

charge considers recent trends in actual claims experience of the State as a whole and makes provision for catastrophic losses.

The Program's liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, actual claims paid could differ from these estimates. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Liabilities for incurred workers' compensation losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a 4.0% discount rate. The workers' compensation and property and casualty costs are based upon separately determined actuarial valuations for the fiscal years ending. The employee health benefits liability is calculated based on claims subsequently reported and claims trends.

Changes in the self-insurance liabilities during fiscal year 1998 were as follows (amounts expressed in thousands).

	Beginning-of-Fiscal-Year Liability	Claims and Changes in Estimates	Claim Payments	End-of-Fiscal-Year Liability
Property, Casualty and General Liability.....	\$ 10,256	\$ 4,047	\$ 6,524	\$ 7,779
Workers' Compensation.....	150,000	27,617	26,617	151,000
Employee Health Benefits.....	26,262	273,785	267,924	32,123
<b>Total Self-Insurance Costs.....</b>	<b>\$186,518</b>	<b>\$305,449</b>	<b>\$301,065</b>	<b>\$190,902</b>

As of June 30, 1998, the Program held \$114,964,000 in cash and investments designated for payments of these claims.

Changes in the self-insurance liabilities during fiscal year 1997 were as follows (amounts expressed in thousands).

	Beginning-of-Fiscal-Year Liability	Claims and Changes in Estimates	Claim Payments	End-of-Fiscal-Year Liability
Property, Casualty and General Liability.....	\$ 10,500	\$ 6,127	\$ 6,371	\$ 10,256
Workers' Compensation.....	146,415	32,566	28,981	150,000
Employee Health Benefits.....	28,321	254,285	256,344	26,262
<b>Total Self-Insurance Costs.....</b>	<b>\$185,236</b>	<b>\$292,978</b>	<b>\$291,696</b>	<b>\$186,518</b>

## 12. Equity:

### Fund Balances/Retained Earnings —

Fund balances and retained earnings are reserved as follows (amounts expressed in thousands).

	Governmental Fund Types				Fiduciary Fund Types	Component Units	
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	Higher Education	Proprietary Fund Types
Loans and Notes Receivable.....		\$ 15,624	\$25,723				
Loans to Component Units.....			6,372				
State Reserve Fund.....	\$ 699,154						
Encumbrances.....	175,500	85,222		\$308,271		\$ 26,007	
Agency Activities.....	187,568	29,076					\$4,729
Shore Erosion Loan Program.....				14,724			
Pension Benefits.....					\$28,118,073		
Deferred Compensation Benefits.....					1,160,177		
Unemployment Compensation Benefits.....					817,327		
Higher Education Programs.....						95,577	
Endowment Funds.....						190,790	
Debt and Plant Additions.....						163,997	
<b>Total reserved fund balance/retained earnings.....</b>	<b>\$1,062,222</b>	<b>\$129,922</b>	<b>\$32,095</b>	<b>\$322,995</b>	<b>\$30,095,577</b>	<b>\$476,371</b>	<b>\$4,729</b>

Loans receivable maturing after June 30, 1998, in the amount of \$15,624,000 and \$25,723,000 are not available for current operations and, accordingly, have been reflected as reservations of the special revenue and debt service fund balance.