

**NOTES TO THE FINANCIAL STATEMENTS**

**INDEX**

	<b>Page</b>
<b>Note 1—Summary of Significant Accounting Policies</b> .....	74
A. Financial Reporting Entity .....	74
B. Basis of Presentation .....	78
C. Measurement Focus and Basis of Accounting .....	80
D. Cash and Cash Equivalents .....	81
E. Investments .....	81
F. Securities Lending .....	81
G. Receivables and Payables .....	81
H. Inventories and Prepaid Items .....	81
I. Securities Held in Trust .....	81
J. Restricted/Designated Assets .....	82
K. Capital Assets .....	82
L. Tax Refund Liabilities .....	82
M. Compensated Absences .....	82
N. Long-Term Liabilities .....	83
O. Deferred Outflows/Inflows of Resources .....	83
P. Net Position/Fund Balance .....	84
Q. Revenues and Expenses .....	85
R. Food and Nutrition Services .....	85
<b>Note 2—Changes in Financial Accounting and Reporting</b> .....	86
<b>DETAIL NOTES ON ALL FUNDS AND ACTIVITIES</b>	
<b>Note 3—Deposits and Investments</b> .....	87
A. Deposits and Investments with State Treasurer .....	87
B. Deposits Outside the State Treasurer .....	90
C. Investments Outside the State Treasurer .....	91
<b>Note 4—Receivables</b> .....	101
<b>Note 5—Capital Assets</b> .....	102
<b>Note 6—Short-Term Debt</b> .....	106
<b>Note 7—Derivative Instruments</b> .....	108
A. Summary Information .....	108
B. Hedging Derivative Instruments .....	108
C. Investment Derivative Instruments .....	109
D. Synthetic Guaranteed Investment Contracts .....	110
<b>Note 8—Long-Term Liabilities</b> .....	111
A. Changes in Long-Term Liabilities .....	111
B. Bonds, Special Indebtedness, Direct Placements, and Notes from Direct Borrowings .....	115
C. Debt Authorized but Unissued .....	115
D. Demand Bonds .....	116
E. Debt Service Requirements .....	120
F. Bond Defeasances .....	121
G. Pollution Remediation Payable .....	122
H. Asset Retirement Obligation .....	123
<b>Note 9—Lease Obligations—Operating and Capital</b> .....	124
<b>Note 10—Interfund Balances and Transfers</b> .....	125
A. Interfund Balances .....	125
B. Interfund Transfers .....	126
<b>Note 11—Fund Balance</b> .....	127

**NOTES TO THE FINANCIAL STATEMENTS**

	<b>Page</b>
<b>Note 12—Retirement Plans</b> .....	128
A. Summary of Significant Accounting Policies and Plan Asset Matters .....	128
B. Plan Descriptions.....	128
Cost-Sharing, Multiple-Employer, Defined Benefit Plans.....	128
Single-Employer Defined Benefit Plans .....	132
Defined Contribution Plans .....	134
C. Plan Membership.....	135
D. Investments .....	136
E. Net Pension Liability of Participating Employers .....	136
F. GASB Statements 68 and 73 Employer Reporting.....	138
<b>Note 13—Deferred Compensation Plans</b> .....	147
<b>Note 14—Other Postemployment Benefits</b> .....	148
A. Summary of Significant Accounting Policies and Plan Asset Matters .....	148
B. Plan Descriptions.....	148
Cost-Sharing, Multiple-Employer, Defined Benefit Plans.....	148
C. Plan Membership.....	151
D. Investments .....	151
E. Net OPEB Liability of Participating Employers.....	152
F. GASB Statement 75 Employer Reporting.....	156
<b>Note 15—Risk Management and Insurance</b> .....	164
A. Public Entity Risk Pool .....	164
B. Employee Benefit Plans .....	165
C. Other Risk Management and Insurance Activities .....	166
<b>Note 16—Individual Plan Financial Statements - Pension and Other Employee Benefit Trust Funds</b> .....	172
<b>Note 17—Pledged Revenues</b> .....	176
<b>Note 18—Component Units—Financial Information</b> .....	178
<b>Note 19—Related Organizations</b> .....	181
<b>Note 20—Related Party Transactions</b> .....	182
<b>Note 21—Commitments and Contingencies</b> .....	183
A. No Commitment Debt .....	183
B. Litigation .....	183
C. Federal Grants .....	186
D. Highway Construction.....	186
E. Construction and Other Commitments .....	186
F. Tobacco Settlement .....	187
G. Other Contingencies .....	187
<b>Note 22—Tax Abatements</b> .....	189
<b>Note 23—Fund Equity Reclassifications and Restatements</b> .....	190
<b>Note 24—Stewardship, Compliance, and Accountability</b> .....	191
<b>Note 25—Subsequent Events</b> .....	192