

General Fund.....	\$2,504,685
Special Funds.....	973,500
Non-Budgeted Funds.....	2,231,375
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	<u>\$5,709,560</u>

The amount of \$2,504,685 which represents advances from the General Fund is an unappropriated portion of the General Fund Surplus Account. Although it is not in the State Treasury, it is considered as cash receivable and due from the various State departments, agencies, etc.

While generally accepted accounting principles and standards of financial reporting for state governmental units are not well developed nor uniformly applied at this time, the State's accounting records are maintained and its financial statements are prepared generally in accordance with methods customarily used by governmental units.

Generally, the State follows the modified accrual basis of accounting. The State records receipts on a cash basis rather than an accrual basis, except for Federal revenues which are susceptible to accrual (measurable and available to finance the current year's operations) which are recorded when earned. Additionally, certain State taxes pertaining to one fiscal year but collected in the subsequent fiscal year are recorded as revenues in the fiscal year to which they pertain. Expenditures are recorded when commitments (purchase orders or contracts) are made. This is generally referred to as the encumbrance method of recording expenditures, which is an acceptable refinement of the modified accrual basis of accounting.

It is my opinion that the exhibits, supporting statements and schedules presented herein cover all area of fiscal operations of our State Government which by Constitutional and Legislative mandate have been entrusted to the office of the Comptroller of the State of Maryland. However, if any additional information relative to the contents of this report is desired, my co-workers and I will be most pleased to furnish it to you.

Cordially yours,

LOUIS L. GOLDSTEIN,  
*Comptroller*