

30, 1979, consisting principally of U. S. Government Securities purchased with agreements to resell, are reported as cash and short term investments in governmental fund types.

Capital Outlays:

Principally all capital expenditures for the acquisition or construction of State general fixed assets and State grants to political subdivisions and other public organizations for the acquisition or construction of capital facilities are reported as capital outlays in capital projects fund. Approximately \$149 million is included in capital outlays for the year ended June 30, 1979 which is attributable to State grants to political subdivisions and other public organizations.

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

Basis of Accounting:

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

Investments:

Investments of other enterprise funds and pension trust funds are stated at cost, adjusted for amortization of premiums and accretion of discounts, plus accrued income. Such basis approximates market for the other enterprise funds. The market value of investments held in the pension trust funds approximates \$2,141,490,000 in relation to adjusted cost of approximately \$2,254,000,000. Short term investments aggregating \$25,562,000 at June 30, 1979, consisting principally of U. S. Government Securities purchased with agreements to resell, are reported as cash and short term investments in other enterprise funds.

Short term investments of the State Accident Fund are stated at cost, adjusted for amortization of premium and accretion of discount, plus accrued income. Such basis approximates market. Short-term investments aggregating \$22,573,288 at June 30, 1979, which consist of U. S. Treasury Bills and commercial paper, are reported as cash and short term investments. Other investments of the State Accident Fund are stated at market. 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 other enterprise funds are stated at cost, including, with respect to the Maryland Transportation Authority, financing costs in the amount of \$51,702,688 incurred during the period of development and construction. The cost of property, plant and equipment used in the administration of Economic Development activities and the Lottery is charged to operations in the period acquired. Such amounts are not material.

Depreciation of the cost of property, plant and equipment of the State Use Industries, Maryland Food Center Authority and the Ocean City Convention Hall Commission is provided on the straight-line basis over estimated useful lives of 40 to 50 years for depreciable real property and 3 to 10 years for equipment. Expenditures for repairs and maintenance are charged to operations in the period incurred. Expenditures for additions and betterments are capitalized.

The cost of toll facilities is not depreciated. Expenditures for repairs, maintenance and replacements are charged to operations in the period incurred. Expenditures for additions and betterments are capitalized.

The cost of property, plant and equipment of the Maryland Environmental Service is not depreciated since such amount is not material. Expenditures for repairs and maintenance are charged to operations in the period incurred. Expenditures for additions and betterments are capitalized.

Lottery Revenues and Prizes:

Revenues and prizes of the State lottery are generally recognized as drawings are held. Certain prizes are payable in deferred installments. Such liabilities are recorded at the present value of amounts payable in the future.

Provisions for Insurance and Loan Losses:

Current provisions are made for estimated losses resulting from insurance of loans and uncollectible loans. Loss provisions are based on the current status of insured and direct loans, including delinquencies,