

Maryland Higher Education Loan Corporation
Maryland Deposit Insurance Fund Corporation
Maryland Stadium Authority
Unemployment Insurance Program
Maryland State Retirement and Pension Systems
University of Maryland System
St. Mary's College of Maryland
Morgan State University

The Maryland School for the Blind, Blind Industries and Services of Maryland, Maryland Economic Development Corporation, Maryland Health and Higher Education Facilities Authority, Maryland Automobile Insurance Fund, Maryland State Accident Fund, Maryland National Capital Park and Planning Commission, State Employees Credit Union, and the Maryland Credit Union Insurance Corporation have not met the criteria for inclusion in the reporting entity, and accordingly, are excluded from this report.

ECONOMIC CONDITION AND OUTLOOK

Economic growth is slowing, thus indicating a less favorable economic condition for the 1991 fiscal year. However, the unemployment rate for fiscal year 1990 declined when compared to fiscal year 1989 and remains below the national average. Due to the large diversity of manufacturing and retail businesses located in Maryland, the State's economy remains relatively stable. Because of the diversity, a downturn in any particular segment of the industries in the State should not cause a severe impact on the State's economy.

To assist economic development and growth for the future, the State initiated an Economic Development Opportunities Fund in 1989 and provided additional contributions in 1990 and 1991 to help assure commercial and industrial expansion.

MAJOR INITIATIVES

During the year, the State was able to finance many needed services and initiatives as a result of a substantial budgetary fund balance at the end of fiscal year 1989.

The State continued its commitment to the Action Plan for Educational Excellence which provides for the State to increase its participation in elementary and secondary education. Transportation related capital projects continued at an expanded level. The State is continuing its long term initiative for new prison construction and has begun construction of a new baseball stadium to house Baltimore Orioles baseball.

The State continued with the modernization of the State's MED-EVAC helicopter fleet, a new governance structure for higher education, a light rail express system, funds to provide help to victims of AIDS and the clean-up of the Chesapeake Bay.

The State provided additional funds to the State Reserve Fund for the purposes of retaining revenues for future needs and supplementing existing programs for extraordinary economic development opportunities that may arise. The State also repaid depositors who had insured accounts in failed savings and loan institutions from the State Reserve Fund.

For 1991, the 1990 initiatives will be continued, many at an expanded level. Major financial commitments have been made to the State's higher education system and in the fight against drug and alcohol abuse. Also, a substantial increase has been made to funds used to provide adequate public assistance for those citizens who are in need.

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.