

To The Honorable Members of the General Assembly and The Governor

December 31, 1979



Ladies and Gentlemen:

It gives me great pleasure to furnish you with this Annual Financial Report of the State of Maryland for the fiscal year ended June 30, 1979. This report 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.

This year's report is in a different format from that used in prior years and is the result of a project undertaken by the State in September 1978. The objective of the project was to change the State's financial reporting practices to bring them into conformity with generally

accepted accounting principles (GAAP) and to have an annual audit performed by an outside firm of independent certified public accountants. The accompanying financial statements, exhibits and economic and social data reflect the results of the project to date. They have been prepared to satisfy the budgetary reporting requirements of the State and to present the State's financial data on a GAAP basis. A reconciliation is also presented to provide the linkage between the budgetary and GAAP financial data. The independent outside auditor's report adds credibility to the financial information contained in this report.

FINANCIAL HIGHLIGHTS

Maryland ended the fiscal year 1979 in a strong financial condition. This was primarily attributable to the continued strength of the State's financial resources, keeping the State's expenditures within available resources, and the management of the State's general obligation debt.

Fund Balances

Ending balances for all governmental type funds totaled \$742,106,000. The general fund balance included in this total amounted to \$283,691,000. The revenues for all governmental fund types for the year improved in almost every major category. The major revenues contributing to this improvement are as follows:

	Millions		
	1979	1978	Improvement
Income Taxes	\$1107	\$997	\$110
Sales Taxes	699	628	71
Motor Vehicle Taxes and Fees	431	415	16
Federal Revenues	882	835	47

Expenditures

Consistent with prior years, the State's governmental fund expenditures were maintained within available resources. A comparison of major expenditure categories for 1978 and 1979 follows:

	Millions	
	1979	1978
Current	\$3,528	\$2,983
Debt Service	270	283
Capital Outlay	208	282
Total	<u>\$4,006</u>	<u>\$3,548</u>

General Obligation Debt Declines

Maryland's outstanding general obligation debt declined from \$2,172,960,000 at June 30, 1978 to \$2,154,075,000 at June 30, 1979. A summary of the changes in the debt is as follows:

	Millions	
	1979	1978
Outstanding at beginning of year	\$2,173	\$2,066
Add Bonds Issued	115	218
Deduct Bonds Redeemed	(134)	(111)
Outstanding at end of year	<u>\$2,154</u>	<u>\$2,173</u>