

State Use Industries
Maryland Higher Education Loan Corporation
Maryland Deposit Insurance Fund Corporation
Maryland Stadium Authority
Unemployment Insurance Program
Maryland State Retirement and Pension Systems
Mass Transit Administration Pension Plan
University of Maryland System
Baltimore City Community College
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

Maryland's economy is expected to continue to grow more slowly than the national economy during the next 18 months. Maryland's nonfarm payroll employment, which declined during the past two years, appears to have stabilized and is expected to grow by only 0.2 percent in calendar year 1993 and by 1.5 percent in 1994. State personal income is expected to grow slowly, rising by only 3.0 percent in calendar year 1992, 4.0 percent in 1993 and 5.0 percent in 1994. The calendar year 1992 growth reflects an 11.8 percent growth in transfer payments, but only a 2.7 percent growth in wages and salaries.

MAJOR INITIATIVES

Providing the many necessary services to the people of Maryland, while at the same time maintaining a fiscally sound position, was a major challenge in fiscal year 1992 that continues into 1993. Even though budget shortfalls and cost containment programs overshadowed much of the policy making, some significant accomplishments were made during the year.

The new home for Baltimore Orioles Major League baseball was completed in time for opening day of the 1992 season. Oriole Park at Camden Yards not only met with rave reviews from the fans and players, but is becoming a Maryland tourist attraction. Serving the Stadium and other parts of Baltimore City is the first phase of a 27-mile light rail express system that also was completed during 1992.

The State made some reforms to the welfare system during the year that will hold certain recipients more accountable. Changes to the medicaid program now provides for managed care for certain participants. The State is under way with the development and implementation of a comprehensive Financial Management Information System that will replace duplicative and outdated systems throughout the State.

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. Detailed information related to these single audits is included in separate reports.