

Capital Projects Fund

Proceeds of general obligation bond issues are accounted for in the capital projects fund. Completed projects and uncompleted construction in progress at year end which are assets of the State are capitalized in the general fixed assets account group, the appropriate enterprise fund for self-supporting projects or the higher education fund. During fiscal year 1987, state projects costing \$134,290,000, were completed. State grants for capital projects of local governments and other public organizations amounted to \$138,724,000 in the fiscal year, an increase of \$50,085,000 over 1986.

Authorized but unissued general obligation bonds at June 30, 1987 totaled \$935,032,000.

Enterprise, Fiduciary, and Higher Education Funds

All enterprise funds with the exception of Maryland Deposit Insurance Fund Corporation reported retained earnings at June 30, 1987. The Maryland Environmental Service and Maryland Deposit Insurance Fund Corporation reported a decline in retained earnings during the year. Overall retained earnings for enterprise funds declined during 1987 by \$78,658,000 as compared to an increase of \$172,002,000 in 1986.

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 \$6,823,680,000 at June 30, 1987, as compared to \$5,879,235,000 at June 30, 1986.

The total fund balance for the higher education fund was \$1,285,332,000 at June 30, 1987, as compared to \$1,231,362,000 at June 30, 1986.

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, 1987, the general fixed assets of the State amounted to \$3,443,320,000. 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 general purpose 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.