

*Student Revenues:*

Student tuition and fees are fully recognized as revenues in the fiscal year in which the related courses or activities are principally conducted. Student tuition and fees applicable to future courses and activities and collected as of the end of the fiscal year are recorded as deferred revenue.

*Accounts and Notes Receivable:*

An allowance for doubtful receivables is provided for estimated losses expected to be incurred in collection. The estimated losses are based on historical collection experience and a review of the status of existing receivables.

*Inventories:*

Inventories are stated at the lower of cost, using the first-in, first-out method, or market.

*Plant:*

Property, plant and equipment are stated principally at cost at date of acquisition or fair value at date of donation in the case of gifts. Consistent with generally accepted accounting principles for colleges and universities, depreciation is not provided for the cost of plant assets.

*Operating Transfers from State's General Fund:*

A substantial portion of the higher education fund's current unrestricted expenses, including current payments for retirement costs and fringe benefits, are funded through appropriations from the general fund at the time the expenses are encumbered or paid. The current year retirement funding exceeded the expense, including amortization of unfunded liabilities over 40 years and interest thereon, by approximately \$3,677,000; this excess reduced the liability for retirement costs recorded in the higher education fund. Accrued retirement costs are expected to be funded principally through future State appropriations.

**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 five 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), fishery and wildlife funds, shared taxes and payments of debt service on general obligation bonds, whereas the GAAP Special Revenue Fund includes only the operations (other than debt service) of the Maryland Department of Transportation Trust Fund.

*Federal Fund:*

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