

providing claims servicing and claims payment by charging a "premium" to each fund, agency or public authority, based on a percentage of each organization's estimated current-year payroll or based on an average loss experienced by each organization. This 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, the process used in computing claims liability does not necessarily result in an exact amount. 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% discount rate. The workers' compensation and property and casualty costs are based upon separately determined actuarial valuations for the fiscal year ending June 30, 1996. The employee health benefits liability is calculated on claims subsequently reported and claims trends.

Changes in the self-insurance liabilities during fiscal year 1995 were as follows (amounts expressed in thousands).

	Beginning-of Fiscal-Year Liability	Claims and Changes in Estimates	Claim Payments	Total
Property, Casualty and General Liability	\$ 7,280	\$ 7,670	\$ 6,323	\$ 8,627
Workers' Compensation	122,551	28,030	24,016	126,565
Employee Health Benefits	41,413	236,178	251,921	25,670
Total Self-Insurance Costs	\$171,244	\$271,878	\$282,260	\$160,862

Changes in the self-insurance liabilities during fiscal year 1996 were as follows (amounts expressed in thousands).

	Beginning-of Fiscal-Year Liability	Claims and Changes in Estimates	Claim Payments	Total
Property, Casualty and General Liability	\$ 8,627	\$ 8,000	\$ 6,127	\$ 10,500
Workers' Compensation	126,565	48,224	28,374	146,415
Employee Health Benefits	25,670	238,911	236,260	28,321
Total Self-Insurance Costs	\$160,862	\$295,135	\$270,761	\$185,236

As of June 30, 1996, the Program held \$72,971,389 in cash and investments designated for payments of these claims.

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	\$ 1,234	\$ 3,613	\$26,139				
Loans to Other Funds		25,000					
Loans to Component Units			6,372				
State Reserve Fund	519,673						
Encumbrances	203,773	188,145		\$362,586			
Agency Activities	85,386	42,760					\$5,297
Shore Erosion Loan Program				16,147			
Pension Benefits					\$20,790,270		
Unemployment Compensation Benefits					739,120		
Higher Education Programs						\$102,598	
Endowment Funds						72,692	
Debt and Plant Additions						276,709	
Total reserved fund balance/retained earnings	\$810,066	\$259,518	\$32,511	\$378,733	\$21,529,390	\$451,999	\$5,297