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December 1, 1982

Honorable Members of the General
Assembly and the Governor
State of Maryland

The Comprehensive Annual Financial Report of the State of Maryland, for the fiscal year ended June 30, 1982, is submitted herewith and includes financial statements of the State of Maryland as well as information required by Article 19, Section 9 of the annotated code. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Office of the Comptroller. I believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the State as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the State's financial affairs have been included.

Financial and Accounting System

The financial statements contained in this report have been prepared in accordance with generally accepted accounting principles and have been examined by the firm of Coopers & Lybrand, whose report thereon is included in this report.

Maryland maintains its accounts to conform to generally accepted accounting principles and also to comply with the legally mandated budget. The State recognizes the difficulties and complexities involved in maintaining dual systems, and it has formed a task force to guide the conversion of budgetary practices into conformity with generally accepted accounting practices.

During the most recent fiscal year, substantial strides were made toward eliminating differences in the application of the modified accrual basis for governmental fund types. Principal repayments due on notes receivable are now recognized according to generally accepted accounting principles as are property taxes receivable and alcoholic beverages taxes. Also, the amortization of premiums and discounts and the accrual of interest income on investments are now recorded as part of the budgetary system. Recognition of discrete receivables and payables remains to be incorporated into the budget.

The financial statements include the various departments, agencies and other organizational units governed by the General Assembly and/or constitutional officers of the State of Maryland. The following criteria was utilized to determine the entity for the State of Maryland: selection of governing authority, appointment of management, constitutional officers' ability to significantly influence operations and accountability for fiscal operations and scope of public service.

General Governmental Functions

Revenues of the general governmental functions (excluding capital projects) totaled \$4,570,984,000 for the fiscal year ending June 30, 1982. This represents an increase of 2.1 percent over revenues for the fiscal year 1981. Income tax, the largest source of revenue, produced 31.7 percent of general governmental revenues compared to 30.5 percent last year. The revenues (amounts expressed in thousands) from various sources and the change from last year are shown in the following tabulation: