

4. Agency funds which account for the receipt and expenditure of various taxes and federal grant proceeds collected by the State for distribution to its political subdivisions.

ACCOUNT GROUPS

General Fixed Assets Account Group:

General fixed assets acquired or constructed for use by the State in the conduct of its activities, other than activities accounted for in proprietary fund types and the nonexpendable trust fund, are reflected in the general fixed assets account group at the time of acquisition. As of June 30, 1980 the State established and recorded in the general fixed assets account group the estimated cost of general fixed assets based on available historical cost records. Activity subsequent to June 30, 1980 is recorded at cost. Donated fixed assets are recorded at their fair market value at the time donated. Infrastructure assets, consisting principally of highways, roads and bridges are not recorded in the general fixed assets account group.

Long-Term Obligations Account Group:

Unmatured long-term general obligation and transportation bonds payable and accrued retirement costs related to general governmental activities are reflected in the long-term obligations account group.

2. Summary of Significant Accounting Policies:

A. All Funds:

Grants:

Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental revenues when entitlement occurs. All other Federal reimbursement type grants are recorded as intergovernmental revenues when the related expenditures, or expenses, are incurred.

Retirement Costs:

Substantially all State employees participate in one of seven State retirement systems (see Note 15). The State also provides retirement benefits to teachers and certain other employees of its political subdivisions. Retirement expenditures for governmental fund types represent amounts contributed by the State for the fiscal year. The excess amounts of actuarially determined retirement costs over the amounts recorded as expenditures are carried in the long-term obligations account group. For proprietary fund types, retirement costs have been provided on the accrual basis predicated on actuarial valuations. The excess of retirement costs provided over amounts funded is carried as a liability in the proprietary fund types' balance sheets.

Employee Benefit Costs:

Substantially all expenditures for pension, health and Federal Social Security benefits of governmental fund types, including approximately \$217 million of expenditures applicable to teachers and other employees of political subdivisions, are reported as personnel and retirement expenditures in the general fund. Material benefit costs applicable to proprietary fund types are reflected as expenses in the proprietary funds.

Interfund Receivables and Payables:

Interfund receivables and payables consist of the following at June 30, 1981 (amounts expressed in thousands):

General fund:

Due to:

Expendable trust funds—	
Federal payroll taxes	\$ 5,384
Agency funds income taxes	195,144
Special revenue fund—	
transportation fund.....	<u>9,467</u>

\$209,995