

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

**Governmental Fund Types**

**Governmental Funds** – Governmental funds are used to account for the government's general government activities. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; and the differences between the assets and liabilities is the fund balance.

**General Fund** – The general fund accounts for the various federal grants and other revenue sources (other than those legally or contractually restricted and those for major capital projects) which the Commission receives for administrative purposes and special projects and for all other resources except those required to be accounted for in another fund. Federal grants received for unemployment compensation benefits are accounted for in the unexpendable trust fund. Federal grants received for Employment and Training Administration, Job Training Partnership Act, and other Federal financial assistance not accounted for in the expendable trust and other governmental funds are accounted for in the general fund. The general fund includes the following accounts:

**Employment and Training Administration (ETA Administrative)** – The division of the U.S. Department of Labor which administers Employment Services, Unemployment Insurance, and Job Training Partnership Act Programs includes administrative funds in the Unemployment Insurance, Employment Service (ES), and ES Reimbursable Programs.

**Employment Security Administrative Contingency Assessment (UI Contingency Assessment)** – The assessment was established by the Legislature in 1986 in response to Federal budget cuts which would have forced office closing and reductions in staff. The assessment was created by reducing the existing unemployment tax rates at the time by the percentage needed to generate the amount of funds required to cover the Federal budget cuts. Employers overall taxes were not increased. The contingency assessment portion of the tax is accounted for in the General Fund which is used primarily to fund administrative costs and employment services, whereas the unemployment tax is used to fund unemployment compensation benefits in the Expendable Trust Fund.

**Special Administrative Fund (UI Penalties and Interest)** – Employers who do not submit any reports required by the date such reports are due are subject to a penalty and must pay interest on unpaid contributions. The monies are transferred to the Administrative Account each month.

**Job Training Partnership Act (JTPA)** – The Commission contracts with each of the state's twelve (12) Service Delivery Areas (SDAs) to provide services and/or training for JTPA training programs, except Job Corps. The agency's Job Corps activities are funded directly by the Job Corps Regional Office, the U.S. Department of Labor.

The Commission contracts with the SDAs to provide eligibility determination and certification for JTPA and eligibility determination for need-based payments for most activity grantees throughout the state. The agency also contracts with the SDAs to disburse needs-based payments and participant support payments to participants. In six (6) SDAs, the agency operates On-The-Job Training Programs.