

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Maryland for its comprehensive annual financial report for the fiscal year ended June 30, 1986.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

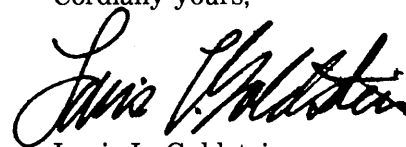
Outlook

Economic conditions are favorable and continued expansion is expected during 1987 and 1988, thus indicating favorable revenue prospects for the 1988 fiscal year. Rising employment and income within the State should ensure that general fund revenues will grow at a rate consistent with budgeted general fund expenditures during the 1988 fiscal year.

General fund revenues will be increased by provisions of the Federal Tax Reform Act of 1986, which will expand the individual and corporate income tax bases in tax year 1987 and thereafter. These gains will be partially offset by state legislation which increased the personal exemptions and standard deductions claimed on individual tax returns filed for the 1987 and subsequent tax years. Additional revenues have also been recognized in fiscal year 1988 as a result of implementing a tax amnesty program.

I will be please to furnish additional information on the State's finances upon request.

Cordially yours,



Louis L. Goldstein
Comptroller of the Treasury
of Maryland