

**STATE OF MARYLAND**

**Notes to General Purpose Financial Statements**

**for the year ended June 30, 1994**

**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 appointing a voting majority of an organization's governing body and (1) the ability of the State 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.

*BLENDED COMPONENT UNITS*

These component units are legally separate from the State, but are so intertwined with the State that they are, in substance, the same as the State or they provide services almost exclusively to the State. Financial data for these units are combined with data of the primary government.

Maryland Industrial Development Financing Authority (Enterprise Fund) — The Maryland Industrial Development Financing Authority (Authority) is subject to the authority and oversight of the Secretary of the Department of Economic and Employment Development and, accordingly, is subject to various state regulations concerning its daily operations. The Authority provides financial assistance to enterprises seeking to locate or expand operations in Maryland.

Maryland Stadium Authority (Enterprise Fund) — The Maryland Stadium Authority (Authority) was created as a body corporate and politic, the governing board of which consists of five members appointed by the Governor. The Authority was created in the Baltimore metropolitan area to construct and operate various capital facilities. The Authority was created as a unit in the executive department and is subject to Board of Public Works' approval.

Maryland State Retirement and Pension Systems (Pension Trust Fund) — The Maryland State Retirement Agency (Agency) administers pension funds for various public employee retirement systems of the State and its political subdivisions. The Agency's operations, policies and administrative expenses are subject to the State's legislative and executive controls. The Board of Trustees, which consists of fifteen members and is primarily comprised of top level State officials, has oversight for the Agency's policies.

*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 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 of Maryland System, 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 component unit. Amounts for foundations affiliated with the universities and colleges have not been included in these financial statements.

Maryland Food Center Authority (Proprietary Fund Type) — The Maryland Food Center Authority (Authority) is a body corporate and politic, the governing board of which is composed of twelve members. Four members are State officials and eight are appointed by the Governor. The Authority was created to