

COOPERS & LYBRAND

CERTIFIED PUBLIC ACCOUNTANTS

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

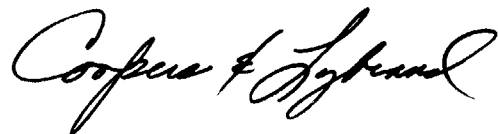
We have examined the general purpose combined financial statements of the various funds and Long-Term Obligations Account Group of the State of Maryland as of June 30, 1979 and for the year then ended as listed in the Table of Contents on page vii. Except as described in the following paragraph, our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of the Maryland Transportation Authority, Maryland State Lottery Agency, Maryland Environmental Service and the Maryland Food Center Authority, which statements reflect total assets and revenues constituting 70 percent and 92 percent, respectively, of the related combined totals for Other Enterprise Funds. These statements were examined by other auditors whose reports thereon were furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the above mentioned units, is based solely upon the reports of other independent auditors. We did not examine the historical cost records of the property, plant and equipment reflected in the General Fixed Assets Account Group and, accordingly, we express no opinion thereon.

Because of major inadequacies in the accounting records of the University of Maryland Hospital for the previous year, it was not practicable to extend our auditing procedures to enable us to satisfy ourselves as to the fairness of presentation of the results of operations, or the consistency of application of accounting principles with the preceding years, of the University of Maryland Hospital which constitutes 13% of the combined total revenues and operating transfers and 16% of the combined total expenses of the Higher Education and University Hospital Funds.

In prior years the State maintained its accounting records and prepared its financial statements on the basis of accounting prescribed for budgeting purposes. As more fully described in Note 4 to the financial statements, certain adjustments were made effective July 1, 1978 to present the State's financial statements for the year ended June 30, 1979 in conformity with generally accepted accounting principles. However, it was not practicable to determine what adjustments would be necessary in the financial statements of the year ended June 30, 1978 to restate them in conformity with the accounting principles used in the year ended June 30, 1979.

The results of operations and changes in financial position of the Maryland Transportation Authority for the period August 24, 1978 to June 30, 1979 (the period since the operations of its transportation facilities were combined) are included in the combined financial statements of the Other Enterprise Funds. The financial statements of the Maryland State Employees Deferred Compensation Plan as of December 31, 1978 and for the year then ended (its fiscal year) are included in the combined financial statements of the Expendable Trust Funds. Our opinion expressed herein relates to those units for the above stated periods and date.

In our opinion, based upon our examination and the reports of other auditors, and except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to extend our auditing procedures to enable us to satisfy ourselves as to the results of operations of the University of Maryland Hospital, the general purpose combined financial statements referred to in the first sentence of the first paragraph above, present fairly the combined financial position of the various funds and Long-Term Obligations Account Group of the State of Maryland as of June 30, 1979, and the combined results of operations of such funds and the combined changes in financial position of the Other Enterprise Funds, Nonexpendable Trust Funds and Pension Trust Funds for the year then ended, in conformity with generally accepted accounting principles.



Baltimore, Maryland
December 7, 1979