

Cash Management

During the year, temporary surpluses of cash in general governmental funds were invested in repurchase agreements and U.S. Treasury and agency obligations with maturities ranging from one to 181 days and in time deposits ranging from 180 to 365 days. As of June 30, 1990, the State's cash resources for general governmental funds were invested as follows: in repurchase agreements, 70.7 percent; in U.S. Treasury and agency obligations, 27.0 percent; and in certificates of deposit and other, 2.3 percent. The average yield on maturing investments during the year was 8.6 percent, as compared to 9.1 percent in the prior year, and the amount of interest received was \$125,518,000, which was \$33,000 less than the previous year.

Risk Management

The State is involved in legal proceedings, which normally occur in government operations. Such proceedings, in the opinion of the Attorney General, are not likely to have a material adverse impact on the financial position of the State's funds, with the possible exception of litigation pertaining to the past savings and loan crisis, the outcome of which cannot presently be determined.

Shortly after the savings and loan crisis, the State enacted legislation which created the Maryland Deposit Insurance Fund Corporation (MDIFC), an agency of the State, and required savings accounts of all associations operating in the State to be insured by either MDIFC or FSLIC. Six of the associations are currently in receivership, four of which the insured accounts have been acquired by four different banks. The State repaid insured depositors who had funds in these failed associations.

In addition, the State is very active in the management of its fleet safety program and its various inspection services pertaining to property, plant, and equipment. The State recently replaced commercial insurance with self-insurance for a number of minor coverages. Other self-insured risks include: damage to State property below the limits of the blanket catastrophic policy, fidelity bond, volunteer accident, deductibles on numerous commercial policies, and judgement and settlements arising from actions in which the violation of a constitutional right is asserted.

OTHER INFORMATION

The statutes of the State require an audit of every unit of the Executive and Judicial branches of government, including the Comptroller of the Treasury's records, by the Legislative Auditor at least every two years. The Legislative Auditor is required to be and is a certified public accountant. The Legislative Auditor makes fiscal, compliance and performance audits of the various agencies and departments of the State and issues a separate report covering each of those audits. Although certain of those reports include presentations of detailed financial data and contain expressions of opinion thereon, the audits are usually not made for that purpose. The primary purpose of the reports is to present the Legislative Auditor's findings relative to the fiscal management of those agencies and departments.

Additionally, my office requires an audit of the State's general purpose financial statements by a firm of independent certified public accountants selected by an audit selection committee composed of members from the Executive and Legislative branches of State government. This requirement has been complied with, and the opinion of Deloitte & Touche has been included in the financial section of this report. Deloitte & Touche also performs audits to meet the requirements of the federal Single Audit Act of 1984, OMB Circular A-128, and OMB Circular A-110; such information being contained in other reports.

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, 1989.