

(other than debt service) of the Maryland Department of Transportation and the Maryland Transportation Authority, including construction or improvement of transportation facilities and mass transit operations. Prior to July 1, 1992, the Maryland Transportation Authority was classified as an Enterprise fund. Effective July 1, 1992, it is being accounted for as a special revenue fund to more properly reflect the nature of its activities.

Debt Service Funds:

Transactions related to resources obtained and used for the payment of interest and principal on general long-term debt obligations, Maryland Department of Transportation debt and Maryland Transportation Authority debt are accounted for in the debt service funds.

Capital Projects Fund:

Transactions related to resources obtained and used for the acquisition, construction or improvement of certain capital facilities, including those provided to political subdivisions and other public organizations are accounted for in the capital projects fund. Such resources are derived principally from proceeds of general obligation bond issues, federal grants and operating transfers from the State's general fund.

The State enters into long-term contracts for construction of major capital projects and records the commitments as encumbrances. Since the fund's resources are received, in many cases, after the long-term contracts are executed and recorded as encumbrances, 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. The proprietary fund type differs from governmental fund types 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, Economic and Employment Development, and Environment.
2. Maryland Food Center Authority, which owns and operates warehouse facilities for use by wholesale food distributors.
3. Maryland State Lottery Agency, which operates the State Lottery.
4. Maryland Environmental Service, which constructs, maintains and operates water supply, and liquid and solid waste disposal facilities.
5. 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.
6. Maryland Higher Education Loan Corporation, which assists resident students in meeting costs of attending approved institutions by guarantying loans made by commercial lenders.
7. Maryland Deposit Insurance Fund Corporation, which insured the deposits of member State-chartered savings and loan associations.
8. Maryland Stadium Authority, which maintains and operates a facility for the primary purpose of holding professional baseball games in Baltimore.

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, which reflects the transactions, assets, liabilities and fund equity of the Unemployment Insurance Program. This fund is used to account for the unemployment taxes collected