

A summary of the effects of the fund structure differences and exceptions to the modified accrual basis of accounting, as of June 30, 1998, follows (amounts expressed in thousands).

	Total Budgetary Fund Equities and Other Accounts June 30, 1998	Financial Statement Funds							Component Units	
		General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	Higher Education	Proprietary Funds	
Classification of budgetary fund equities and other accounts into GAAP fund structure:										
General.....	\$ 1,264,430	\$1,264,430								
Special.....	716,503	222,858	\$214,500	\$ 60,860	\$ 14,724	\$ 210,981				\$ (7,420)
Current unrestricted.....	230,225							\$ 230,225		
Current restricted.....	3,182							3,182		
Other accounts (a):										
Non-budgeted.....	83,576	72,506	11,083		41	490			2	(546)
Transportation Authority.....	305,248		225,349	79,899						
Debt service transportation bonds.....	5,865			5,865						
Capital projects.....	327,231				227,382	99,849				
Enterprise.....	847,408	990				838,237				8,181
Expendable trust.....	1,977,504						\$ 1,977,504			
Pension trust.....	28,118,073						28,118,073			
Component units:										
Higher education.....	2,894,905							2,894,905		
Proprietary funds.....	256,294									256,294
Budgetary fund equities and other accounts classified into GAAP fund structure:.....										
	<u>\$37,030,444</u>	1,560,784	450,932	146,624	242,147	1,149,557	30,095,577	3,128,314		256,509
Accounting principle differences:										
Assets recognized in the GAAP financial statements not recognized for budgetary purposes:										
Cash.....		8,888								
Investments.....		8,394								
Other accounts receivable.....		18,562	(5,464)							
Other assets.....		38,675								
Liabilities recognized in GAAP financial statements not recognized for budgetary purposes:										
Accounts payable and accrued liabilities.....		(36,186)								
Deferred revenue.....		(3,925)								
GAAP financial statement fund equities, June 30, 1998.....										
		\$1,595,192	\$445,468	\$146,624	\$242,147	\$1,149,557	\$30,095,577	\$3,128,314		\$256,509

(a) The State's accounting system is maintained by the Comptroller in compliance with State Law and in accordance with the State's Budgetary Funds. In addition to the accounting system maintained by the Comptroller, certain individual agencies, which are not subject to the State's budget, maintain accounting systems which are required to be included to properly present the State's financial reporting in accordance with generally accepted accounting principles.

#### 4. Cash and Cash Equivalents and Investments:

Substantially all cash and cash equivalents of the governmental fund types and certain fiduciary, enterprise and component unit funds are maintained by the State Treasurer on a pooled basis. The State Treasurer's Office invests short-term cash balances on a daily basis, primarily in repurchase agreements, U.S. government agencies obligations and money market mutual funds. Under the State Finance and Procurement Article of the Annotated Code of Maryland, Title 6, Subtitle 2, the State Treasurer may only invest in the following:

- Any obligation for which the United States Government has pledged its faith and credit for the payment of principal and interest.
- Any obligation that a United States agency issues in accordance with an act of Congress.
- Repurchase agreements that any of the above obligations secure.
- Banker's acceptances.
- Money Market Mutual funds.
- Commercial Paper.
- Maryland Local Government Investment Pool.