

**12. Equity:**

*Fund Balances/Retained Earnings —*

Fund balances and retained earnings are reserved as follows (amounts expressed in thousands).

	Governmental Fund Types				Fiduciary Fund Types	Component Units	
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	Higher Education	Proprietary Fund Types
Loans and Notes Receivable .....	\$ 350	\$ 16,000	\$25,490				
Loans to Component Units.....			6,372				
State Reserve Fund.....	531,628						
Encumbrances .....	267,883	105,975		\$358,039			
Agency Activities.....	65,516	43,403					\$5,526
Shore Erosion Loan Program.....				15,848			
Pension Benefits.....					\$24,588,298		
Unemployment Compensation Benefits.....					800,507		
Higher Education Programs.....						\$108,075	
Endowment Funds.....						150,308	
Debt and Plant Additions .....						283,954	
<b>Total reserved fund balance/ retained earnings.....</b>	<b>\$865,377</b>	<b>\$165,378</b>	<b>\$31,862</b>	<b>\$373,887</b>	<b>\$25,388,805</b>	<b>\$542,337</b>	<b>\$5,526</b>

Loans receivable maturing after June 30, 1997, in the amounts of \$350,000 and \$16,000,000, are not available for current operations and, accordingly, have been reflected as reservations of general fund balance and special revenue fund balance, respectively.

Portions of the general fund balance and the special revenue fund balance, in the amounts of \$65,516,000, and \$43,403,000, respectively, as of June 30, 1997, representing special budgetary and nonbudgeted agency resources, were reserved for agency activities and programs.

A portion of the general fund balance, in the amount of \$531,628,000 as of June 30, 1997, has been reserved for the State Reserve Fund. The State Reserve Fund is comprised of a Dedicated Purpose Account, an Economic Development Opportunities Program Fund, a Catastrophic Event Fund and a Revenue Stabilization Account with balances as of June 30, 1997, of \$38,400,000, \$2,838,000, \$330,000 and \$490,060,000, respectively. The Dedicated Purpose Account is designed to retain appropriations for major multi-year expenditures and to meet contingency requirements. The major use of the account in the past has been the accumulation of reserves to meet the State's commitment to make payments to insured account holders of certain State chartered savings and loans in receivership. The Economic Development Opportunities Program Fund is to be used for extraordinary economic development opportunities and only as a supplement to existing programs. The Catastrophic Event Fund is to be used to respond without undue delay to a natural disaster or other catastrophic event that cannot be managed without appropriations. The Revenue Stabilization Account is designed to retain State revenues for future needs and reduce the need for future tax increases.

A portion of the general fund unreserved fund balance is designated for fiscal year 1998 appropriations in the amount of \$144,475,000. Furthermore, portions of the debt service unreserved fund balance are designated for payment of the debt service on the general long-term debt, Transportation debt and the Maryland Transportation Authority bond debt in the amounts of \$14,955,000, \$12,818,000 and \$68,565,000, respectively.

*Primary Government Contributed Capital —*

The changes in contributed capital of the enterprise funds for the year ended June 30, 1997, are as follows (amounts expressed in thousands).

	Economic Development			Total
	Insurance Programs	Loan Programs	State Use Industries	
Balance, July 1, 1996 .....	\$48,295	\$531,789	\$1,722	\$581,806
Contributions .....		62,706	1	62,707
Depreciation on contributed assets.....			(248)	(248)
<b>Balance, June 30, 1997 .....</b>	<b>\$48,295</b>	<b>\$594,495</b>	<b>\$1,475</b>	<b>\$644,265</b>