

Enterprise, Fiduciary, and Higher Education Funds

All enterprise funds, with the exception of Maryland Deposit Insurance Fund Corporation, reported retained earnings for the year ended June 30, 1985. Maryland Environmental Service and Maryland State Lottery reported a decline in retained earnings during the year. Overall the decrease in retained earnings for enterprise funds during 1985 was \$232,169,000 of which \$305,986,000 was attributable to the acquisition of the Maryland Savings-Share Insurance Corporation (MSSIC). Excluding the acquisition of MSSIC, the retained earnings of the enterprise funds increased \$73,817,000 as compared to an increase of \$64,691,000 in 1984.

Fiduciary fund types include expendable and nonexpendable trust funds, pension trust fund, and agency funds. Agency funds are custodial in nature and do not report fund balances. All other fiduciary fund types reported fund balances of \$5,002,017,000 at June 30, 1985, as compared to \$4,237,786,000 at June 30, 1984.

The total fund balance for the higher education fund was \$1,127,520,000 at June 30, 1985, as compared to \$1,134,565,000 at June 30, 1984.

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 the higher education fund. As of June 30, 1985, the general fixed assets of the State amounted to \$2,942,715,000. 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 the Executive and Judicial branches of 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 Government Finance Officers Association of the United States and Canada (GFOA) 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, 1984.

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 GFOA to determine its eligibility for another certificate.