

The Pension Trust Fund, in accordance with Article 73 B, Section 160 of the Annotated Code of Maryland, is permitted to make investments subject to the terms, conditions, limitations, and restrictions imposed by the Board of Trustees of the Maryland State Retirement and Pension Systems. The law further provides that not more than 15% of the assets that are invested in common stocks may be invested in non-dividend paying common stocks. The pension trust fund's investments are commingled in three combined investment funds. Two investment funds consist principally of bonds and other fixed income investments while the other investment fund consists principally of common stocks. Investments of the pension trust fund are stated at cost, adjusted for amortization of premiums and accretion of discounts.

The investments at June 30, 1989 for the enterprise and pension trust funds are as follows (amounts expressed in thousands):

	Category			Carrying Value	Market Value
	1	2	3		
U. S. Treasury and agency obligations . . .	\$ 261,909			\$ 261,909	\$ 289,646
Commercial paper and money market	167,127			167,127	167,127
Corporate debt securities	5,746,478			5,746,478	6,362,787
Corporate equity securities	1,834,659			1,834,659	2,623,097
Annuity contract	196,858			196,858	196,858
Mutual funds	1,035,010			1,035,010	1,118,610
Other	327,467			327,467	325,461
Total	\$9,569,508			\$9,569,508	\$11,083,586

C. Higher Education Fund:

The bank deposits of the Higher Education Fund (Fund) as of June 30, 1989 were entirely insured or collateralized with securities held by the fund or its agent in the fund's name.

Investment funds established by higher education institutions relate principally to endowment and trust accounts required by debt instruments. In general, endowment funds can be invested in debt and equity securities and trust accounts can be invested only in debt securities. These investments include U. S. Treasury and agency obligations, certificates of deposit, commercial paper, repurchase agreements, bankers acceptances and money market funds.

Investments of the higher education institutions are stated at cost, adjusted for amortization of premiums and accretion of discounts. Certificates of deposit and other short-term investments in the Fund aggregating \$40,941,000 at June 30, 1989, are reported as cash and short-term investments.

The investments at June 30, 1989 for the higher education fund are as follows (amounts expressed in thousands):

	Category			Carrying Value	Market Value
	1	2	3		
U. S. Treasury and Agency Obligations . . .	\$29,919			\$29,919	\$29,938
Corporate debt securities	1,696			1,696	1,742
Corporate equity securities	21,603			21,603	31,314
Other	907	\$326		1,233	1,236
Total	\$54,125	\$326		\$54,451	\$64,230

5. Taxes Receivable:

Taxes receivable, as of June 30, 1989, consisted of the following (amounts expressed in thousands):

	Funds			
	General	Special Revenue	Debt Service	Trust and Agency
Income taxes	\$359,820			
Sales and use taxes	134,970			
Transportation taxes, principally motor vehicle fuel and excise		\$49,345		
Unemployment compensation taxes				\$68,844
Other taxes, principally alcohol, tobacco and property	3,286		\$3,666	
	498,076	49,345	3,666	68,844
Less allowance for doubtful accounts	648			14,762
Taxes receivable, net	\$497,428	\$49,345	\$3,666	\$54,082