

The following tabulation shows the general obligation bonds issued during the past three fiscal years:

State of Maryland—General Obligation Bonds

<u>Date of Issue</u>	<u>Amount</u>	<u>Average Life in Years</u>	<u>Effective Interest Rate</u>	<u>Interest Cost Per Borrowed Dollar</u>
October 16, 1990	\$ 95,000,000	9.9	6.88%	68.1c
March 26, 1991	95,000,000	9.8	6.20	61.0
May 31, 1991	11,787,000	6.7	5.85	39.0
July 10, 1991	100,000,000	9.9	6.26	61.8
October 9, 1991	120,000,000	9.8	5.70	55.8
May 13, 1992	120,000,000	9.8	5.69	55.7
January 13, 1993	130,000,000	9.7	5.76	51.2
May 19, 1993	278,150,000	9.6	4.99	47.8

Maryland's general obligation bonds have been rated Aaa by Moody's Investors Service and AAA by Standard and Poor's for a number of years.

Cash Management

During the year, temporary surpluses of cash in general governmental funds were invested in repurchase agreements and U.S. Treasury and agency obligations with maturities ranging from one to 181 days and in time deposits ranging from 180 to 365 days. As of June 30, 1993, the State's cash resources for general governmental funds were invested as follows: in repurchase agreements, 80.7 percent; in U.S. Treasury and agency obligations, 16.4 percent; and in certificates of deposit and other, 2.9 percent. The average yield on maturing investments during the year was 3.3 percent, as compared to 4.75 percent in the prior year, and the amount of interest received was \$35,158,000, which was \$1,969,000 more than the previous year.

Risk Management

The State is involved in legal proceedings, which normally occur in government operations. Such proceedings, in the opinion of the Attorney General, are not likely to have a material adverse impact on the financial position of the State's funds.

The State continues to replace commercial insurance with self insurance coverage wherever feasible. The self-insured exposures include the first layer of all direct property coverage for damage to State property, all liability claims under the Maryland Tort Claim Act, other liability judgements and settlements arising from actions in which a violation of a constitutional right is asserted and various other coverages such as volunteer accident and fidelity bonds. Claim adjusting services have been brought "in-house" and are being done by State personnel instead of outside contractors.

Commercial insurance coverage is purchased for specialized exposures such as aviation hull and liability, steam boiler coverage and certain transportation risks.

OTHER INFORMATION

The statutes of the State require an audit of every unit of the Executive and Judicial branches of government, including the Comptroller of the Treasury's records, by the Legislative Auditor at least every two years. The Legislative Auditor is required to be and is a certified public accountant. The Legislative Auditor makes fiscal, compliance and performance audits of the various agencies and departments of the State and issues a separate report covering each of those audits. Although certain of those reports include presentations of detailed financial data and contain expressions of opinion thereon, the audits are usually not made for that purpose. The primary purpose of the reports is to present the Legislative Auditor's findings relative to the fiscal management of those agencies and departments.