

### *Higher Education Funds:*

The higher education fund includes the Current Unrestricted Fund which accounts for unrestricted revenue used or available for use in carrying out the current operations of the State's colleges and universities and the Current Restricted Fund which accounts for restricted gifts, grants and other restricted resources.

### *Budgetary Fund Equities and Other Accounts:*

In addition to the annual budget, the General Assembly adopts authorizations for the issuance of general obligation bonds. The expenditures of the resources 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 — for the year ended June 30, 1994.

All State budgetary expenditures for the general, special, federal, current unrestricted and current restricted funds are made pursuant to appropriations in the annual budget, as amended from time to time by budget amendments. State governmental departments and independent agencies 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 the total general fund appropriations must be approved by the General Assembly. For the fiscal year ended June 30, 1994, the General Assembly approved increases in General Fund appropriations aggregating \$104,827,646. Appropriations for programs funded in whole or in part from the special, federal, current unrestricted or current restricted funds may permit expenditures in excess of original special, federal, current unrestricted or current restricted funds appropriations to the extent that actual revenues exceed original budget estimates and such additional expenditures are approved by the Governor or, in the case of the University of Maryland System, 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; all other appropriations lapse as of the end of the fiscal year. Unexpended appropriations from special, federal, current unrestricted and current restricted 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 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 — for the year ended June 30, 1994. The State's budgetary fund structure and the basis of accounting used for budgetary purposes, which is the modified accrual basis with certain exceptions, differs from that utilized to present financial statements in conformity with generally accepted accounting principles. The budgetary system's principal departures from the modified accrual basis are the classification of the State's budgetary funds and the timing of recognition of certain revenues and expenditures. A summarization of the effect of the fund structure differences and exceptions to the modified accrual basis of accounting, as of June 30, 1994, follows (amounts expressed in thousands):