

**STATE OF MARYLAND**  
**Notes to Combined Financial Statements**

**1. Financial Statements and Descriptions of Funds and Account Groups:**

*A. Financial Statements:*

The accompanying financial statements of the State of Maryland present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the changes in financial position of the other enterprise funds, nonexpendable trust fund and pension trust fund. The financial statements are presented as of June 30, 1981 and for the year then ended, except for the Maryland State Employees Deferred Compensation Plan (Plan), which constitutes 9% of the assets and 3% of the revenues of the expendable trust funds. The Plan's financial statements are presented as of December 31, 1980 and for the year then ended (its legally required fiscal year).

The following is an unaudited summary of selected financial information (amounts expressed in thousands) for the Plan as of June 30, 1981 and for the six months ended June 30, 1981:

For the period January 1, to June 30, 1981:

Contributions .....	\$9,553
Interest and other investment income .....	2,670
Benefits payments .....	<u>(3,047)</u>
 Net increase in fund balance .....	 <u>\$9,176</u>

As of June 30, 1981:

Investments .....	\$86,346
Accounts receivable .....	<u>2,237</u>
 Fund balance .....	 <u>\$88,583</u>

The financial statements include the various departments, agencies and other organizational units governed by the General Assembly and/or constitutional officers of the State of Maryland.

*B. Fund Accounting:*

The financial activities are recorded in individual funds classified by type and described below. The financial position and operations of each fund are accounted for in separate self-balancing accounts which represent the fund's assets, liabilities, equity, revenues and expenditures or expenses.

**GOVERNMENTAL FUND TYPES**

*General Fund:*

Transactions related to resources obtained and used for those services traditionally provided by a state government, which are not accounted for in other funds, are accounted for in the general fund. These services include, among other things, general government, public safety and judicial, health and mental hygiene, human resources, licensing and regulation, and education (other than higher education institutions). Resources obtained from federal grants and used for activities accounted for in the general fund consistent with applicable legal requirements are recorded in the general fund.

*Special Revenue Funds:*

Transactions related to resources obtained, the uses of which are restricted to specific purposes, are accounted for in special revenue funds. Special revenue funds include, transactions related to Federal Revenue Sharing entitlements and resources used for operations (other than debt service) of the Maryland Department of Transportation Trust Fund, including construction or improvement of transportation facilities. Ef-