

HIGHER EDUCATION AND UNIVERSITY HOSPITAL FUND

Transactions related to the financial activities of State higher education institutions and the University of Maryland Hospital are accounted for in the higher education and university hospital fund. The financial statements of this fund have been prepared in accordance with the American Institute of Certified Public Accountants' "Industry Audit Guide—Audits of Colleges and Universities" and, accordingly, are presented in a separate column in the combined balance sheet.

2. Summary of Significant Accounting Policies:

A. All Funds:

Grants:

Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental revenues when entitlement occurs. All other Federal reimbursement type grants are recorded as revenues when the related expenditures, or expenses, are incurred.

Retirement Costs:

Substantially all State employees participate in one of seven State retirement systems (see Note 15). The State also provides retirement benefits to teachers and certain other employees of its political subdivisions. Retirement expenditures for governmental fund types represent amounts contributed by the State for the fiscal year. The excess amounts of actuarially determined retirement costs over the amounts recorded as expenditures are carried in the general long-term debt account group. For the proprietary fund type and higher education and university hospital fund, retirement costs have been provided on the accrual basis predicated on actuarial valuations. The excess of retirement costs provided over amounts funded is carried as a liability.

Employee Benefit Costs:

Substantially all expenditures for pension, health and Federal Social Security benefits of governmental fund types, including approximately \$243,000,000 of expenditures applicable to teachers and other employees of political subdivisions, are reported as personnel and retirement expenditures in the general fund. Material benefit costs applicable to the proprietary fund type and higher education and university hospital fund are reflected as expenses in the appropriate fund.

Interfund Receivables and Payables:

Interfund receivables and payables consist of the following at June 30, 1982 (amounts expressed in thousands):

General fund:

Due to:

Expendable trust funds—

Federal payroll taxes	\$ 8,761
Agency fund—local income taxes	113,740

\$122,501

Total Memorandum Only:

The "Total Memorandum Only" column represents an aggregation of the individual combined financial statements and does not represent consolidated financial information.