
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: INTERFUND BALANCES AND TRANSFERS

A. Interfund Balances**Due To/From Fiduciary Funds**

The General Fund balance of \$62.323 million due to fiduciary funds is composed primarily of \$15.818 million related to local sales taxes collected in the general fund and due to the agency fund, as well as \$46.505 million related to retirement contributions payable to retirement systems at year end. The other balances due to fiduciary funds are related to balances held on behalf of patients at the State's mental health facilities.

The other balances due from fiduciary funds are primarily for services provided to pension and other employee benefit trust funds. 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 assets.

Due To/From Other Funds

Balances due to/from other funds at June 30, 2009, consisted of the following (dollars in thousands):

	Due From Other Funds					Total
	General Fund	Highway Fund	Other Governmental Funds	Unemployment Compensation Fund	Internal Service Funds	
Due To Other Funds						
General Fund.....	\$ —	\$ —	\$ 13,574	\$ —	\$ 20,868	\$ 34,442
Highway Fund.....	—	—	2,949	—	4,452	7,401
Highway Trust Fund.....	—	152,107	—	—	—	152,107
Other Governmental Funds.....	59	—	8,119	3,000	1,407	12,585
Unemployment Compensation Fund.....	—	—	75	—	—	75
EPA Revolving Loan Fund.....	—	—	—	—	28	28
NC State Lottery Fund.....	—	—	6,554	—	71	6,625
Nonmajor Enterprise Funds.....	—	—	15	—	67	82
Internal Service Funds.....	8	—	1	—	1,547	1,556
Total.....	\$ 67	\$ 152,107	\$ 31,287	\$ 3,000	\$ 28,440	\$ 214,901

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 assets, except for the net residual amounts due between governmental and business-type activities, which were presented as internal balances.

NOTES TO THE FINANCIAL STATEMENTS

B. Interfund Transfers

Transfers in/out of other funds for the fiscal year ended June 30, 2009 consisted of the following (dollars in thousands):

	Transfers In						Total
	General Fund	Highway Fund	Other Governmental Funds	EPA Revolving Loan Fund	Other Enterprise Funds	Internal Service Funds	
Transfers Out							
General Fund.....	\$ —	\$ 1,002	\$ 514,094	\$ 7,995	\$ 3,116	\$ 3,925	\$ 530,132
Highway Fund.....	64,050	—	226,004	—	—	—	290,054
Highway Trust Fund.....	147,896	48,659	940	—	—	—	197,495
Other Governmental Funds.....	843,655	669	445,333	689	—	1,045	1,291,391
Unemployment Compensation Fund..	—	—	16,753	—	—	—	16,753
EPA Revolving Loan Fund.....	304	—	—	—	—	—	304
NC State Lottery Fund.....	-	—	414,929	—	—	21	414,950
Other Enterprise Funds.....	698	—	2,703	—	—	—	3,401
Internal Service Funds.....	52	—	—	—	—	484	536
Total.....	\$ 1,056,655	\$ 50,330	\$ 1,620,756	\$ 8,684	\$ 3,116	\$ 5,475	\$ 2,745,016

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 requirements.

When the Highway Trust Fund was created in 1989, the revenue from the sales tax on motor vehicles was transferred from the General Fund to the Highway Trust Fund. To offset a portion of this revenue loss in the General Fund, the Highway Trust Fund is required to transfer funds to the General Fund each year. The total transfer for this fiscal year was \$147.531 million.

In compliance with the North Carolina State Lottery Act, House Bill 1023 [Session Law 2005], all "Net Revenues" of the NC State Lottery Fund are required to be transferred to the Education Lottery Fund (other governmental funds) for educational purposes. The total transfer for this fiscal year was \$413.929 million, as set forth in General Statute 18C-164.

In order to meet the constitutional requirement for a balanced budget in the General Fund, resources were transferred from various funds to the General Fund. Among the resources transferred, approximately \$295.005 million was from other governmental funds.