

Total employment in service industries is expected to grow an average of 3.5 percent per year between 1993 and 1995. Health services will be an important contribution to job growth. Maryland's high-tech sector remains among its brightest prospects. The majority of Maryland's high-tech employment is in information technology.

On balance, total employment will recover gradually, as the continuing decline in some sectors offsets the improvement in others. Maryland personal income is projected to increase by 3.9 percent, 5.6 percent and 5.8 percent in calendar years 1993, 1994 and 1995, respectively.

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 1993 that continues into 1994. Even though budget shortfalls and cost containment programs overshadowed much of the policy making, some significant accomplishments were made during the year.

There were certain initiatives for the new year. Additional funding is provided for expanding pre-kindergarten programs, increasing funding for the dropout prevention program, expanding the promotion and use of contraceptives, increasing preventive health, prenatal and maternal care programs. Funding is provided to help keep the elderly in their homes and prevent costly nursing home placements. Funds are also provided to raise the balance of the State Reserve Fund to \$100 million.

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.

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. Each state agency is provided appropriations at a program level, the 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 with generally accepted accounting principles and also to comply with the legally mandated budget. Financial control is generally exercised under the budgetary system.

As of June 30, 1992, the Maryland Transportation Authority was classified as an Enterprise Fund. Effective July 1, 1992, it is being accounted and reported for using the governmental fund measurement focus in order to more properly reflect the nature of its activities.

General Governmental Functions

Revenues of the general governmental functions (excluding capital projects) totaled \$10,813,808,000 for the fiscal year ended June 30, 1993. This represents an increase of 8.7 percent over revenues for the fiscal year 1992. Income tax, the largest source of revenue, produced 30.6 percent of general governmental revenues in fiscal years 1993 and 1992. The revenues from various sources and the changes from last year are shown in the following tabulation (amounts expressed in thousands):