

A significant portion of the investments maintained by the State Treasurer consist of repurchase agreements. Collateral, which must be at least 102% of the face value of the repurchase agreement, must be delivered to the State Treasurer's custodian for safekeeping. Investments maturing within 90 days of purchase are reported in the financial statements as cash and short-term investments.

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

- Category 1 Insured or registered, or 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 except for those investments where the State owns units of a whole rather than specific securities, such as the Deferred Compensation Plan and mutual funds, which by their nature are not required to be categorized.

*A. Governmental Fund Types, Expendable Trust and Agency Funds:*

The bank deposits of the governmental fund types, expendable trust and agency funds as of June 30, 1991 were entirely insured or collateralized with securities held by the State or its agent in the State's name.

At June 30, 1991 cash in the amount of \$3,388,000 was maintained with fiscal agents and represents funds transmitted to bond paying agents for which coupons have not been presented. These funds were entirely insured or collateralized with securities held by the State or its agent in the State's name.

Investments of the Deferred Compensation Plan are stated at market value. All other investments are stated at cost, adjusted for amortization of premium and accretion of discounts. Repurchase agreements aggregating \$714,839,000 (market value of collateral of \$733,402,000), U. S. Treasury and agency obligations aggregating \$3,430,000 (market value of \$3,443,000) and certificates of deposit aggregating \$7,748,000 at June 30, 1991, are reported as cash and short-term investments in governmental fund types. Also reported as cash and short-term investments is \$21,845,000 of unexpended bond proceeds invested in tax-exempt money market trusts. The collateral for the repurchase agreements is held by the State's agent in the State's name. The certificates of deposit are covered by federal depository insurance.

The investments at June 30, 1991 for the governmental fund types, expendable trust and agency funds are as follows (amounts expressed in thousands):

	Category			Carrying Value	Market Value
	1	2	3		
U.S. Treasury and agency obligations .....	\$740,703			\$ 740,703	\$ 837,812
Other .....	14,020			14,020	14,321
	<u>\$754,723</u>			<u>754,723</u>	<u>852,133</u>
Deferred Compensation Plan .....				419,050	419,050
Total .....				<u>\$1,173,773</u>	<u>\$1,271,183</u>

*B. Enterprise and Pension Trust Funds:*

The bank deposits of the enterprise funds as of June 30, 1991 were entirely insured or collateralized with securities held by the fund or its agent in the fund's name.

The Pension Trust Fund's (Fund) cash deposits (including cash equivalents) are also categorized to give an indication of the level of risk assumed at year-end. Category 1 includes deposits that are insured or collateralized with securities held by the Fund's custodian in the name of the Fund. Category 2 includes deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Fund's name. Category 3 includes deposits that are uncollateralized. At June 30, 1991, the Fund had deposits totalling \$790,265,000 and \$154,807,000 categorized in Category 1 and Category 2, respectively.

Investments of the enterprise funds are stated at cost, adjusted for amortization of premiums and accretion of discounts. The investment policies for all enterprise funds, with the exception of the Community Development Administration, are the same as those of the State Treasurer. The Community Development Administration, an agency of the Department of Housing and Community Development, is authorized to invest in obligations of the