

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 institutions trust department or agent in the Fund's name. Category 3 includes deposits that are uncollateralized. At year-end, the Fund's bank deposits were uninsured and uncollateralized, except for deposits covered by Federal depository insurance. As of June 30, 1993, the carrying amount of the Fund's deposits was \$705,000 and the bank balance was \$2,289,000. The Fund's uninsured and uncollateralized deposits as of June 30, 1993, were \$1,787,000.

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 U.S. Treasury, U.S. Government agencies and corporations, political subdivisions of the U.S., banker's acceptances, repurchase agreements, corporate debt securities and certificates of deposit with foreign or domestic banks. The U. S. Treasury and agency obligations and collateral for the repurchase agreements are held by the fund's agent in the fund's name.

The Pension Trust Fund (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 \$675,574,000 (market value of \$675,574,000) are not invested in the investment funds, but are reported as cash and cash equivalents. All of the Fund's investments meet the criteria of category 1, except for cash equivalents with a carrying value totalling \$182,485,000 as of June 30, 1993, which meet the criteria of category 2. Investments of the pension trust fund are stated at cost, adjusted for amortization of premiums and accretion of discounts.

The investments as of June 30, 1993 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	\$ 320,639			\$ 320,639	\$ 365,323
Repurchase agreements	288,008			288,008	288,008
Bonds	8,104,582			8,104,582	8,802,879
Corporate equity securities	4,494,342			4,494,342	6,197,096
Other	56,286			56,286	57,563
	<u>\$13,263,857</u>			<u>13,263,857</u>	<u>15,710,869</u>
Annuity contracts				355,291	355,291
Mutual funds				795,329	758,764
Total				<u>\$14,414,477</u>	<u>\$16,824,924</u>

C. Higher Education Fund:

The bank deposits of the Higher Education Fund (Fund) as of June 30, 1993, were \$5,428,000. Of the bank balances, \$2,063,000 was covered by federal, private or foreign national government depository insurance, \$3,730,000 was collateralized by a pledge of U.S. Treasury obligations held by Federal Reserve banks in the name of the banking institutions, and \$1,026,000 was uninsured and uncollateralized. Mutual funds and money market funds aggregating \$85,464,000 at June 30, 1993, are reported as cash and cash equivalents.

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.