportionate share receipts	164,500	164,500	164,540	40
Other	379,838	379,838	359,227	(20,611)
Tobacco settlement	130,200	130,200	139,683	9,483
Departmental:				
Federal funds	25,018,245	27,168,370	24,085,911	(3,082,459)
Federal COVID-19 funds	-	3,163,243	2,836,675	(326,568)
Local funds	903,188	1,142,125	1,077,561	(64,564)
Inter-agency grants and allocations	218,194	303,105	343,645	40,540
Intra-governmental transactions	11,570,454	18,445,303	16,524,597	(1,920,706)
Sales and services	157,926	261,801	163,744	(98,057)
Rental and lease of property	18,382	23,594	19,837	(3,757)
Fees, licenses and fines	3,969,652	1,628,594	1,493,963	(134,631)
Contributions, gifts and grants	125,470	2,226,331	1,921,400	(304,931)
Miscellaneous	1,300,399	250,656	585,348	334,692
Total Revenues	77,007,571	88,338,783	83,786,087	(4,552,696)
Expenditures				
Current:				
General government	5,534,733	18,805,767	11,415,571	7,390,196
Primary and secondary education	14,215,775	17,779,194	16,634,700	1,144,494
Higher education	7,105,129	7,898,641	7,497,448	401,193
Health and human services	37,900,606	41,351,074	38,529,052	2,822,022
Environment and natural resources	2,750,809	2,849,258	1,094,289	1,754,969
Economic development	1,027,430	3,479,480	3,251,160	228,320
Public safety, corrections, and regulation	5,116,985	6,571,429	5,485,344	1,086,085
Agriculture	440,371	478,715	356,859	121,856
Debt Service	648,807	667,593	607,716	59,877
Total Expenditures	74,740,645	99,881,151	84,872,139	15,009,012
Excess (deficiency) of revenues over expenditures	2,266,926	(11,542,368)	(1,086,052)	10,456,316
Total Fund Balance at July 1, as previously reported	24,719,840	24,719,840	24,719,840	-
Adjustments to July 1 balances*	3,942,249	3,942,249	3,942,249	-
Total Fund Balance at July 1, as restated	28,662,089	28,662,089	28,662,089	-
Total Fund Balance at June 30	\$ 30,929,015	\$ 17,119,721	\$ 27,576,037	\$ 10,456,316
Fund balance reserved:				
Statutory			\$ 9,585,610	
Non-reverting purposes			15,886,691	
Fund balance unreserved			2,103,736	
Total Fund Balance at June 30			\$ 27,576,037	

* Adjustments to July 1 balances represent corrections of prior year inclusions of noncash related activity and omissions of cash related activity on the cash basis.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY REPORTING

A. General Fund Budgetary Process

The State of North Carolina operates on a biennial budget cycle with separate annual departmental certified budgets adopted by the General Assembly on the cash basis of accounting for the General Fund.

The accompanying budgetary comparison schedule discloses the annual original budget and final budget for the General Fund. Actual amounts in the schedule are presented on the budgetary basis. Since the budgetary basis differs from generally accepted accounting principles (GAAP), a reconciliation between the budgetary basis and the GAAP basis is presented in section C below.

On July 20, 2006, the General Assembly passed Session Law 2006-203, the State Budget Act, to replace the Executive Budget Act. This legislation was effective July 1, 2007, and affected budget development and management by simplifying, reorganizing, updating the current budget statutes, and making changes to conform the statutes to the state constitutional provisions governing appropriations. The legislation provided that agency budgets be classified in accordance with generally accepted accounting principles as interpreted by the State Controller.

The legal level of budgetary control is essentially at the object level. However, departments and institutions may make changes at their discretion within the budget of each purpose between and among objects for supplies and materials, current obligations and services, fixed charges and other expenses, and capital outlay. Also, Chapter 116, Article 1, Part 2A of the General Statutes authorized the 16 universities within the University of North Carolina System and the North Carolina School of Science and Mathematics to apply for special responsibility status, which sets the legal level of budgetary control at the institution's budget code level. A budget code is a convention used in the State's accounting system to distinguish the type of fund and the responsible department or institution. Budget codes are also used to segregate certain purposes within departments or institutions. Institutions with special responsibility status must still have certain budget revisions, primarily those associated with unanticipated revenues, approved by the Office of State Budget and Management (OSBM). Additionally, universities must maintain programs and services in accordance with the guidelines established by the Board of Governors of the consolidated University of North Carolina System. All 16 universities and the North Carolina School of Science and Mathematics have applied for and received special responsibility status.

Generally, unexpended appropriations at the end of the fiscal year lapse and are reappropriated in the next fiscal year. However, in certain circumstances, the OSBM will allow a department to carry forward appropriations for specifically identified expenditures that will be paid in the next fiscal year. This is accomplished by the department requesting the carryforward amount through OSBM and making required entries to the North Carolina Financial System (NCFS) in the current year expensing the funds from the agency budget codes. The Office of State Controller (OSC) then transfers the funds to the Carryforward Reserve Fund. The funds are held by OSC pending approval from OSBM to return the funds to the agencies. Upon OSBM approval, the funds are transferred back to the agency budget codes. The agency then makes an entry to NCFS recording the revenue in the subsequent fiscal year.

A detailed listing of appropriation and departmental budget information is available for public inspection in the separately published "Budgetary Compliance Report" prepared by the Office of the State Controller, 3514 Bush Street, Raleigh, NC 27609 and through the Office of State Budget and Management, 116 W. Jones Street, Raleigh, NC 27603.

B. Special Fund Budgetary Process

The major special revenue funds, which are the Highway Fund and Highway Trust Fund, do not have annual appropriated budgets.

C. Reconciliation of Budget/GAAP Reporting Differences

The *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis – Non-GAAP) – General Fund*, presents comparisons of the legally adopted budget (which is more fully described in section A, above) with actual data on a budgetary basis. Accounting principles applied to develop data on a budgetary basis differ significantly from those principles used to present financial statements in conformity with generally accepted accounting principles (GAAP). The following describes the major differences between budgetary financial data and GAAP financial data.

Basis differences. Budgetary funds are accounted for on the cash basis of accounting, while under GAAP the governmental funds use the modified accrual basis. Accrued revenues and expenditures are recognized in the GAAP financial statements.

Timing differences. A significant variance between budgetary practices and GAAP is any time-restricted appropriations. Section 11.26 of Session Law 2014-100 restricts the use of funds appropriated to the UNC-Need Based Financial Aid Forward Funding Reserve in the current fiscal year to the subsequent fiscal year. Section 11A.3.(f) of Session Law 2016-94 restricts the use of funds appropriated to the Opportunity Scholarship Grant Fund Reserve in the current fiscal year to the subsequent fiscal year. This time-restriction prevented the

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revenue/expense from being recognized on GAAP basis, which resulted in the recognition of a deferred inflow of resources (deferred state aid) by the recipient and a deferred outflow of resources (forward funded state aid) by the provider. So while the cash is paid to the recipient in the current fiscal year, it will not be recognized as an expense (by the provider) or revenue (by the recipient) until the subsequent fiscal year.

The following table presents a reconciliation of resulting basis and timing differences in the fund balances (budgetary basis) at June 30, 2024 to the fund balances on a modified accrual basis (GAAP). Amounts are expressed in thousands.

	<u>General Fund</u>
Fund balance (budgetary basis)	
June 30, 2024.....	\$ 27,576,037
 <i>Reconciling Adjustments</i>	
Basis Differences	
Accrued revenues	
Taxes receivable.....	3,058,640
Less tax refunds payable.....	(1,544,482)
Accounts receivable and other receivables.....	(3,222,844)
Federal funds, net.....	3,514,310
Unearned revenue.....	(3,659,642)
Total accrued revenues.....	<u>(1,854,018)</u>
 Accrued expenditures	
Medical claims payable.....	(4,026,513)
Accounts payable, accrued liabilities, and other payables.....	<u>(1,354,266)</u>
Total accrued expenditures.....	<u>(5,380,779)</u>
 Other Adjustments	
Notes receivable.....	21,121
Inventories.....	100,561
Advances to outside entities.....	9,182
Lease receivable.....	6,246
 Timing Differences	
Forward funded state aid.....	<u>412,842</u>
Fund balance (GAAP basis)	
June 30, 2024.....	<u>\$ 20,891,192</u>

D. Budgetary Reserves

The North Carolina General Assembly has established several accounts in the General Fund as reserved fund balances for budgetary purposes. Funds that are transferred to these accounts from the unreserved credit balance of the General Fund can be used only for their intended purposes and on a budgetary basis are not available for appropriation.

Savings Reserve (General Statute 143C-4-2). The Savings Reserve is established as a reserve in the General Fund and is a component of the unappropriated General Fund balance. In accordance with Session Law 2017-5, in each fiscal year, funds reserved to the Savings Reserve shall be available for expenditure in an aggregate amount that does not exceed seven and one-half percent (7.5%) of the prior fiscal year's General Fund operating budget appropriations. Funds reserved to the Savings Reserve shall be available for expenditure only upon an act of appropriation by the General Assembly. Each Current Operations Appropriations Act enacted by the General Assembly shall include a transfer to the Savings Reserve of fifteen percent (15%) of each fiscal year's estimated growth in State tax revenues that are deposited in the General Fund. The Office of State Budget and Management and the Fiscal Research Division of the General Assembly shall jointly develop and annually produce an evaluation of the adequacy of the Savings Reserve based on the volatility of North Carolina's General Fund tax structure, which shall take into consideration relevant statistical and economic literature. After completing the evaluation, these entities may revise the methodology as needed to estimate the target for the Savings Reserve balance, which shall be calculated so as to be sufficient to cover two years of need for nine out of 10 scenarios involving a decline in General Fund revenue from one fiscal year to the next fiscal year. The recommended balance shall be expressed as a percentage of the prior year General Fund operating budget appropriations, excluding departmental receipts. At the beginning of fiscal year 2023-24, the balance of the Savings Reserve was \$4.75

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billion. There were no authorized transfers from the Unreserved Fund Balance for the fiscal year. At the end of fiscal year 2023-24, the balance of this reserve was \$4.75 billion.

Disaster Relief Reserve (Session Law 2005-1). During fiscal year 2004-05, \$248.17 million was transferred to the Disaster Relief Reserve. This \$248.17 million was funded from required agency, university, and community college transfers, a Savings Reserve Account transfer, and transfers of funds from the unreserved credit balance. At the beginning of fiscal year 2023-24, the balance was \$873.492 million. In accordance with Session Law 2023-134, the Office of State Controller was authorized to transfer \$75 million from the Unreserved Fund Balance to the Disaster Relief Reserve for the fiscal year. During the fiscal year, \$279.137 million was transferred out of the reserve. In addition, \$51.519 million was transferred from the Office of State Budget and Management to the Disaster Relief Reserve to return unused Covid-19 Pandemic funds. At the end of the fiscal year 2023-24, the balance of this reserve was \$720.874 million.

Medicaid Contingency Reserve (Session Law 2014-100). The Medicaid Contingency Reserve was established in accordance with Session Law 2014-100, Section 12H.38.(a) as a reserve in the General Fund. The Medicaid Contingency Reserve shall be used only for budget shortfalls in the Medicaid Program. At the beginning of fiscal year 2023-24, the balance was \$326.513 million. In accordance with Session Law 2023-134, the Office of State Controller was authorized to transfer \$400 million from the Unreserved Fund Balance to the Medicaid Contingency Reserve. At the end of fiscal year 2023-24, the balance of this reserve was \$726.513 million.

Medicaid Transformation Reserve Fund (Session Law 2015-241). The Medicaid Transformation Reserve Fund was established in the Office of State Budget and Management as a non-reverting reserve in the General Fund. It was established in accordance with Session Law 2015-241, Section 12H.29. The purpose of the Medicaid Transformation Fund is to provide funds for converting from a fee-for-services payment system to a capitated payment system. At the beginning of fiscal year 2023-24, the balance was \$155.642 million. In accordance with Session Law 2023-134, the Office of State Controller was authorized to transfer \$5 million from the Unreserved Fund Balance to the Medicaid Transformation Reserve. Session Law 2023-134, Section 2.2(q) authorized the transfer of \$100 million from the reserve to the Department of Health and Human Services during the fiscal year. At the end of fiscal year 2023-24, the balance of this reserve was \$60.642 million.

Carryforward Reserve (Session Law 2014-100). In accordance with Session Law 2014-100, Section 6.7, the General Assembly required the Office of State Budget and Management and the Office of the State Controller, in consultation with the Fiscal Research Division, to review current budgeting practices in the General Fund. After review, the Office of State Budget and Management and the Office of the State Controller, in consultation with the Fiscal Research Division, established stronger internal controls over the carryforward process. In fiscal year 2023-24 this process included all State agencies with the exception of higher education. Carryforward funds were transferred from the agencies' General Fund appropriations and placed in the Carryforward Reserve. At the end of fiscal year 2023-24, the balance of this reserve was \$669.659 million.

Unfunded Liability Solvency Reserve (Session Law 2018-30). The Unfunded Liability Solvency Reserve was established in accordance with Session Law 2018-30 as a reserve in the General Fund. The funds in the Reserve shall be used only for transfers to the Health Benefit Fund or the Retirement System for the purpose of reducing the unfunded liabilities of those two funds. At the beginning of fiscal year 2023-24, the balance was zero. In accordance with Session Law 2021-180, Senate Bill 105, the Office of State Controller was authorized to transfer \$10 million from the Unreserved Fund Balance to the Unfunded Liability Solvency Reserve. In accordance with General Statute 143C-4-10(c)(3)c, funds in the amount of \$565 thousand were transferred to the reserve from the Department of State Treasurer. Funds in the amount of \$10.565 million were transferred out of the reserve to the Health Benefit Fund and Retirement System during the fiscal year. At the end of fiscal year 2023-24, the balance of this reserve was zero.

Hurricane Florence Disaster Recovery Reserve (Session Law 2018-136). The Hurricane Florence Disaster Recovery Reserve was established in accordance with Session Law 2018-136 as a reserve in the General Fund. The purpose is to maintain funds reserved for disaster recovery in relation to Hurricane Florence. At the beginning of fiscal year 2023-24, the balance was \$59.86 million. Funds in the amount of \$32.179 million were transferred out of the reserve during the fiscal year. At the end of fiscal year 2023-24, the balance of this reserve was \$27.681 million.

State Fiscal Recovery Reserve (Session Law 2021-25). The State Fiscal Recovery Reserve or American Recovery Plan Act Reserve was established in accordance with Session Law 2021-25 as a reserve in the General Fund. The purpose is to maintain federal funds received from the American Rescue Plan Act of 2021, P.L. 117-2, which provides additional relief to address the continued impact of COVID-19. At the beginning of fiscal year 2023-24, the balance was \$103.077 million. Interest earned in the amount of \$130.188 million was received during the fiscal year. Funds in the amount of \$194,404 million were transferred out of the reserve during the fiscal year. At the end of fiscal year 2023-24, the balance of this reserve was \$38.861 million.

Information Technology Reserve (Session Law 2021-180). The Information Technology Reserve was established in accordance with Session Law 2021-180 as a reserve in the General Fund. The purpose is to make funds available for information technology project expenditures. At the beginning of fiscal year 2023-24, the balance was \$108.943 million. In accordance with Session Law 2023-134, the Office of State Controller was authorized to transfer \$450 million from the Unreserved Fund Balance to the Information Technology

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Reserve for the fiscal year. Funds in the amount of \$148.636 million were transferred out of the reserve during the fiscal year to various agencies per Session Law 2023-134. At the end of fiscal year 2023-24, the balance of this reserve was \$410.307 million.

State Capital and Infrastructure Fund (SCIF) Reserve (General Statute 143C-4-3.1). The State Capital and Infrastructure Fund (SCIF) Reserve was established in accordance with General Statute 143C-4-3.1 as a reserve in the General Fund. The purpose is to reserve an unappropriated balance to transfer funds to the State Capital and Infrastructure Fund upon appropriation by the General Assembly. The Fund was established to address the ongoing capital and infrastructure needs of the State. In accordance with Session Law 2023-134, the Office of State Controller was authorized to transfer \$2.463 billion from the Unreserved Fund Balance to the SCIF Reserve for the fiscal year. Funds in the amount of \$2.463 billion were transferred out of the reserve to the Office of State Budget and Management State Capital and Infrastructure Fund during the fiscal year. At the end of fiscal year 2023-24, the balance of this reserve was zero.

Wilmington Harbor Enhancements Reserve (Session Law 2021-180). The Wilmington Harbor Enhancements Reserve was established in accordance with Session Law 2021-180 as a reserve in the General Fund. The purpose is to make funds available for expenditures associated with the Wilmington Harbor Enhancement project. At the beginning of fiscal year 2023-24, the balance of the Wilmington Harbor Enhancements Reserve was \$283.8 million. No funds were transferred out of the reserve during the fiscal year. At the end of fiscal year 2023-24, the balance of this reserve was \$283.8 million.

Economic Development Project Reserve (Session Law 2021-180). The Economic Development Project Reserve was established in accordance with Session Law 2021-180 as a reserve in the General Fund. The purpose is to make funds available for expenditures associated with economic development projects meeting or exceeding high-yield project metrics. At the beginning of fiscal year 2023-24, the balance of the Economic Development Project Reserve was \$601.9 million. In accordance with Session Law 2023-134, the Office of State Controller was authorized to transfer \$630 million from the Unreserved Fund Balance to the Economic Development Project Reserve for the fiscal year. Funds in the amount of \$495.1 million were transferred out of the reserve to the Department of Commerce during the fiscal year. Funds in the amount of \$968 thousand were transferred out of the reserve to the Department of Environmental Quality. At the end of fiscal year 2023-24, the balance of this reserve was \$735.832 million.

Opioid Abatement Reserve (Session Law 2021-180). The Opioid Abatement Reserve was established in accordance with Session Law 2021-180 as a reserve in the General Fund. The purpose is to maintain funds received by the State as a beneficiary of the final consent judgment resolving the case, *State of North Carolina, ex. Rel. Joshua H. Stein, Plaintiff v. McKinsey and Company, Inc.*, and any other funds received by the State as a result of the settlement. At the beginning of fiscal year 2023-24, the balance of the Opioid Abatement Reserve was \$765 thousand. In accordance with Session Law 2022-74, funds in the amount of \$43.458 million were transferred to or deposited into the reserve as a result of the settlement during the fiscal year. Funds in the amount of \$3.692 million were transferred out of the reserve to the Opioid Abatement Fund at the Department of Health and Human Services during the fiscal year. Funds in the amount of \$5.5 million were transferred out of the reserve to the Opioid Abatement Fund at the University of North Carolina at Chapel Hill during the fiscal year. At the end of fiscal year 2023-24, the balance of this reserve was \$35.030 million.

World University Games Reserve (Session Law 2022-74). The World University Games Reserve was established in accordance with Session Law 2022-74 as a reserve in the General Fund. The purpose of the reserve is to make funds available to support the State of North Carolina as a host of the 2027 World University Games. At the beginning of fiscal year 2023-24, the balance of the World University Games Reserve was \$25 million. Funds in the amount of \$25 million were transferred out of the reserve to the Department of Commerce during the fiscal year. At the end of fiscal year 2023-24, the balance of this reserve was zero.

Housing Reserve (Session Law 2022-74). The Housing Reserve was established in accordance with Session Law 2022-74 as a reserve in the General Fund. The purpose of the reserve is to make funds available upon appropriation for the Workforce Housing Loan Program and the Dare County Affordable Housing Project. At the beginning of fiscal year 2023-24, the balance of the Housing Reserve was zero. In accordance with Session Law 2023-134, the Office of State Controller was authorized to transfer \$45 million from the Unreserved Fund Balance to the Housing Reserve for the fiscal year. Funds in the amount of \$45 million were transferred out of the reserve to the Housing Finance Agency during the fiscal year. At the end of fiscal year 2023-24, the balance of this reserve was zero.

Local Project Reserve (Session Law 2022-74). The Local Project Reserve was established in accordance with Session Law 2022-74 as a reserve in the General Fund. The purpose of the reserve is to make funds available for local project expenditures. At the beginning of fiscal year 2023-24, the balance of the Local Project Reserve was zero. No funds were transferred in or out of the reserve during the fiscal year. At the end of fiscal year 2023-24, the balance of this reserve was zero.

Federal Infrastructure Match Reserve (Session Law 2022-74). The Federal Infrastructure Match Reserve was established in accordance with Session Law 2022-74 as a reserve in the General Fund. The purpose of the reserve is to make funds available State agencies and departments to use for State match requirements when procuring federal aid made available under the federal Infrastructure Investment and Jobs Act. At the beginning of fiscal year 2023-24, the balance of the Federal Infrastructure Match Reserve was \$95.329 million. In accordance with Session Law 2023-134, the Office of State Controller was authorized to transfer \$50 million from the Unreserved Fund Balance to the Federal Infrastructure Match Reserve for the fiscal year. Funds in the amount of \$23.320 million were transferred out of the reserve to the Department of Environmental Quality during the fiscal year. Funds in the amount of \$250 thousand were transferred out of

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the reserve to the Department of Commerce during the fiscal year. At the end of fiscal year 2023-24, the balance of this reserve was \$121.759 million.

Retiree Supplement Reserve (Session Law 2022-74). The Retiree Supplement Reserve was established in accordance with Session Law 2022-74 as a reserve in the General Fund. The purpose of the reserve is to make funds available to provide a one percent (1%) retiree supplement. At the beginning of fiscal year 2023-24, the balance of the Retiree Supplement reserve was zero. In accordance with Session Law 2023-134, the Office of State Controller was authorized to transfer \$145.6 million from the Unreserved Fund Balance to the Retiree Supplement Reserve for the fiscal year. Funds in the amount of \$145.6 million were transferred out of the reserve during the fiscal year. At the end of fiscal year 2023-24, the balance of this reserve was zero.

Public School Needs-Based Capital Reserve (Session Law 2022-74). The Public School Needs-Based Capital Reserve was established in accordance with Session Law 2022-74 as a reserve in the General Fund. The purpose of the reserve is to make funds available to the Department of Public Instruction. At the beginning of fiscal year 2023-24, the balance of the Public School Needs-Based Capital Reserve was zero. No funds were transferred from the Unreserved Fund Balance to the Public School Needs-Based Capital Reserve for the fiscal year. No funds were transferred out of the reserve to the Department of Public Instruction during the fiscal year. At the end of fiscal year 2023-24, the balance of this reserve was zero.

Clean Water and Drinking Water Reserve (Session Law 2022-74). The Clean Water and Drinking Water Reserve was established in accordance with Session Law 2022-74 as a reserve in the General Fund. The purpose of the reserve is to make funds available to the Department of Environmental Quality to use for clean water and drinking water projects. At the beginning of fiscal year 2023-24, the balance of the Clean Water and Drinking Water Reserve was zero. In accordance with Session Law 2023-134, the Office of State Controller was authorized to transfer \$1 billion from the Unreserved Fund Balance to the Clean Water Drinking Water Reserve for the fiscal year. Funds in the amount of \$1 billion were transferred out of the reserve to the Department of Environmental Quality during the fiscal year. At the end of fiscal year 2022-23, the balance of this reserve was zero.

Stabilization and Inflation Reserve (Session Law 2022-74). The Stabilization and Inflation Reserve was established in accordance with Session Law 2022-74 as a reserve in the General Fund. The purpose of the reserve is to make, only upon an act of appropriation by the General Assembly, funds available to be used for costs associated with inflation and other measures necessary to stabilize the State economy. At the beginning of fiscal year 2023-24, the balance of the Stabilization and Inflation Reserve was \$1 billion. No funds were transferred from the Unreserved Fund Balance to the Stabilization and Inflation Reserve for the fiscal year. No funds were transferred out of the reserve during the fiscal year. At the end of fiscal year 2023-24, the balance of this reserve was one billion dollars.

Regional Economic Development Reserve (Session Law 2023-134). The Regional Economic Development Reserve was established in accordance with Session Law 2023-134 as a reserve in the General Fund. The purpose of the reserve is to make funds available to State agencies and departments for economic development initiatives. At the beginning of fiscal year 2023-24, the balance of the Stabilization and Inflation Reserve was zero. In accordance with Session Law 2023-134, the Office of State Controller was authorized to transfer \$1.25 billion from the Unreserved Fund Balance to the Regional Economic Development Reserve for the fiscal year. Funds in the amount of \$1.245 billion were transferred out of the reserve during the fiscal year. At the end of fiscal year 2023-24, the balance of this reserve was \$4.65 million dollars.

Transportation Reserve (Session Law 2023-134). The Transportation Reserve was established in accordance with Session Law 2023-134 as a reserve in the General Fund. The purpose of the reserve is to make funds available to Department of Transportation. At the beginning of fiscal year 2023-24, the balance of the Transportation Reserve was zero. In accordance with Session Law 2023-134, the Office of State Controller was authorized to transfer \$450 million from the Unreserved Fund Balance to the Transportation Reserve for the fiscal year. Funds in the amount of \$450 million were transferred out of the reserve to the Department of Transportation during the fiscal year. At the end of fiscal year 2023-24, the balance of this reserve was zero.

NCInnovation Reserve (Session Law 2023-134). The NCInnovation Reserve was established in accordance with Session Law 2023-134 as a reserve in the General Fund. The purpose of the reserve is to make funds available to the NCInnovation Incorporated nonprofit organization through the Department of Commerce. At the beginning of fiscal year 2023-24, the balance of the NCInnovation Reserve was zero. In accordance with Session Law 2023-134, the Office of State Controller was authorized to transfer \$250 million from the Unreserved Fund Balance to the NCInnovation Reserve for the fiscal year. Funds in the amount of \$250 million were transferred out of the reserve to the Department of Commerce during the fiscal year. At the end of fiscal year 2023-24, the balance of this reserve was zero.