

- Obligations for retirement costs, workers' compensation costs and employees' vested annual leave and sick leave are recorded as expenditures when paid.
- Encumbrances represented by executed and unperformed purchase orders and contracts, which are approved by the Department of Budget and Fiscal Planning, are recorded as reservations of fund balance as of the end of the fiscal year.

Income Taxes:

The State accrues an income tax receivable for those estimated income tax revenues relating to fiscal year 1991 that will not be collected until fiscal year 1992. The receivable is computed based on future projections and historical experience using statistical analysis.

Sales and Use Taxes:

The State accrued as a receivable June sales taxes that are unremitted at June 30, 1991. These taxes are considered measurable and available as they represent June collections that are remitted to the State in July.

Property Taxes:

The State levies an annual tax for the fiscal year beginning July 1 and ending June 30 on all real and personal property subject to taxation, due and payable each July 1 (lien date), based on assessed values as of the previous January 1, established by the State Department of Assessments and Taxation at various rates of estimated market value. Each of the counties, Baltimore City and incorporated municipalities establishes rates and levies its own tax on such assessed values. The State tax rate since 1982 has been maintained at 21¢ per \$100 of assessed value. Unpaid property taxes are considered in arrears on October 1 and penalty and interest of 1% is assessed for each month or fraction of a month that the taxes remain unpaid. Current collections are 98.5% of the total tax levy for fiscal year 1991.

Intergovernmental Expenditures:

Expenditures of general, special revenue and capital projects 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 General Fund and Special Revenue Fund Balances:

Loans receivable maturing after June 30, 1992, in the amount of \$3,795,000 are not available for current operations; accordingly, the amount has been reflected as a reservation of general fund balance.

Portions of the general fund balance and the special revenue fund balance, in the amounts of \$103,352,000 and \$496,000, respectively, at June 30, 1991, representing special budgetary and nonbudgeted agency resources, were reserved for agency activities and programs.

A portion of the general fund balance, in the amount of \$11,123,000 at June 30, 1991, has been reserved for the State Reserve Fund. The State Reserve Fund is comprised of a Dedicated Purpose Account, an Economic Development Opportunities Program Fund, a Catastrophic Event Fund and a Revenue Stabilization Account with balances of \$6,444,000, \$1,525,000, \$3,000,000 and \$154,000, respectively, at June 30, 1991. The Dedicated Purpose Account is designed to retain appropriations for major multi-year expenditures and to meet contingency requirements. The major use of the account has been the accumulation of reserves to meet the State's commitment to make payments to insured account holders of certain State chartered savings and loans in receivership. The Economic Development Opportunities Program Fund is to be used for extraordinary economic development opportunities and only as a supplement to existing programs. The Catastrophic Event Fund is to be used to respond without undue delay to a natural disaster or other catastrophic event that cannot be managed without appropriations. The Revenue Stabilization Account is designed to retain State revenues for future needs and reduce the need for future tax increases. During fiscal year 1991, \$127,400,000 of the Revenue Stabilization Account was utilized due to revenue shortfalls.