

Operating transfers in from enterprise funds (State Lottery Agency, and Economic Development-Loan Programs) and the Higher Education land proprietary fund component units totaled \$392,978,000. This represents a decrease of \$1,593,000 from the previous year. Operating transfers out to capital projects, enterprise funds and Higher Education land proprietary fund component units, totaled \$754,335,000. This represents an increase of \$43,948,000 over the previous year due primarily to increased funding for capital projects and higher education.

The fund balance for the general fund at June 30, 1996, was \$760,401,000, which represents an increase of \$139,065,000 from the previous year's balance. The reserved general fund balance at June 30, 1996, was \$810,066,000 which represents an increase of \$297,073,000 from the prior year. The unreserved fund balance was a deficit balance of \$49,665,000 which reflects a decrease of \$158,008,000 from the prior year.

Management of financial resources is exercised through the legally mandated budgetary system of the State. The budgetary general fund balance at June 30, 1996, reflected a total fund balance and undesignated balance in the amounts of \$594,542,000 and \$10,010,000, 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 \$179,033,000 decreased \$51,676,000 from the preceding year. The debt service unreserved fund balance of \$120,016,000 decreased \$50,852,000 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 1996, State projects costing \$96,699,000 were completed. State grants for capital projects of local governments and other public organizations amounted to \$277,957,000 in the fiscal year, an increase of \$7,569,000 over 1995.

Authorized but unissued general obligation bonds at June 30, 1996 totaled \$1,120,637,180.

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, 1996, the general fixed assets of the State amounted to \$9,132,028,000. 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 (excluding Maryland Transportation Authority), consisting principally of highways, roads, and bridges, are not recorded in general fixed assets.

ENTERPRISE, FIDUCIARY, AND COMPONENT UNIT FUNDS

All enterprise funds with the exception of the Maryland State Lottery Agency reported an increase in retained earnings for the year ended June 30, 1996. The Lottery Agency reported a decrease of \$3,618,000 in retained earnings. In fiscal year 1996, the Maryland Stadium Authority is presented as a discretely presented component unit (proprietary fund type). In fiscal year 1995 the Authority was treated as an enterprise fund. Retained earnings for enterprise funds increased during 1996 by \$36,863,000 compared to an increase of \$29,989,000 in fiscal year 1995.

Fiduciary fund types include the expendable 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 \$21,529,390,000 at June 30, 1996, compared to \$16,952,996,000 at June 30, 1995.

The State Retirement and Pension System of Maryland was established to provide pension benefits for State employees, to provide pension benefits for State employees and employees of 129 participating political subdivisions within the State and employees of 105 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 \$2,625,704,000 at June 30, 1996 compared to \$2,422,003,000 at June 30, 1995. Retained earnings for the proprietary component units totaled \$160,461,000 for