

For the future, the State has developed several new initiatives as well as a continuance of past initiatives. The State will continue its commitment to the Action Plan for Educational Excellence and its expansion of transportation related capital projects. The State has identified the need for new prison construction. The State plans to start this initiative in 1989 and projects a total price tag in current dollars, of \$368 million over 11 years. Another major capital project initiative is the construction of two stadiums in the Camden Yards section of Baltimore City to house major league baseball and football events. The Baltimore Orioles baseball team has entered into a lease agreement with the Maryland Stadium Authority. The Authority is beginning the final design phase on the baseball stadium and property acquisition for the entire complex.

Other initiatives include the modernization of the State's MED-EVAC helicopter fleet, a new governance structure for higher education which will provide better coordination and utilization of the State's facilities and resources, a light rail express system to serve the high density region of our State, and funds to help AIDS victims through intensified education, counseling, and testing. Also, the State, in cooperation with its neighbors, is bolstering its efforts in the Chesapeake Bay clean-up and the implementation of conservation projects that will slow or eliminate pollutants entering this vital natural resource.

The State has made a commitment to economic development and has created an Economic Development Opportunities Fund, the Office of International Trade, and the Office of Technology Development to assist business growth. The State has pledged to complete the repayments to depositors who had funds in failed savings and loan institutions by the end of 1989.

### FINANCIAL INFORMATION

The State has issued guidelines to its agencies for establishing an effective system of internal control. Internal control is the overall plan of organization and all the coordinate methods used to safeguard assets; ensure the reliability of the accounting data; promote efficient operations and ensure compliance with established governmental policies, laws, regulations and contracts. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

As a recipient of federal assistance, the State is responsible for ensuring compliance with laws and regulations related to such assistance. This is accomplished through the internal control guidelines. Additionally, the State, excluding higher education institutions, is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U. S. Office of Management and Budget Circular A-128. The State's higher education institutions single audit is required under Circular A-110. Detail information related to these single audits are included in separate reports.

The Maryland Constitution requires the Governor to submit to the General Assembly an annual balanced budget for the following year. The General Assembly cannot increase the budget except in certain organizational units. The budget currently uses a legally mandated budgetary fund structure but migration to a fund structure based on generally accepted accounting principles has begun starting with the higher education funds. Each state agency is provided appropriations at a program level at which expenditures cannot legally exceed the appropriations. The State also utilizes an encumbrance system to serve as a tool for managing available appropriations.

Maryland maintains its accounts to conform to generally accepted accounting principles and also to comply with the legally mandated budget. Financial control is generally exercised under the budgetary system.