

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, 1998, the general fixed assets of the State amounted to \$10,136,467,000. 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

The retained earnings for enterprise funds increased during 1998 by \$98,405,000, compared to an increase of \$70,386,000 in fiscal year 1997. The Economic Development Insurance Programs reported a decrease of \$3,865,000 in retained earnings. The retained earnings for the Economic Development-Loan Programs increased by \$103,218,000. This increase was primarily due to increased earnings on cash and investments and operating transfers in from the general fund. Although the State Lottery Agency reported \$398,337,000 income before transfers, the operating transfers out of \$400,126,000 accounts for a decrease of \$1,789,000 in its retained earnings.

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 \$30,095,577,000 as of June 30, 1998, compared to \$25,388,805,000 as of June 30, 1997. The increase was due to increased net assets in pension funds and accounting for the deferred compensation plans as an expendable trust fund instead of an agency fund.

The State Retirement and Pension System of Maryland was established to provide pension benefits for State employees and employees of 127 participating political subdivisions and 98 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 funding the pension plans.

The total fund balance for the higher education component units was \$3,128,314,000 as of June 30, 1998, compared to \$2,877,398,000, as of June 30, 1997. Retained earnings for the proprietary component units totaled \$229,656,000, for June 30, 1998. This represents an increase in retained earnings of \$41,411,000 for the Maryland Stadium Authority, \$166,000 for the Maryland Food Center Authority and \$4,133,000 for the Maryland Industrial Development Financing Authority, and a \$823,000 decrease for the Maryland Environmental Service.

DEBT ADMINISTRATION

The ratios of net bonded debt to assessed property value, debt to present market value and bonded debt per capita are considered to be useful indicators of the State's debt position to State management, citizens and investors. Data for fiscal years 1993 to 1998 are shown as follows:

	Amount (expressed in thousands)	Ratio of Net Bonded Debt to Assessed Value (46.7% of Present Market)	Ratio of Debt to Estimated Market Value	Bonded Debt Per Capita
General obligation bonds:				
1998	\$3,270,525	2.3%	1.06	\$642.03
1997	3,025,394	2.2	1.01	596.49
1996	2,859,939	2.1	.97	567.17
1995	2,619,069	2.0	.91	519.04
1994	2,504,004	1.9	.89	504.33
1993	2,279,390	1.8	.85	464.42