

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. Certain amounts totalling \$210,537,000 (market value of \$210,746,000) are not invested in the investment funds, but are held as cash and short-term investments. Investments of the pension trust fund are stated at cost, adjusted for amortization of premiums and accretion of discounts.

The investments at June 30, 1990 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	\$ 281,843			\$ 281,843	\$ 299,702
Repurchase agreements	14,108			14,108	14,367
Bonds	6,847,208			6,847,208	7,151,213
Corporate equity securities	1,781,388			1,781,388	2,622,952
Annuity contract	234,873			234,873	234,873
Other	301,884			301,884	300,342
	<u>\$9,461,304</u>			<u>9,461,304</u>	<u>10,623,449</u>
Mutual funds				1,113,668	1,295,035
Total				<u>\$10,574,972</u>	<u>\$11,918,484</u>

C. Higher Education Fund:

The bank deposits of the Higher Education Fund (Fund) as of June 30, 1990 were entirely insured or collateralized with securities held by the fund or its agent in the fund's name with the exception of \$2,637,000, which was not insured or collateralized.

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 \$20,810,000 at June 30, 1990, are reported as cash and short-term investments.

The investments at June 30, 1990 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	\$ 48,843			\$ 48,843	\$ 48,813
Corporate debt securities	4,016			4,016	3,984
Corporate equity securities	22,914			22,914	27,602
Other	94,360	\$325		94,685	95,987
Total	<u>\$170,133</u>	<u>\$325</u>		<u>\$170,458</u>	<u>\$176,386</u>

5. Taxes Receivable:

Taxes receivable, as of June 30, 1990, consisted of the following (amounts expressed in thousands):

	Funds			
	General	Special Revenue	Debt Service	Trust and Agency
Income taxes	\$369,511			
Sales and use taxes	169,427			
Transportation taxes, principally motor vehicle fuel and excise		\$47,546		
Unemployment compensation taxes				\$66,153
Other taxes, principally alcohol, tobacco and property	3,254		\$3,098	
	542,192	47,546	3,098	66,153
Less allowance for doubtful accounts	648			14,196
Taxes receivable, net	<u>\$541,544</u>	<u>\$47,546</u>	<u>\$3,098</u>	<u>\$51,957</u>