

To The Honorable Members Of The General Assembly  
And The Governor

December 31, 1980

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, 1980. 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.

As in the prior year, an independent outside auditor's report adds credibility to the financial information contained in the Annual Report.

FINANCIAL HIGHLIGHTS

While a softening of the economy in the latter part of Fiscal Year 1980 was reflected in lower than expected tax revenues for the fourth quarter, revenues for the year as a whole exceeded those of the prior year. Maryland ended the year in strong financial condition.

Revenues and Fund Balances

Maryland maintained its objective of providing dividends to its taxpayers in the form of tax relief rather than committing revenues to marginal programs. Tax relief measures implemented in the fiscal year provided direct savings in excess of \$110 million for the taxpayers of Maryland.

Notwithstanding the softness of the economy and planned tax relief, Maryland's revenues exceeded those of the prior year as demonstrated in the following comparison of major revenues for Fiscal Years 1979 and 1980:

	Millions		
	1980	1979	Improvement
Income Taxes	\$1,219.4	\$1,107.5	\$111.9
Sales Taxes	712.8	699.2	13.6
Other Taxes	438.6	395.5	43.1
Federal Revenues	996.1	882.0	114.1

Ending fund balances for all governmental fund types totaled \$693,781,000 at June 30, 1980, as compared to \$742,106,000 at June 30, 1979, a decrease of \$48,325,000. This decrease is primarily attributable to diminished resources for capital projects during the fiscal year. A subsequent bond sale replenished these resources. The general fund balances remained relatively stable during the year and amounted to \$288,492,000 at June 30, 1980.

Expenditures

In addition to direct tax relief, Maryland moved further to alleviate the taxpayer's burden in a time of national economic uncertainty by drawing upon fund balances from the prior year to assist in the funding of essential programs. This source, together with current revenues, allowed Maryland to continue needed services to its citizens while preserving a strong financial position. A comparison of major expenditure categories for Fiscal Years 1979 and 1980 follows:

	Millions	
	1980	1979
Current	\$3,779.1	\$3,378.0
Debt Service	293.9	269.8
Capital Outlay	219.2	207.8
Total	\$4,292.2	\$3,855.6

