

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

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

Fiduciary Fund Types – Expendable Trust Fund (Continued)

Extended Benefits (EB) – This fund accounts for unemployment paid to individuals who have exhausted their regular UI benefits during periods of high unemployment. Fifty percent of regular EB and TEB (individuals who worked for nonprofit organizations) is funded by the Federal Government. The State pays the remainder.

Trade Readjustment Allowance (TRA) – This fund accounts for unemployment paid to individuals who have lost their jobs due to foreign trade. These payments are made after regular UI benefits and EB have been exhausted. It is funded by the Federal Government.

Emergency Unemployment Compensation (EUC) – This fund provides unemployment benefits to individuals who had no rights to the regular, extended, or additional benefits under State law. It is funded 100% by the Federal Government. This program ended April 30, 1994. The remaining activity consists of benefit overpayment recoveries which are refunded to the Federal Government.

Account Groups

The Commission uses account groups to establish control over and accountability for its general fixed assets and the unmatured principal of its general long-term debt.

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the Commission including construction in progress.

General Long-Term Debt Account Group - This account group records the outstanding balance of any unmatured general long-term obligation which is to be liquidated from governmental fund resources. Such liabilities include the compensated absences liability, capital leases payable and notes payable.

Basis of Accounting

All governmental and fiduciary funds of the Commission are accounted for using a current financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is utilized for governmental fund types and the Commission's expendable trust funds. Revenues are recognized in the accounting period in which they become "susceptible to accrual", i.e., become both available and measurable. All revenues have been treated as "susceptible to accrual" except for: (1) those revenues which become available only as expenditures are incurred, e.g., revenues in the Special Revenue Fund, (2) that portion of employer tax contributions and related receivables due prior to year-end but not collected within sixty days subsequent to year-end, (3) that portion of employer tax contributions collected in excess of employer tax liabilities, and (4) that portion of unemployment benefit overpayments due prior to year but not collected within sixty days subsequent to year end. Expenditures are recognized when the related fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.