

C. Component Units:

Property, plant and equipment of the discretely presented Component Units, as of June 30, 1997, consists of the following (amounts expressed in thousands).

| | Higher Education Fund | Proprietary Funds |
|---|-----------------------|-------------------|
| Land and improvements (proprietary funds include \$1,378 of land held for development)..... | \$ 216,760 | \$ 4,451 |
| Structure and improvements..... | 2,048,006 | 41,791 |
| Equipment..... | 573,246 | 12,314 |
| Construction in progress..... | 185,722 | 66 |
| | <u>3,023,734</u> | <u>58,622</u> |
| Less: accumulated depreciation..... | | 24,786 |
| Total..... | <u>\$3,023,734</u> | <u>\$ 33,836</u> |

9. Long-Term Obligations

A. General Long-Term Debt:

Changes in general long-term debt, for the year ended June 30, 1997, are as follows (amounts expressed in thousands).

| | General Obligation Bonds | Transportation Bonds | Maryland Transportation Authority Bonds | Accrued Self- Insurance Costs | Accrued Annual Leave | Obligations Under Capital Leases | Obligations Under Capital Leases with Component Units | Total Long-Term Obligations |
|---|--------------------------------|-------------------------|--|--|----------------------------|---|---|-----------------------------------|
| Balance, July 1, 1996..... | \$2,859,939 | \$979,880 | \$408,431 | \$115,366 | \$146,694 | \$ 99,840 | \$213,396 | \$4,823,546 |
| Bond issuances..... | 410,000 | 50,000 | | | | | | 460,000 |
| Bond accretion..... | | | 3,287 | | | | | 3,287 |
| New obligations under capital leases..... | | | | | | 6,599 | 55,601 | 62,200 |
| Reduction in bond principal..... | (244,545) | (94,525) | (19,780) | | | | | (358,850) |
| Retirements of obligations under capital leases..... | | | | | | (20,592) | (1,804) | (22,396) |
| Net increase in accrued self- insurance costs..... | | | | 8,529 | | | | 8,529 |
| Net decrease in accrued annual leave..... | | | | | (2,354) | | | (2,354) |
| Balance, June 30, 1997..... | <u>\$3,025,394</u> | <u>\$935,355</u> | <u>\$391,938</u> | <u>\$123,895</u> | <u>\$144,340</u> | <u>\$ 85,847</u> | <u>\$267,193</u> | <u>\$4,973,962</u> |

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 loans for particular objects or purposes. Thereafter, the Board of Public Works, a constitutional body comprised of the Governor, the Comptroller of the Treasury and the State Treasurer, by resolution, authorizes the issuance of bonds in specified amounts for part or all of the loans authorized by particular enabling acts.

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. During fiscal year 1997, the State issued \$410,000,000 of general obligations with related issuance costs of \$174,000.

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

As of June 30, 1997, the State has \$310,515,000 of defeased debt outstanding, none of which was defeased during the year ended June 30, 1997.