

*Higher Education Fund:*

Property, plant and equipment, as of June 30, 1993, consisted of the following (amounts expressed in thousands):

Land .....	\$ 49,221
Structure and improvements .....	1,631,351
Equipment .....	658,861
Construction in progress .....	146,422
<b>Total .....</b>	<b>\$2,485,855</b>

**9. General Obligation Bonds:**

General obligation bonds are authorized and issued primarily to provide funds for State owned capital improvements, including facilities for institutions of higher education, and the construction of public schools in political subdivisions. Bonds have also been issued for local government improvements, including grants and loans for water quality improvement projects and correctional facilities, and to provide funds for loans or outright grants to private, not-for-profit cultural or educational institutions. Under constitutional requirements and practice, the Maryland General Assembly, by a separate enabling act, authorizes a loan for a particular object or purpose. Thereafter, the Board of Public Works, a constitutional body composed of the Governor, the Comptroller of the Treasury and the State Treasurer, by resolution, authorizes the issuance of bonds in a specified amount for part or all of the loan authorized by a particular enabling act.

General obligation bonds, which are paid from the general obligation debt service fund, are backed by the full faith and credit of the State and, pursuant to the State Constitution, must be fully paid within 15 years from the date of issue. Property taxes, debt service fund loan repayments and general fund appropriations provide the resources for repayment of general obligation bonds.

The proceeds from general obligation bonds issued after December 31, 1986, are subject to Federal regulations governing the investment and use of proceeds of tax-exempt debt issuances.

Bonds issued after January 1, 1988, are subject to redemption provisions at the option of the State.

During fiscal year 1993, general obligation bonds aggregating \$260,410,000 were issued at a discount of \$2,348,000.

On May 19, 1993, the State issued \$147,740,000 in general obligation bonds with an average interest rate of 4.76% to advance refund \$130,475,000 of certain outstanding 1987-1990 series bonds with an average interest rate of 6.81%. The net proceeds of \$146,065,000 (after payment of \$1,675,000 in underwriters discount and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result these bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group. The State advance refunded certain 1987-1990 series bonds to reduce its total debt service payments over the next 15 years by \$5,549,000 and to obtain an economic gain (difference between the present values of the debt service payment on the old and new debt) of \$4,874,000.

General obligation bonds outstanding and bonds authorized, but unissued, as of June 30, 1993, were as follows (amounts expressed in thousands):

Purpose	Outstanding		Authorized But Unissued
	Interest Rates	Amount	Amount
General construction .....	4.7% to 11.3%	\$ 948,709	\$ 186,687
Public school construction .....	4.7 to 11.3	463,145	6,000
Water quality .....	4.7 to 11.3	184,640	90,881
Sanitary facilities and sewage treatment .....	5.0 to 11.3	9,230	13,350
Hospitals and nursing homes .....	4.7 to 11.3	31,160	8,850
Community colleges and vocational schools .....	4.7 to 11.0	32,570	11,325
Housing loans .....	4.7 to 11.3	37,085	3,203
Jails and correctional institutions .....	4.7 to 11.3	100,074	77,768
Private colleges .....	5.0 to 11.3	34,992	18,150
Social, cultural and historical .....	4.7 to 11.3	68,725	39,129
Consolidated capital bonds .....	4.5 to 5.5	54,816	620,308
Refunding debt .....	4.5 to 5.1	147,740	
Other .....	4.7 to 11.3	166,504	63,367
		<b>\$2,279,390</b>	<b>\$1,139,018</b>