

State Treasurer's custodian for safekeeping. Investments maturing within 90 days of purchase are reported 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, 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 of credit risk except for those investments where the State owns units of a whole rather than specific securities, such as the Deferred Compensation Plan, annuity contracts, and mutual funds, which by their nature are not required to be categorized.

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

The bank deposits of the governmental fund types, expendable trust and agency funds of the Primary Government as of June 30, 1994, were entirely insured or collateralized by securities held by the State or its agent in the State's name.

As of June 30, 1994, cash in the amount of \$1,808,000 was maintained with fiscal agents and represents resources transmitted to bond paying agents for which coupons have not been presented. This cash was 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 premiums and accretion of discounts. Repurchase agreements aggregating \$1,288,410,000 (market value of collateral of \$1,610,127,000) and certificates of deposit aggregating \$6,560,000 (market value of \$6,560,000) as of June 30, 1994, are reported as cash and cash equivalents in governmental fund types. Also reported as cash and cash equivalents is \$10,232,000 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 as of June 30, 1994, for the governmental fund types, expendable trust and agency funds of the Primary Government are as follows (amounts expressed in thousands):

	Category			Carrying Value	Market Value
	1	2	3		
U.S. Treasury and agency obligations .....	\$603,373			\$ 603,373	\$ 603,825
Other.....	7,691			7,691	7,990
	<u>\$611,064</u>			611,064	611,815
Deferred Compensation Plan.....				563,218	563,218
Total.....				<u>\$1,174,282</u>	<u>\$1,175,033</u>

*B. Primary Government — Enterprise and Pension Trust Funds:*

The bank deposits of the enterprise funds of the Primary Government as of June 30, 1994, were entirely insured or collateralized with securities held by the funds or their agents in the funds' names.

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. As of June 30, 1994, the carrying amount of the Fund's deposits was \$11,610,000 and the bank balance was \$16,038,000. The Fund's uninsured and uncollateralized deposits at June 30, 1994, were \$16,038,000.

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,