

In our opinion, based on 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, 1999, and the results of its operations and the cash flows of its Enterprise Funds and Component Unit Proprietary Funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 1, 1999, on our consideration of the State of Maryland's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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 – Budgetary Basis and General, Special, Federal, Current Unrestricted and Current Restricted Fund Appropriations – Budgetary Basis for the year ending June 30, 2000 (pages 95 and 96) 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 Year 2000 supplementary information on pages 72–73 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board (GASB), and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because disclosure criteria specified by GASB Technical Bulletin 98-1, as amended, are not sufficiently specific to permit meaningful results from the prescribed procedures. In addition, we do not provide assurance that the State of Maryland is or will become Year 2000 compliant, that the State of Maryland's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the State of Maryland does business are or will be Year 2000 compliant.

The other data included in the Comprehensive Annual Financial Report have not been audited by us and, accordingly, we express no opinion on such data.

A handwritten signature in black ink that reads "Arthur Anderson LLP". The signature is written in a cursive, flowing style.

Baltimore, Maryland
November 1, 1999