

Debt Administration

The ratios of net bonded debt to assessed property value, debt to present market value, and bonded debt per capita are considered to be useful indicators of the State's debt position to State management, citizens and investors. Data for fiscal years 1993 and 1994 are shown as follows:

	<u>Amount</u> (expressed in thousands)	<u>Ratio of Net</u> <u>Bonded Debt</u> <u>to Assessed</u> <u>Value (46.2% of</u> <u>Present Market)</u>	<u>Ratio of</u> <u>Debt to</u> <u>Present</u> <u>Market</u> <u>Value</u>	<u>Bonded</u> <u>Debt Per</u> <u>Capita</u>
General obligation bonds:				
1993	\$2,279,390	1.83%	.85	\$464.42
1994	2,504,004	1.93	.89	504.33

Additionally, outstanding limited obligation bonds of the Department of Transportation and the Maryland Transportation Authority amounted to \$1,046,135,000 and \$302,541,000, respectively, at June 30, 1994. Debt service on the Department of Transportation bonds is provided principally by excise taxes levied by statute. Debt service on the Maryland Transportation Authority bonds is payable from revenues of the projects of the Authority. Self-supporting revenue bonds outstanding at June 30, 1994 amounted to \$5,145,524. Long-term obligations for accrued annual leave of \$131,725,000 represent the value of accumulated earned but unused annual leave for general government employees at June 30, 1994.

Limited obligation bonds issued by the Department of Transportation and self-supporting notes payable and revenue bonds issued by enterprise agencies amounted to \$543,745,000 and \$33,039,000, respectively, during 1994.

In 1978, the Capital Debt Affordability Committee was created to study the State's debt structure and to recommend maximum limitations on annual debt authorizations. Although the recommendations of the Committee are not binding on the State's General Assembly, the amounts of annual general obligation bond authorizations for 1994 were within the limits established by the Committee. For the fiscal year 1994, new general obligation bond authorizations amounted to \$379,889,000.

The following tabulation shows the general obligation bonds issued during the past three fiscal years:

State of Maryland — General Obligation Bonds

<u>Date of Issue</u>	<u>Amount</u>	<u>Average</u> <u>Life in Years</u>	<u>Effective</u> <u>Interest</u> <u>Rate</u>	<u>Interest Cost</u> <u>Per Borrowed</u> <u>Dollar</u>
July 10, 1991	\$100,000,000	9.9	6.26%	61.8¢
October 9, 1991	120,000,000	9.8	5.70	55.8
May 13, 1992	120,000,000	9.8	5.69	55.7
January 13, 1993	130,000,000	9.7	5.76	51.2
May 19, 1993	278,150,000	9.6	4.99	47.8
October 6, 1993	283,545,000	9.3	4.36	40.5
February 16, 1994	184,210,000	8.2	4.36	35.7
May 18, 1994	120,000,000	9.7	5.24	51.0

Maryland's general obligation bonds have been rated Aaa by Moody's Investors Service and AAA by Standard & Poor's and Fitch Investors, Inc. for a number of years.

Cash Management

During the year, temporary surpluses of cash in general governmental funds were invested in repurchase agreements and U.S. Treasury and agency obligations with maturities ranging from one to 181 days and in time deposits ranging from 180 to 365 days. As of June 30, 1994, the State's cash resources for general governmental funds were invested as follows: in repurchase agreements, 67.8%; in U.S. Treasury and agency obligations, 30.9%; and in certificates of deposit and other, 1.3%. The average yield on maturing investments during the year was 3.5%, as compared to 3.3% in the prior year, and the amount of interest received was \$56,120,000, which was \$20,962,000 more than the previous year. The State does not invest in speculative derivative securities.