

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, 2008, are (dollars in thousands):

	Governmental Funds				Total Governmental Funds
	General Fund	Highway Fund	Highway Trust Fund	Other Governmental Funds	
Specific encumbrances.....	\$ 25,041	\$ 9,753	\$ —	\$ —	\$ 34,794
Inventories.....	55,705	7,309	—	40,369	103,383
Permanent investments.....	—	—	—	70,813	70,813
Notes receivable.....	25,427	1,025	96	317,579	344,127
Compensated absences charged to federal projects.....	—	46,978	—	—	46,978
Capital projects commitments.....	—	—	—	127,229	127,229
Transportation improvement projects..	—	166,147	—	—	166,147
Specific programs/projects.....	—	—	—	2,120	2,120
Advance to component unit.....	—	—	11,180	21,742	32,922
Loan and grant commitments.....	—	2,367	—	358,016	360,383
General government.....	22,821	—	—	—	22,821
Primary and secondary education.....	2,501	—	—	—	2,501
Higher education.....	2,827	—	—	—	2,827
Health and human services.....	12,743	—	—	—	12,743
Economic development.....	13,522	—	—	—	13,522
Environment and natural resources.....	2,920	—	—	—	2,920
Public safety, corrections and regulation.....	10,343	—	—	—	10,343
Total reserved fund balance.....	\$ 173,850	\$ 233,579	\$ 11,276	\$ 937,868	\$ 1,356,573

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 \$685.965 million at June 30, 2008. As shown in the table below, the fund balance available to be designated was a positive \$1.505 billion on a modified accrual basis at June 30, 2008 (dollars in thousands):

Unreserved Designated Fund Balance	General Fund
Disaster relief.....	\$ 97,159
Repairs and renovations.....	69,839
Higher education.....	76,086
Primary and secondary education.....	89,424
Economic development programs.....	34,451
General government programs.....	129,513
Health and human services programs.....	151,090
Public safety, corrections, and regulation programs.....	34,996
Environment and natural resources.....	3,407
Total designations.....	\$ 685,965
Unreserved fund balance.....	\$ 1,505,228