

STATE OF MARYLAND

Notes to General Purpose Financial Statements
for the year ended June 30, 2000

1. Financial Reporting Entity And Description of Funds and Account Groups:

A. Reporting Entity:

The accompanying financial statements include the various departments, agencies, and other organizational units governed by the General Assembly and/or Constitutional Officers of the State of Maryland (State).

As required by generally accepted accounting principles, these financial statements present the state government (primary government) and its component units (entities for which the State is considered to be financially accountable). The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include the State appointing a voting majority of an organization's governing body and (1) the ability of the governing body to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State.

DISCRETE COMPONENT UNITS

These component units are entities which are legally separate from the State, but are financially accountable to the State, or whose relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The two Component Units columns of the combined financial statements include the financial data of these entities.

Colleges and Universities (Higher Education Fund) - Colleges and universities consist of the University System of Maryland, Morgan State University, St. Mary's College of Maryland and Baltimore City Community College. Each entity is governed by its own Board of Regents, or Board of Trustees, whose members are appointed by the Governor. The colleges and universities are funded through State appropriations, tuition, federal grants, and private donations and grants. Because the colleges and universities are similar in nature and function, they have been combined and presented as a single discretely presented component unit. Most of the financial information for foundations affiliated with the universities and colleges has not been included with the financial information of the colleges and universities in accordance with the requirements of GASB Statement No. 14.