



ARTHUR ANDERSEN & CO, SC

Arthur Andersen & Co.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Honorable Louis L. Goldstein
Comptroller of the Treasury of Maryland

We have audited the accompanying general purpose financial statements of the State of Maryland as of June 30, 1992, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the State of Maryland's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of four loan insurance programs and six loan programs of the Maryland Departments of Housing and Community Development and Economic and Employment Development, Maryland Food Center Authority, Maryland Transportation Authority, Maryland Environmental Service, State Use Industries, Maryland Higher Education Loan Corporation, and Maryland Stadium Authority which represent total assets, revenues and expenses constituting 43.9 percent, 16.9 percent and 21.8 percent, respectively, of the related combined totals for Enterprise Funds and we did not audit the financial statements of the State Retirement and Pension Systems which represent total assets, revenues and expenses constituting 99.9 percent, 99.6 percent and 99.8 percent, respectively, of the related combined totals for Pension Trust Funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned component units, is based solely on the reports of other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Maryland as of June 30, 1992, and the results of its operations and the cash flows of its Enterprise Funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules listed in the table of contents, which are also the responsibility of the State of Maryland's management, are presented for purposes of additional analysis and to meet legal reporting requirements and are not a required part of the general purpose financial statements. The information, except for the Schedules of Estimated Revenues and General, Special, Federal, Current Unrestricted and Current Restricted Fund Appropriations-Budgetary Basis for the year ending June 30, 1993 (pages 75 and 76), has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and the reports of other auditors referred to above, and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The other data included in this report have not been audited by us and, accordingly, we express no opinion on such data.

Arthur Andersen & Co.

Baltimore, Maryland
October 30, 1992