

establish and operate a consolidated wholesale food center within the Greater Baltimore Region and is subject to state regulations.

Maryland Environmental Service (Proprietary Fund Type) — The Maryland Environmental Service (Service) was created as a body politic and corporate and is governed by a seven-member Board of Directors appointed by the Secretary of Natural Resources with the approval of the Governor. The Service helps private industry and local governments manage liquid, solid and hazardous wastes. It plans and establishes major resource recovery facilities, solid waste management plans and hazardous waste management programs.

Maryland Higher Education Loan Corporation (Proprietary Fund Type) — The Maryland Higher Education Loan Corporation (Corporation) was created as a nonprofit corporation to lend money or directly guarantee loans made by approved lenders to State residents who plan to attend colleges or vocational, technical and trade schools. The Board consists of eleven members, nine of whom are appointed by the Governor. The Corporation is subject to the oversight of the Governor, Bank Commissioner and the General Assembly.

Complete financial statements of the individual component units may be requested from the Comptroller of the Treasury of Maryland.

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. A fund is a separate accounting entity with a self-balancing set of accounts which represent the fund's assets, liabilities, equity (deficit), revenues and expenditures or expenses. Funds are divided into 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 a state government are accounted for in governmental funds. The governmental fund measurement focus is the flow of current financial resources and position (sources, uses and balances). Governmental funds include:

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 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 of transportation facilities and mass transit operations.

Debt Service Funds:

Transactions related to resources obtained and used for the payment of interest and principal on general long-term debt obligations, 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.