

The State enters into long-term contracts for construction of major capital projects and records the commitments as encumbrances. The State pays the cost of capital projects principally from resources obtained from general obligation bond proceeds, operating transfers from the general fund and federal grants. These resources are received, in many cases, after the long-term contracts are executed and recorded as encumbrances. Accordingly, the undesignated fund balance of the capital projects fund reflects a deficit. This deficit will be funded by future bond proceeds and capital appropriations from the general fund (see Note 9).

### ***PROPRIETARY FUND TYPE***

#### **Enterprise Funds:**

Transactions related to commercial activities operated by the State are accounted for in the enterprise funds. Proprietary funds differ from governmental funds in that the focus is on income measurement which, together with the maintenance of equity, is an important financial indicator. The enterprise funds include:

1. Economic Development; direct loan and loan insurance programs of the Maryland Departments of Housing and Community Development and Economic and Employment Development.
2. Maryland Food Center Authority, which owns and operates warehouse facilities for use by wholesale food distributors.
3. Maryland Transportation Authority, which constructs, maintains and operates transportation toll facilities.
4. Maryland State Lottery, which operates the State Lottery.
5. Maryland Environmental Service, which constructs, maintains and operates water supply and liquid and solid waste disposal facilities.
6. State Use Industries, which utilizes inmate labor from State correctional institutions to manufacture goods, wares and merchandise to be sold to State agencies, political subdivisions and charitable, civic, educational, fraternal or religious associations or institutions.
7. Maryland Higher Education Loan Corporation, which assists resident students in meeting costs of attending approved institutions by guarantying loans made by commercial lenders.
8. Maryland Deposit Insurance Fund Corporation, which insures the deposits of member state-chartered savings and loan associations.
9. Maryland Stadium Authority, which will construct, maintain and operate facilities for the primary purpose of holding professional football and or baseball games in the Baltimore metropolitan area.

### ***FIDUCIARY FUND TYPES***

Transactions related to assets held by the State in a trustee or agency capacity are accounted for in fiduciary fund types. Fiduciary fund types are comprised of:

1. The expendable trust fund reflects the transactions, assets, liabilities and fund equity of the Unemployment Insurance Program. This fund is used to account for the unemployment taxes collected from employers, federal revenue received and remittance of benefits to the unemployed.
2. The nonexpendable trust fund reflects the transactions, assets, liabilities and fund equity of the State Accident Fund. The fund was established to provide workers' compensation insurance for participating employers in the State, including the State of Maryland.
3. The pension trust fund reflects the transactions, assets, liabilities and fund equities of the State administered retirement and pension systems.
4. Agency funds account for the receipt and disbursement of various taxes and federal grant proceeds collected by the State for distribution to the Federal government and political subdivisions, patient and prisoner accounts, and amounts withheld from employees and invested in the Deferred Compensation Plan as directed by the employee.