

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. The reserved fund balances at June 30, 2007, are (dollars in thousands):

	Governmental Funds				
	General Fund	Highway Fund	Highway Trust Fund	Other Governmental Funds	Total Governmental Funds
Specific encumbrances.....	\$ 46,779	\$ 14,478	\$ —	\$ —	\$ 61,257
Inventories.....	86,016	4,508	—	37,743	128,267
Investments.....	58	—	—	1,968	2,026
Permanent investments.....	—	—	—	64,646	64,646
Notes receivable.....	14,319	1,022	100	321,131	336,572
Compensated absences charged to federal projects....	—	36,387	—	—	36,387
Continuing programs.....	28,493	—	—	—	28,493
Capital projects.....	—	—	—	110,409	110,409
Advance to component unit.....	—	—	7,556	21,742	29,298
Loan and grant commitments.....	—	2,246	—	359,966	362,212
Other purposes.....	2,762	3,427	—	29,290	35,479
Total reserved fund balance.	<u>\$ 178,427</u>	<u>\$ 62,068</u>	<u>\$ 7,656</u>	<u>\$ 946,895</u>	<u>\$ 1,195,046</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 \$680.442 million at June 30, 2007. As shown in the table below, the fund balance available to be designated was a positive \$2.398 billion on a modified accrual basis at June 30, 2007 (dollars in thousands):

Unreserved Designated Fund Balance	General Fund
Disaster relief.....	\$ 114,041
Repairs and renovations.....	145,000
Higher education.....	57,924
Agriculture.....	42
Primary and secondary education.....	69,573
Economic development programs.....	43,295
General government programs.....	110,161
Health and human services programs.....	110,098
Public safety, corrections, and regulation programs.....	26,629
Environment and natural resources.....	3,679
Total designations.....	<u>\$ 680,442</u>
Unreserved fund balance.....	<u>\$ 2,398,484</u>