

fective July 1, 1980, the regulatory funds' activities were recorded in the general fund and their beginning fund balances were recorded as an equity transfer to the general fund.

Debt Service Funds:

Transactions related to resources obtained and used for the payment of interest and principal on general long-term debt obligations and transportation debt (other than Maryland Transportation Authority revenue bonds) are accounted for in 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. 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.

PROPRIETARY FUND TYPES

Other Enterprise Funds:

Other enterprise funds include:

1. Economic Development:
Direct loan and loan insurance programs of the Maryland Department of Economic and Community 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 Agency 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.

Higher Education and University Hospital Fund:

Transactions related to the financial activities of State higher education institutions and the University of Maryland Hospital are accounted for in the higher education and University Hospital fund.

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. Expendable trust funds which account for assets received and expended by the State as trustee.
2. Nonexpendable trust fund which reflects the transactions, assets, liabilities and fund equity of the State Accident Fund, a fund established to provide workers' compensation insurance for participating employers in the State, including the State of Maryland.
3. Pension trust fund which reflects the transactions, assets, liabilities and fund equities of the State administered retirement and pension systems.