INDEX

Page

Note 1—Summary of Significant Accounting Policies 72
A. Financial Reporting Entity 72
B. Basis of Presentation 75
C. Measurement Focus and Basis of Accounting 77
D. Cash and Cash Equivalents 77
E. Investments 77
F. Securities Lending 78
G. Receivables and Payables 78
H. Inventories and Prepaid Items 78
I. Restricted/Designated Assets 78
J. Capital Assets 78
K. Tax Refund Liabilities 79
L. Compensated Absences 79
M. Long-Term Liabilities 79
N. Sureties 79
O. Net Assets/Fund Balance 80
P. Revenues and Expenses 80
Q. Food Stamps 80

Note 2—Stewardship, Compliance, and Accountability 81

DETAIL NOTES ON ALL FUNDS AND ACTIVITIES

Note 3—Deposits and Investments 82
A. Deposits and Investments with State Treasurer 82
B. Deposits Outside the State Treasurer 87
C. Investments Outside the State Treasurer 87

Note 4—Receivables 93

Note 5—Capital Assets 94

Note 6—Short-Term Debt 98

Note 7—Long-Term Liabilities 99
A. Changes in Long-Term Liabilities 99
B. Bonds, Certificates of Participation, and Notes Payable 101
C. Bonds Authorized but Unissued 101
D. Demand Bonds 101
E. Interest Rate and Basis Swaps 105
F Swaptions 111
G. Debt Service Requirements 113
H. Bond Defeasances 115
I. Bond Redemptions 116

Note 8—Lease Obligations—Operating and Capital 117

Note 9—Interfund Balances and Transfers 118
A. Interfund Balances 118
B. Interfund Transfers 119

Note 10—Fund Balance Reserves 120

Note 11—Retirement Plans 121
A. Plan Descriptions and Contribution Information 121
B. Summary of Significant Accounting Policies and Plan Asset Matters 124
C. Actuarial Methods and Assumptions 124
D. Annual Pension Cost and Net Pension Obligation 125
E. Optional Retirement Plan 127
F. Special Separation Allowance 127

NOTES TO THE FINANCIAL STATEMENTS

Page

Note 12—Deferred Compensation Plans 128

Note 13—Other Postemployment Benefits 130
A. Health Care for Long-Term Disability Beneficiaries and Retirees 130
B. Disability Income 130

Note 14—Risk Management and Insurance 132
A. Public Entity Risk Pool 132
B. Employee Benefit Plans 132
C. Other Risk Management and Insurance Activities 134

Note 15—Individual Plan Financial Statements - Pension and Other Employee Benefit Trust Funds 140

Note 16—Segment Information 144

Note 17—Component Units—Financial Information 145

Note 18—Related Organizations 147

Note 19—Related Party Transactions 148

Note 20—Commitments and Contingencies 149
A. No Commitment Debt 149
B. Litigation 149
C. Federal Grants 151
D. Highway Construction 151
E. USDA-Donated Commodities 151
F. Construction and Other Commitments 151
G. Tobacco Settlement 152
H. Other Contingencies 152

Note 21—Changes in Financial Accounting and Reporting 153

Note 22—Fund Equity Reclassifications and Restatements 154

Note 23—Subsequent Events 155