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. The reserved fund balances at June 30, 2006, are (dollars in thousands):

	Governmental Funds				
	General Fund	*Highway Fund*	*Highway Trust Fund*	*Other Governmental Funds*	*Total Governmental Funds*
Specific encumbrances	$ 31,858	$ 10,495	$ —	$ —	$ 42,353
Inventories	73,343	4,833	—	33,818	111,994
Investments	52	—	—	—	52
Permanent investments	—	—	—	57,372	57,372
Notes receivable	6,578	1,102	107	334,362	342,149
Compensated absences charged to federal projects	—	31,871	—	—	31,871
Prepaid items	—	—	—	991	991
Continuing programs	39,076	—	—	—	39,076
Capital projects	—	—	—	139,650	139,650
Advance to component unit	—	—	3,622	21,742	25,364
Loan and grant commitments	—	3,181	—	287,095	290,276
Advance to other funds	—	—	—	—	—
Other purposes	4,511	2,517	—	28,378	35,406
Total reserved fund balance	$ 155,418	$ 53,999	$ 3,729	$ 903,408	$ 1,116,554

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 $656.73 million at June 30, 2006. As shown in the table below, the fund balance available to be designated was a positive $1.77 billion on a modified accrual basis at June 30, 2006 (dollars in thousands):

Unreserved Designated Fund Balance	General Fund
Disaster relief	$ 141,712
Repairs and renovations	222,229
Higher education	49,067
Agriculture	5,491
Primary and secondary education	37,019
Economic development programs	18,323
General government programs	25,849
Health and human services programs	125,457
Public safety, corrections, and regulation programs	28,379
Environment and natural resources	3,205
Total designations	$ 656,731
Unreserved fund balance	$ 1,769,780