

Intergovernmental Expenditures:

Expenditures of general and special revenue fund revenues designated for payment to political subdivisions and bond proceeds granted to political subdivisions and other public organizations are recorded as intergovernmental expenditures. Direct grants and other payments to, or on behalf of, political subdivisions are recorded as current expenditures.

Capital Outlays:

Principally all capital expenditures for the acquisition or construction of State general fixed assets are reported as capital outlays in the capital projects fund.

Reserved and Designated General Fund Balances:

Loans receivable maturing after June 30, 1984 in the amount of \$2,199,000 are deemed to be not available for current operations, accordingly, the amount has been reflected as a reservation of general fund balance.

General fund balance of \$32,248,000 at June 30, 1983, representing non-budgeted agency resources, was designated for specific agency activities and programs.

Expendable Trust Fund Balances:

Fund balances of expendable trust funds are restricted to the purpose of the fund and are reported as fund balance reserves.

C. Enterprise Funds and Nonexpendable and Pension Trust Funds:

Basis of Accounting:

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

Investments:

Investments of enterprise funds and the pension trust fund are stated at cost, adjusted for amortization of premiums and accretion of discounts, plus accrued income. Short-term investments aggregating \$226,370,000 (which approximates market) at June 30, 1983, consisting principally of U. S. Government Securities purchased with agreements to resell, are reported as cash and short-term investments in the enterprise funds.

Short-term investments of the State Accident Fund are stated at cost, adjusted for amortization of premiums and accretion of discounts, plus accrued income. Short-term investments aggregating \$28,753,000 (which approximates market) at June 30, 1983, consisting of U. S. Treasury Bills and commercial paper, are reported as cash and short-term investments. Other investments of the State Accident Fund which are held for trading purposes and are not intended to be held until maturity are stated at their market value of \$128,261,000 (cost—\$124,740,000). 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 enterprise funds are stated at cost.

The cost of property, plant and equipment used in the administration of Economic Development activities is charged to operations in the period acquired. Such amounts are not material.

Depreciation of the cost of property, plant and equipment of the Maryland Food Center Authority, Maryland State Lottery, State Use Industries, Maryland Higher Education Loan Corporation and the nonexpendable trust fund is provided on the straight-line basis over estimated useful lives of 25 to 50 years for depreciable real property, 5 to 10 years for building improvements and 3 to 10 years for equipment. Repairs and maintenance are charged to operations in the period incurred. Replacements, additions and betterments are capitalized.