INDEX

Page

Note 1—Summary of Significant Accounting Policies 76
A. Financial Reporting Entity 76
B. Basis of Presentation 79
C. Measurement Focus and Basis of Accounting 81
D. Cash and Cash Equivalents 82
E. Investments 82
F. Securities Lending 82
G. Receivables and Payables 82
H. Inventories and Prepaid Items 82
I. Restricted/Designated Assets 82
J. Capital Assets 82
K. Tax Refund Liabilities 83
L. Compensated Absences 83
M. Long-Term Liabilities 83
N. Sureties 84
O. Net Assets/Fund Balance 84
P. Revenues and Expenses 84
Q. Food Stamps 84

Note 2—Stewardship, Compliance, and Accountability 85

DETAIL NOTES ON ALL FUNDS AND ACTIVITIES

Note 3—Deposits and Investments 86
A. Deposits and Investments with State Treasurer 86
B. Deposits Outside the State Treasurer 92
C. Investments Outside the State Treasurer 93

Note 4—Receivables 100

Note 5—Capital Assets 102

Note 6—Short-Term Debt 106

Note 7—Long-Term Liabilities 107
A. Changes in Long-Term Liabilities 107
B. Bonds, Certificates of Participation, and Notes Payable 109
C. Bonds Authorized but Unissued 109
D. Demand Bonds 109
E. Interest Rate and Basis Swaps 113
F Swaptions 119
G. Debt Service Requirements 120
H. Bond Defeasances 122
I. Bond Redemptions 123

Note 8—Lease Obligations—Operating and Capital 124

Note 9—Interfund Balances and Transfers 125
A. Interfund Balances 125
B. Interfund Transfers 126

Note 10—Fund Balance Reserves and Designations 127

Note 11—Retirement Plans 128
A. Plan Descriptions and Contribution Information 128
B. Summary of Significant Accounting Policies and Plan Asset Matters 131
C. Actuarial Methods and Assumptions 131
D. Annual Pension Cost and Net Pension Obligation 132
E. Optional Retirement Plan 134
F. Special Separation Allowance 134

NOTES TO THE FINANCIAL STATEMENTS

Page

Note 12—Deferred Compensation Plans 135

Note 13—Other Postemployment Benefits 137
A. Summary of Significant Accounting Policies and Plan Net Asset Matters 137
B. Plan Descriptions and Contribution Information 137
C. Actuarial Methods and Assumptions 139

Note 14—Risk Management and Insurance 141
A. Public Entity Risk Pool 141
B. Employee Benefit Plans 141
C. Other Risk Management and Insurance Activities 143

Note 15—Individual Plan Financial Statements - Pension and Other Employee Benefit Trust Funds 148

Note 16—Segment Information 152

Note 17—Component Units—Financial Information 153

Note 18—Related Organizations 155

Note 19—Related Party Transactions 156

Note 20—Commitments and Contingencies 157
A. No Commitment Debt 157
B. Litigation 157
C. Federal Grants 160
D. Highway Construction 160
E. USDA-Donated Commodities 160
F. Construction and Other Commitments 160
G. Tobacco Settlement 160
H. Other Contingencies 161

Note 21—Changes in Financial Accounting and Reporting 163

Note 22—Fund Equity Reclassifications and Restatements 164

Note 23—Subsequent Events 165