

The fund balance for the general fund at June 30, 1999, was \$1,977,965,000 representing an increase of \$382,773,000 over the previous year's balance. The fund balance for the general fund has shown a pattern of continuous and substantial increase during the last six years.

Management of financial resources is exercised through the legally mandated budgetary system of the State. The budgetary general fund balance at June 30, 1999, reflected a total fund balance and an undesignated balance of \$1,514,461,000 and \$319,973,000 respectively. For information on differences between GAAP and the budgetary system, see footnote 3 to the general purpose financial statements.

The special revenue unreserved fund balance of \$243,757,000 decreased \$71,789,000 from the preceding year. The debt service unreserved fund balance of \$100,130,000 decreased \$14,399,000 from the previous year.

CAPITAL PROJECTS FUND

Proceeds of general obligation bond issues are accounted for in the capital projects fund. Completed projects and uncompleted construction in progress at year end, which are assets of the State, are capitalized in the general fixed assets account group, the appropriate enterprise fund for self-supporting projects or the component units fund types. During fiscal year 1999, State projects costing \$230,906,000 were completed. State grants for capital projects of local governments and other public organizations amounted to \$291,245,000 in the fiscal year, a decrease of \$32,966,000 from 1998.

Authorized but unissued general obligation bonds at June 30, 1999, totaled \$1,020,494,000.

GENERAL FIXED ASSETS

The general fixed assets of the State are those used in the performance of general governmental functions and exclude the fixed assets of the proprietary fund type and the component units. As of June 30, 1999, the general fixed assets of the State amounted to \$10,334,002,000. This amount represents the actual or estimated cost of the assets. Depreciation of general fixed assets is not recognized in the State's accounting system. Infrastructure assets, consisting principally of highways, roads, bridges and tunnels, are not recorded in general fixed assets.

ENTERPRISE, FIDUCIARY AND COMPONENT UNIT FUNDS

The retained earnings for enterprise funds increased during 1999 by \$3,568,000, compared to an increase of \$98,405,000 in fiscal year 1998. The Economic Development—Insurance Programs reported a decrease of \$3,054,000 in retained earnings. The retained earnings for the Economic Development-Loan Programs increased by \$6,018,000. This increase was primarily due to increased earnings on investments. Although the State Lottery Agency reported \$391,581,000 income before transfers, there were operating transfers out of \$393,221,000 accounting for a decrease of \$1,640,000 in its retained earnings.

Fiduciary fund types include the expendable trust fund, investment trust fund, pension trust funds and agency funds. Agency funds are custodial in nature and do not report fund balances. All other fiduciary fund types reported fund balances of \$32,977,703,000 at June 30, 1999, compared to \$30,685,929,000 at June 30, 1998. The increase was due primarily to increased net assets in pension funds.

The State Retirement and Pension System of Maryland was established to provide pension benefits for State employees and employees of 127 participating political subdivisions and 98 participating municipal corporations within the State. The Mass Transit Administration Pension Plan was established to provide pension benefits for all Mass Transit Administration employees covered by a collective bargaining agreement and all those management employees who were employed by the Baltimore Transit Company. The annual actuarial valuation continues to reflect a positive trend in the government's and employees' funding of the pension plans.

The total fund balance for the higher education component units was \$3,417,581,000 at June 30, 1999, compared to \$3,128,314,000 at June 30, 1998. Retained earnings for the proprietary component units totaled \$243,466,000 for June 30, 1999. This represents an increase in retained earnings of \$8,821,000 for the Maryland Stadium Authority, \$268,000 for the Maryland Food Center Authority, \$759,000 for the Maryland Environmental Service and \$3,962,000 for the Maryland Industrial Development Financing Authority.