

guarantee that requires the Governor to include in the State's budget the amount of any shortfall of the Trust's assets to pay current contract liabilities.

Complete financial statements of the individual component units and the Local Government Investment Pool may be requested from the Comptroller of the Treasury of the State of Maryland, LLG Treasury Building, Annapolis, Maryland 21404.

*B. Fund Accounting:*

The State uses funds, account groups and component units to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. Funds are separate accounting entities, each with a self-balancing set of accounts which represent the fund's assets, liabilities, equity (deficit), revenues and expenditures or expenses. There are three categories of "fund types": governmental, proprietary and fiduciary.

*GOVERNMENTAL FUND TYPES*

Transactions related to the acquisition and use of the government's expendable financial resources received and used for those services traditionally provided by governments are accounted for in governmental funds. The governmental fund measurement focus is the flow of current financial resources and financial position (sources, uses and balances). Governmental funds include the following:

*General Fund:*

Transactions related to resources obtained and used for those services traditionally provided by a state government, which are not accounted for in other governmental funds, are accounted for in the general fund. These services include, among other items, general government, public safety and judicial, health and mental hygiene, human resources and education (other than higher education institutions). Resources obtained from federal grants and used for activities accounted for in the general fund, consistent with applicable legal requirements, are recorded in the general fund.

*Special Revenue Funds:*

Transactions related to resources obtained, the uses of which are restricted for specific purposes, are accounted for in the special revenue funds. The special revenue funds account for resources used for operations (other than debt service and pension activities) of the Maryland Department of Transportation and the Maryland Transportation Authority, including construction or improvement