

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
New Community College of Baltimore
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, Injured Workers' Insurance Fund (formerly the 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 conditions deteriorated badly in Maryland during fiscal year 1991. As a result, Maryland's more economically sensitive revenue sources performed poorly. However, during the July-September period, total employment increased, indicating better economic circumstances in the period ahead. The diversity of Maryland's economy, coupled with improved national economic prospects, indicate further improvements in State employment and personal income. As a consequence, Maryland's revenue situation should improve.

MAJOR INITIATIVES

During the year, the State was able to continue providing the many needed services to its citizens. The State is committed to the Action Plan for Educational Excellence which provides for the State to increase its participation in elementary and secondary education. The State is continuing its long-term initiative for new prison construction. Construction of a new baseball stadium to house Baltimore Orioles baseball is nearing completion for opening day of the 1992 season.

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 plans to continue these initiatives into fiscal year 1992. The level of commitment, however, will be dependent upon the State's revenue situation.

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 performed under Circular A-133. Detail information related to these single audits is included in separate reports.