

and University Hospital Fund. During fiscal year 1982, state projects costing \$122,872,000 were completed. State grants for capital projects of local governments and other public organizations amounted to \$109,878,000 in the fiscal year, a decrease of \$43,757,000 from 1981 which is primarily attributable to a decline in school construction spending. The Capital Projects fund balance deficit of \$1,121,000 at June 30, 1982 was funded by the bond sale on July 1, 1982.

Authorized but unissued general obligation bonds at June 30, 1982, totaled \$799,133,000. Subsequent bond issues of \$267,230,000 and cancellation of bond authorizations in the amount of \$6,225,000 reduced the amount of authorized but unissued general obligation bonds to \$525,678,000 after the bond issue of December 1, 1982.

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, fiduciary fund types and Higher Education and University Hospital Fund. As of June 30, 1982, the general fixed assets of the State amounted to \$2,242,602,000. 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 and bridges are not recorded in the general fixed assets.

Audits

The statutes of the State require an audit of every unit of State government, including the Comptroller of the Treasury's records, by the Legislative Auditor at least every two years. The Legislative Auditor is required to be and is a certified public accountant. The Legislative Auditor makes fiscal, compliance and performance audits of the various agencies and departments of the State and issues a separate report covering each of those audits. Although certain of those reports include presentations of detailed financial data and contain expressions of opinion thereon, the audits are usually not made for that purpose. The primary purpose of the reports is to present the Legislative Auditor's findings relative to the fiscal management of those agencies and departments.

Additionally, my office requires an examination of the State's combined financial statements by a firm of independent certified public accountants selected by an audit committee composed of members from the executive and legislative branches of State government. This requirement has been complied with, and the auditor's opinion has been included in this report.

Certificate of Conformance

The Municipal Finance Officers Association of the United States and Canada (MFOA) awarded a Certificate of Conformance in Financial Reporting to the State of Maryland for its comprehensive annual financial report for the fiscal year ended June 30, 1981.

In order to be awarded a Certificate of Conformance, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Conformance is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to Certificate of Conformance Program requirements, and we are submitting it to the MFOA to determine its eligibility for another certificate.

Outlook

Revenue prospects for fiscal year 1983 are tempered by the current recession affecting the United States economy and by the pass-through of revenue reduction measures embodied in the Economic Recovery Tax Act of 1981. The Tax Equity and Fiscal Responsibility Act of 1982 is expected to impact the State's revenues only minimally. Because of these factors, General Fund revenues for fiscal year 1983 are expected to grow at a slightly slower rate than the growth achieved in fiscal year 1982.

Revenues of the Transportation Trust Fund were augmented during fiscal year 1982 by legislation which raised the motor fuels tax from 9¢ to 11¢ per gallon. This increase, coupled with an upturn in receipts from the motor vehicle titling tax, will allow future enhancements to State transportation programs during fiscal years 1983 and 1984.

New bond authorizations to support the 1983 capital budget amounted to \$184,998,000. Maryland should again achieve relatively favorable interest rates on bond sales because of its financial disclosure and reporting practices, independent audit and generally strong financial position.

In the past, Maryland's diversified economic base has provided a moderating influence in times of national economic downturns. This stabilizing factor, together with Maryland's demonstrated leadership in fiscal responsibility, will permit the State to continue to meet the needs of its citizens and preserve its strong financial condition.

I will be pleased to furnish additional information on the State's finances upon request.

Cordially yours,



Louis L. Goldstein
Comptroller of the Treasury
of Maryland