

- Money market mutual funds.
- Commercial paper.
- Maryland Local Government Investment Pool.

A significant portion of the investments maintained by the State Treasurer consists of repurchase agreements. Collateral must be at least 102% of the book value of the repurchase agreements and must be delivered to the State Treasurer's custodian for safekeeping. Investments maturing within 90 days of purchase are reported at amortized cost in the financial statements as cash and cash equivalents.

Investments are classified as to credit risk by the three categories described below.

Category 1 Insured or registered, with securities held by the State or its agent in the State's name.

Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name.

Category 3 Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the State's name.

All of the State's investments held at year-end are subject to classification of credit risk except for those investments where the State owns units of a whole rather than specific securities, which by their nature are not subject to risk categorization. The State's pooled investments that are not subject to risk categorization include the Maryland Local Government Investment Pool, annuity and guaranteed investment contracts, mutual funds, real estate, venture capital and investments held by borrowers under securities loans with cash collateral.

#### *A. Cash and Cash Equivalents*

The bank deposits of the governmental fund types, expendable trust, Mass Transit Authority Pension Plan and agency funds of the Primary Government as of June 30, 1999, were insured or collateralized with securities held by the State or its agent in the State's name.

As of June 30, 1999, cash in the amount of \$4,129,000 was maintained with fiscal agents and represents resources transmitted to bond paying agents for which coupons have not been presented. This cash was invested in mutual funds that invest only in U.S. Treasury and agency obligations.

Reported as cash and cash equivalents in the governmental fund types are repurchase agreements aggregating \$2,374,829,000 (fair value of collateral of \$2,416,753,000); a U.S. Treasury bill of \$61,000 (fair value of \$61,000) and FHLM notes totaling \$6,917,000 (fair value of \$6,999,000). The collateral for the repurchase agreements is held by the State or its agent in the State's name. Also, reported as cash and cash equivalents are money market mutual funds totaling \$186,381,000.

The bank deposits of the Enterprise funds of the Primary Government as of June 30, 1999, were entirely insured or collateralized with securities held by the funds or its agents in the funds' names. Cash and cash equivalents of the Enterprise Funds as of June 30, 1999, was \$190,721,000 which represented \$11,526,000 in cash deposits insured by Federal depository insurance or collateralized by securities held in trustee bank accounts in the enterprise funds' name and \$179,195,000 in money market mutual funds.

As of June 30, 1999, cash and cash equivalents of the Maryland Local Government Investment Pool, Pension Trust Funds, the agency funds, and the Deferred Compensation Plan totaled \$971,446,000, which represented cash deposits of \$63,611,000 and cash equivalents of \$907,835,000. These cash equivalents, which are investments with original maturities of less than 90 days, consisted of \$285,410,000 of commercial paper, \$10,354,000 of repurchase agreements, \$601,306,000 in global pooled short-term funds carried at market and \$10,765,000 in money market mutual funds. All cash equivalents are categorized as category 1 for investment purposes except for the money market mutual funds and the global pooled short-term investments which are not categorized because they are not evidenced by securities that exist in physical or book entry form. Of the \$63,611,000 carrying value of deposits as of June 30, 1999, the amount of \$17,574,000 was pooled by the State and the bank balance of \$46,037,000 was uninsured and uncollateralized.

Cash and cash equivalents of the Component Units as of June 30, 1999, was \$182,688,000 most of which is pooled by the State except for \$8,740,000. The bank balance of cash deposited with financial institutions was \$9,983,000 of which \$9,114,000 was insured by Federal, private if foreign national government depository insurance, or was collateralized by a pledge of U.S. Treasury obligations held by Federal Reserve banks in the name of the banking institutions, and \$869,000 was uninsured and uncollateralized.