
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: INTERFUND BALANCES AND TRANSFERS

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

The General Fund balance of \$6.35 million due to fiduciary funds is primarily related to local sales taxes collected in the general fund and due to the agency fund. 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, 2003, 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	Internal Service Funds	
Due To Other Funds							
General Fund.....	\$ -	\$ -	\$ -	\$ 4,148	\$ -	\$ 11,812	\$ 15,960
Highway Fund.....	-	-	166	3,666	-	4,459	8,291
Highway Trust Fund.....	-	54,946	-	-	-	-	54,946
Other Governmental Funds.....	198	3,000	-	30,888	42	1,239	35,367
Nonmajor Enterprise Funds.....	-	-	-	2	-	4	6
Internal Service Funds.....	17	-	-	996	-	1,124	2,137
Total.....	<u>\$ 215</u>	<u>\$ 57,946</u>	<u>\$ 166</u>	<u>\$ 39,700</u>	<u>\$ 42</u>	<u>\$ 18,638</u>	<u>\$ 116,707</u>

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.

Advances To/From Other Funds

The balance of \$127.38 million advanced to the General Fund from the Highway Trust Fund was made to meet a constitutional requirement of a balanced budget for the General Fund for the fiscal year ended June 30, 2003. The General Assembly intends to make payments from the General Fund back to the Highway Trust Fund during the fiscal years ending June 30, 2005 through June 30, 2009 including interest at the net rate of return generated by the State Treasurer's Short Term Investment Fund.

The balance of \$2.35 million advanced to the Highway Fund from the Highway Trust Fund resulted from a loan made to the Division of Motor Vehicles to provide funds to pay the charges for telecommunications services associated with the emissions inspection and maintenance program that accrued during the 2001 calendar year. This advance will be repaid with interest at a rate equal to the average annual yield that the State Treasurer obtains on investment of funds in the Highway Trust Fund.

NOTES TO THE FINANCIAL STATEMENTS
B. Interfund Transfers

Transfers in/out of other funds for the fiscal year ended June 30, 2003 consisted of the following (dollars in thousands):

	Transfers Out								Total
	General Fund	Highway Fund	Highway Trust Fund	Other Governmental Funds	Unemployment Compensation Fund	EPA Revolving Loan Fund	Other Enterprise Funds	Internal Service Funds	
<u>Transfers In</u>									
General fund.....	\$ —	\$ 54,494	\$ 252,687	\$ 226,919	\$ 2,957	\$ 128	\$ 1,003	\$ 53	\$ 538,241
Highway fund.....	22,648	—	298,342	—	—	—	—	—	320,990
Other governmental funds.....	330,728	147,771	—	238,848	8,364	3	2,423	20	728,157
Unemployment compensation fund....	553	—	—	18	—	—	—	—	571
EPA revolving loan fund.....	29	—	—	7,317	—	—	—	—	7,346
Other enterprise funds.....	2,000	—	—	43	—	—	—	—	2,043
Internal service funds.....	504	—	—	174	—	—	—	—	678
Total.....	<u>\$ 356,462</u>	<u>\$ 202,265</u>	<u>\$ 551,029</u>	<u>\$ 473,319</u>	<u>\$ 11,321</u>	<u>\$ 131</u>	<u>\$ 3,426</u>	<u>\$ 73</u>	<u>\$ 1,598,026</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 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 \$250 million.

In order to meet the constitutional requirement for a balanced budget for the General Fund, the General Assembly, as part of The Current Operations, Capital Improvements, and Finance Act of 2002, identified resources to meet spending requirements. Among these resources were transfers from various funds to the General Fund including \$97.4 million from other governmental funds and \$750 thousand from enterprise funds.
