
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: FUND BALANCE RESERVES AND DESIGNATIONS

Reserved Fund Balance. The State's reserved fund balances represent those portions of the fund balances that are either (a) externally restricted for a specific use, (b) not available for appropriation or expenditure because the underlying asset is not an available financial resource for current appropriation or expenditure, or (c) for encumbrances, which represent commitments related to unperformed contracts for services and undelivered goods. There are no reserved fund balances in the Highway Trust Fund. The reserved fund balances at June 30, 2003, are (dollars in thousands):

	Governmental Funds			
	<i>General Fund</i>	<i>Highway Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Specific encumbrances.....	\$ 5,724	\$ 3,530	\$ —	\$ 9,254
Inventories.....	55,396	2,875	24,197	82,468
Investments.....	45	—	14	59
Wildlife endowment.....	—	—	52,230	52,230
Notes receivable.....	1,892	137	242,052	244,081
Vacation, sick leave.....	—	40,184	—	40,184
Retirees' health premiums.....	47,057	—	—	47,057
Prepaid items.....	—	—	71	71
Continuing programs.....	56,058	—	—	56,058
Capital projects.....	—	—	32,069	32,069
Loan and grant commitments.....	—	1,845	207,338	209,183
Other purposes.....	—	1,854	64,257	66,111
Total reserved fund balance.	<u>\$ 166,172</u>	<u>\$ 50,425</u>	<u>\$ 622,228</u>	<u>\$ 838,825</u>

Unreserved Designated Fund Balance. The State's unreserved fund balance designations in the General Fund represent tentative plans for use in a future period. The State's internal governing body (*General Assembly*) establishes restrictions on the use of these assets which are reported as fund balance designations. Fund balance designations in the General Fund are established based on the amount of reserves available as measured on the budgetary basis of accounting and authorized carryforwards for continuing General Fund programs. These designations totaled \$353.365 million at June 30, 2003. As shown in the table below, the fund balance available to be designated was a negative \$333.127 million on a modified accrual basis at June 30, 2003 (dollars in thousands):

Unreserved Designated Fund Balance	General Fund
Higher education.....	\$ 43,246
Agriculture.....	606
Subsequent year budget.....	160,529
Primary and secondary education.....	16,706
General government programs.....	6,727
Health and human services programs.....	99,251
Public safety, corrections, and regulation programs.....	10,988
Repairs and renovations.....	15,000
Environment and natural resources.....	312
Total designations.....	<u>\$ 353,365</u>
Unreserved fund balance.....	<u>\$ (333,127)</u>
