



To The Honorable Members Of The General Assembly  
And The Governor

December 1, 1981

Ladies and Gentlemen:

It gives me great pleasure to furnish you with this financial report of the State of Maryland for the fiscal year ended June 30, 1981. The Annual Report of the Comptroller was prepared in compliance with Article 19, Section 9, of the Annotated Code of Maryland and shows the financial position of all funds and account groups of the State and the results of operations for the year. The financial data is prepared in conformity with generally accepted accounting principles (GAAP) and to satisfy the budgetary and other reporting requirements of the State. A reconciliation is presented in the Annual Report to provide the linkage between the GAAP and budgetary financial data.

An independent outside auditor's report adds credibility to the financial information contained in the Annual Report.

CERTIFICATE OF CONFORMANCE

The State of Maryland received the Certificate of Conformance in Financial Reporting for the fiscal year 1980 Annual Report of the Comptroller of the State of Maryland. This highly treasured award is given to those governments whose financial reporting meets the standards of excellence established by the Municipal Finance Officers Association of the United States and Canada.

FINANCIAL HIGHLIGHTS

Maryland's revenues for the year exceeded those of the prior year, and Maryland ended the year in strong financial condition.

Revenues and Fund Balances

Despite sluggish growth in the economy and expiration of the Federal Revenue Sharing Program to states, which reduced Maryland's revenue from this particular program by approximately \$34,700,000, Maryland's revenues exceeded those of the prior year. The continued strength of revenues allowed the Maryland General Assembly to enact tax relief measures which provided direct savings of almost \$20,000,000 to State taxpayers during the year. The following tabulation compares major revenues for fiscal years 1981 and 1980.

	Millions		
	1981	1980	Improvement
Income Taxes	\$1,363.9	\$1,219.4	\$144.5
Sales Taxes	753.7	712.8	40.9
Other Taxes	478.2	438.6	39.6
Federal Revenues	1,029.8	996.1	33.7

Ending fund balances for all governmental fund types totaled \$803,584,000 at June 30, 1981, as compared with \$693,781,000 at June 30, 1980, an increase of \$109,803,000. This increase was attributable to an increase in general obligation bond proceeds to finance needed capital projects of the State and its political subdivisions. The general fund balances declined as planned to \$197,203,000 at June 30, 1981, as compared with \$288,492,000 at June 30, 1980.

Expenditures

Maryland continued to exercise restraint on expenditures in a period of inflation, economic uncertainty, and cutbacks in certain federal revenues without sacrificing essential services. A comparison of major expenditure categories for fiscal years 1981 and 1980 follows:

	Millions	
	1981	1980
Current	\$3,807.9	\$3,535.3
Intergovernmental	466.2	392.8
Debt Service	315.9	293.9
Capital Outlays	96.8	70.2
Total	\$4,686.8	\$4,292.2