

hospital fund. The resources for payment of the accrued retirement costs, which are expected to be funded principally through future state appropriations, are not expected to be provided until the retirement costs are paid.

Included in current unrestricted fund expenses and operating transfers from the State's general fund is \$67,673,000 which represents the amount of pension and fringe benefits costs paid during the 1983 fiscal year by the Department of Personnel on behalf of the higher education and university hospital fund.

3. Budgeting and Budgetary Control:

The Maryland Constitution requires the Governor to submit to the General Assembly an annual balanced budget for the following fiscal year. This budget is prepared and adopted for the following three Budgetary Funds:

General Fund:

The General Fund is the fund in which all general transactions of the State are recorded, unless otherwise directed to be included in another fund.

Special Fund:

The Special Fund includes all of the transportation activities of the State (except for the Maryland Transportation Authority which is not accounted for in the budgetary system), dedicated funds such as university and college students' fees, fishery and wildlife funds, shared taxes and payments of debt service on general obligation bonds.

Effective July 1, 1982, the accounting treatment for loans and notes receivable in the Budgetary Special Fund was changed to recognize the revenue on an accrual basis in accordance with generally accepted accounting principles. The beginning fund balance has been restated to reflect this change.

Federal Fund:

The Federal Fund is the fund in which principally all grants from the Federal government are recorded.

In addition to the annual budget the General Assembly adopts authorizations for the issuance of general obligation bonds and the expenditures of the funds obtained thereby are accounted for in the capital projects fund. Because capital projects fund authorizations are not part of the annual budget, capital projects fund activities are not presented in the Combined Statement of Revenues, Expenditures and Encumbrances, Other Sources and Uses of Financial Resources and Changes in Fund Balances—Budget and Actual—Budgetary General, Special and Federal Funds.

All State budgetary expenditures for the general, special and federal funds are made pursuant to the appropriations in the annual budget, as amended from time to time by budget amendments. State governmental units may, with the Governor's approval, amend the appropriations by major function within the general fund, provided they do not exceed their total general fund appropriations as contained in the annual budget. Increases in general fund appropriations must be approved by the General Assembly. For the fiscal year ended June 30, 1983 the General Assembly approved increases in General Fund appropriations aggregating \$2,889,000. Appropriations for programs funded in whole or in part from the special or federal funds may permit expenditures in excess of original special or federal fund appropriations to the extent that revenues from the particular special or federal fund sources exceed original budget estimates and such additional expenditures are approved by the Governor or, in the case of the University of Maryland, the Board of Public Works. Unexpended appropriations from the general fund may be carried over to succeeding years to the extent encumbrances are approved by the Department of Budget and Fiscal Planning. Unexpended appropriations from special and federal funds may be carried over to the extent of (a) available resources, and (b) encumbrances approved by the Department of Budget and Fiscal Planning.

The amended annual budget adopted by the General Assembly for the general, special and federal funds is presented in the Combined Statement of Revenues, Expenditures and Encumbrances, Other Sources and Uses of Financial Resources and Changes in Fund Balances—Budget and Actual—Budgetary General, Special and