

Management of financial resources is exercised through the legally mandated budgetary system of the State. As planned, the budgetary system produced a positive general fund balance at June 30, 1983. For further information on these differences, see footnote 3 to the financial statements.

The special revenue unreserved fund balance of \$117,912,000 declined \$11,510,000 from the preceding year because the excess of expenditures over revenues was slightly higher than the net other sources of financial resources. The debt service unreserved fund balances of \$474,479,000 increased \$72,197,000 from the prior year. This increase, which is consistent with prior years, is occurring to meet future debt service requirements.

#### Debt Administration

The ratio of net bonded debt to assessed value and the amounts of bonded debt per capita are considered to be useful indicators of the State's debt position to State management, citizens and investors. These data for fiscal years 1982 and 1983 were as follows:

|                           | Amount<br>(expressed<br>in<br>thousands) | Ratio of Net<br>Bonded Debt<br>to Assessed<br>Value (45.6% of<br>Present Market) | Ratio of Debt<br>to Present<br>Market Value | Bonded<br>Debt Per<br>Capita |
|---------------------------|--|--|---|------------------------------|
| General obligation bonds: |  |  |   |                              |
| 1982                      | \$2,207,660                              | 4.62%  | 2.16%                                       | \$517.62                     |
| 1983                      | \$2,409,890                              | 4.61%  | 2.11%                                       | \$557.97                     |

Additionally, outstanding limited obligation bonds of the Department of Transportation amounted to \$757,200,000 at June 30, 1983. Debt service on these bonds are provided principally by excise taxes levied by statute. Self-supporting revenue bonds outstanding at June 30, 1983 were \$828,539,000. Other long-term obligations of \$567,168,000 are pension liabilities which represent the excess of retirement costs over retirement expenditures since 1978 and are being funded on a long-term basis through annual contributions, principally from general fund revenue.

In 1978, the Capital Debt Affordability Committee was created to study the State's debt structure and to recommend maximum limitations on annual debt authorizations. Although the recommendations of the Committee are not binding on the State's General Assembly, the amounts of annual general obligation bond authorizations for 1983 were within the limits established by the Committee. For the fiscal year 1983, new general obligation bond authorizations amounted to \$190,249,500.

The following tabulation shows the general obligation bonds issued during the past three fiscal years.

#### State of Maryland—General Obligation Bonds

| <u>Date of Issue</u> | <u>Amount</u> | <u>Average<br/>Life in Years</u> | <u>Effective<br/>Interest<br/>Rate</u> | <u>Interest Cost<br/>Per Borrowed<br/>Dollar</u> |
|----------------------|---------------|----------------------------------|--|--|
| March 1, 1981        | \$149,095,000 | 6.9                              | 8.19%                                  | 56.3¢  |
| July 1, 1981         | 91,915,000    | 10.1                             | 9.20                                   | 93.0   |
| November 15, 1981    | 96,265,000    | 10.2                             | 11.30                                  | 115.6  |
| July 1, 1982         | 140,495,000   | 10.4                             | 11.10                                  | 115.6  |
| December 1, 1982     | 126,735,000   | 10.3                             | 8.37                                   | 86.0   |
| June 30, 1983        | 125,000,000   | 10.1                             | 8.31                                   | 83.9   |

Maryland's general obligation bonds have been rated Aaa by Moody's Investors Service and AAA by Standard and Poor's for a number of years.

Additionally, limited obligation bonds issued by the Department of Transportation and self supporting revenue bonds issued by enterprise agencies amounted to \$74,875,000 and \$178,862,000, respectively during 1983.