

The special revenue unreserved fund balance of \$118,674,000 decreased \$74,589,000 from the preceding year because of the transfer of \$100,000,000 to the Maryland Deposit Insurance Fund Corporation. However, with the exclusion of that transfer, the special revenue unreserved fund balance would have increased by \$25,411,000 primarily because of significant increases in motor vehicle taxes and fee revenues. The debt service unreserved fund balance of \$261,192,000 decreased \$323,115,000 from the prior year as a result of the defeasance of transportation bonds.

Debt Administration

The ratio of net bonded debt to assessed property 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. Data for fiscal years 1985 and 1986 are shown as follows:

	<u>Amount (expressed in thousands)</u>	<u>Ratio of Net Bonded Debt to Assessed Value (50.6% of Present Market)</u>	<u>Ratio of Debt to Present Market Value</u>	<u>Bonded Debt Per Capita</u>
General				
obligation bonds:				
1985	\$2,231,295	3.67%	1.87%	\$508.50
1986	\$2,110,075	3.18%	1.61%	\$480.00

Additionally, outstanding limited obligation bonds of the Department of Transportation amounted to \$441,470,000 at June 30, 1986. Debt service on these bonds is provided principally by excise taxes levied by statute. Self-supporting revenue bonds outstanding at June 30, 1986 were \$1,758,219,000. Long-term obligation for accrued retirement costs of \$555,292,000 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. Long-term obligations for accrued annual leave of \$71,345,000 represent the value of accumulated earned but unused annual leave for general government employees at June 30, 1986.

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 1986 were within the limits established by the Committee. For the fiscal year 1986, new general obligation bond authorizations amounted to \$223,034,000.

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 Life in Years</u>	<u>Effective Interest Rate</u>	<u>Interest Cost Per Borrowed Dollar</u>
March 1, 1984	\$116,700,000	10.1	8.18%	82.7¢
September 1, 1984	138,990,000	10.1	8.78	88.9
March 1, 1986	124,585,000	10.2	6.50	65.1

Since June 30, 1983 the State has redeemed more general obligation bonds than it has issued, resulting in a decline in general obligation bonds outstanding of \$299,815,000.

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 \$8,795,000 and \$554,125,000, respectively, during 1986.