

*Investments:*

Investments of the Deferred Compensation Plan are stated at market value. All other investments are stated at cost, adjusted for amortization of premiums and accretion of discounts, plus accrued income. Repurchase agreements aggregating \$589,426,000 (which approximates market value) at June 30, 1986, are reported as cash and short-term investments in governmental fund types.

*Intergovernmental Expenditures:*

Expenditures of general and special revenue fund revenues designated for payment to political subdivisions and bond proceeds granted to political subdivisions and other public organizations are recorded as intergovernmental expenditures. Direct grants and other payments to, or on behalf of, political subdivisions are recorded as current expenditures.

*Capital Outlays:*

Principally all capital expenditures for the acquisition or construction of State general fixed assets are reported as capital outlays in the capital projects fund.

*Reserved and Designated General Fund Balances:*

Loans receivable maturing after June 30, 1987, in the amounts of \$1,945,000 are deemed to be not available for current operations; accordingly, the amount has been reflected as a reservation of general fund balance.

A portion of the general fund balance, in the amount of \$110,997,000 at June 30, 1986, representing special budgetary and nonbudgeted agency resources, was designated for agency activities and programs.

*Expendable Trust Fund Balance:*

The fund balance of the expendable trust fund is restricted to the purpose of the fund.

*C. Enterprise Funds and Nonexpendable and Pension Trust Funds:*

*Basis of Accounting:*

The accounts of the enterprise funds, nonexpendable trust fund and pension trust fund are maintained and reported using the accrual basis of accounting.

*Investments:*

Investments of enterprise funds and the pension trust fund are stated at cost, adjusted for amortization of premiums and accretion of discounts, plus accrued income. Repurchase agreements aggregating \$528,262,000 (which approximates market) at June 30, 1986, are reported as cash and short-term investments in the enterprise funds.

Short-term investments of the State Accident Fund are stated at cost, adjusted for amortization of premiums and accretion of discounts, plus accrued income. Short-term investments aggregating \$125,953,000 (which approximates market) at June 30, 1986, consisting of U. S. Treasury Bills and commercial paper, are reported as cash and short-term investments. Other investments of the State Accident Fund, which are held for trading purposes and are not intended to be held until maturity, are stated at their market value of \$126,489,000 (cost - \$108,181,000). Realized gains and losses from the sale of other investments are credited or charged to income. Changes in unrealized market appreciation or depreciation are credited or charged to fund equity. Unrealized market appreciation or depreciation on other investments is reflected as a reservation of fund equity.

*Property, Plant and Equipment:*

Significant property, plant and equipment of enterprise funds are stated at cost.

The cost of property, plant and equipment used in the administration of Economic Development activities is charged to operations in the period acquired. Such amounts are not material.