



Maryland State Treasurer's

- 2014 Annual Report -



**INVESTING FOR
MARYLAND'S FUTURE**

Maryland





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BIOGRAPHY OF THE HONORABLE NANCY K. KOPP



Nancy K. Kopp, State Treasurer

Electing in February 2002, and re-elected to full four-year terms in 2003, 2007 and 2011, Nancy K. Kopp is the 23rd Maryland State Treasurer since the adoption of the Constitution of 1851. She is the second woman ever to serve as Maryland's State Treasurer and is the only woman serving Maryland in a Constitutional Office. In addition to her responsibilities for managing the Office of State Treasurer, as a Constitutional Officer and a representative of the General Assembly, the Treasurer serves on a number of key State Boards and financial planning committees.

Treasurer Kopp chairs both the Capital Debt Affordability Committee and the Commission on State Debt, and is a member of Maryland's Board of Revenue Estimates. She is the chief representative of the State dealing with financial rating agencies and investment banking firms. The Treasurer also serves as Chair of the Board of Trustees of the Maryland State Retirement and Pension Systems, as Chair of the College Savings Plans of Maryland and as a member of the Maryland Supplemental Retirement Board, the Maryland Health and Higher Education Financing Authority, the Maryland Agricultural Land Preservation Foundation Board, the Small Business Development Financing Authority and the Hall of Records Commission. Unique among the Treasurer's responsibilities is her position on the Board of Public Works with the Governor and the Comptroller of the State. This Board oversees a substantial portion of the procurement contracts of the State.

Treasurer Kopp represented the Bethesda, Maryland area in the Maryland House of Delegates for 27 years prior to her election as Treasurer. As a member of the House of Delegates, Treasurer Kopp chaired the Joint Committee on Spending Affordability, as well as the Appropriations Subcommittee on Education and Economic Development. She also served on the Capital Budget Subcommittee, Subcommittee on Pensions, and Joint Committee on Budget and Audit, and, at various times, as Deputy Majority Leader and Speaker

Pro Tem. During her legislative career, Treasurer Kopp was named by her colleagues as the most effective woman legislator and one of the 10 most effective members of the House.

Treasurer Kopp has been active in numerous national, regional and state organizations and boards over the years, primarily focused on finance, education, and fiscal matters. Appointed by President Clinton to the National Assessment Governing Board, which oversees the National Assessment of Educational Progress (the "Nation's Report Card"), Treasurer Kopp also served as Treasurer of the Southern Regional Education Board and chaired its Commission on Educational Quality. She served on the Executive Committee of the National Conference of State Legislatures and chaired its Assembly on Legislative Issues, and Committees on Federal Budget Issues, State Fiscal Issues, and Capital Budgeting Procedures. Treasurer Kopp also was Vice-Chair of the National Commission on State and Local Budget and Finance Procedures. Currently, she is a member of the National Association of State Treasurers and chairs its Legislative Committee. She also served a one year term as President of the National Association of State Auditors, Comptrollers and Treasurers. Treasurer Kopp was nominated to serve as an Executive Committee member of The Council of State Governments/Eastern Regional Conference (CSG/ERC) in May 2011 and was reappointed to the committee in 2012 and 2013. In January 2014, she was reappointed to serve as an at-large member of the Executive Committee for a 1-year term. In November 2013, she was appointed to The Financial Accounting Foundation (FAF) Board of Trustees for a term that extends to December 31, 2018.

A graduate of Wellesley College, Treasurer Kopp holds a master's degree in Government from the University of Chicago. She also has received honorary doctorate degrees from Goucher College, Hood College, the University of Maryland at Baltimore, the University of Maryland University College and Towson University. She is an honorary Alumna of the University of Maryland, College Park. In March 2012, Treasurer Kopp was inducted into the Maryland Women's Hall of Fame. Treasurer Kopp and her husband, Robert Kopp, live in Bethesda and have two adult children and two grandchildren.

HISTORICAL REVIEW

During the exploration and settlement period of North America (1492-1607), European powers competed to settle the New World. England laid claim to large tracts of land along the East Coast and successfully colonized the Chesapeake Bay area. England's first official colony, settled in Jamestown, Virginia, in 1607 (the Jamestown Colony), included what we now know as Maryland. In 1632, King Charles I of England granted the Charter of Maryland to Cecil Calvert. Calvert was granted extensive autocratic powers over the Maryland colony. Among those powers was the right to appoint government officials.

Soon after his appointment as Governor of Maryland, Sir Francis Nickelson appointed Maryland's first two State Treasurers in 1694. At that time, there were two Treasurers appointed for the State – a Treasurer for the Eastern Shore and a Treasurer for the Western Shore. Maryland's first Treasurers were Colonel William Whittington (Eastern Shore) and Captain Thomas Tasker (Western Shore). The primary duty of the State Treasurers at that time was to manage and disburse State funds. The Governor held the task of appointing State Treasurers throughout the 18th century. This responsibility was ultimately transferred to the Legislature with the adoption of the Maryland Constitution in 1776.

In 1843, the two-Treasurer system was abolished with the duties of

the Eastern Shore Treasurer being assumed by the Treasurer of the Western Shore. The Maryland Constitution of 1851 finally established a single Office of Treasurer for the entire State to be elected by joint ballot of both houses of the General Assembly. Historically, the Treasurer's position was appointed for a term of two years as a part-time position. In 1922, the Treasurer's term was extended from two years to four years and became a full-time position in 1973.

In addition to having authority over custody, safeguarding, investment and disbursement of State funds, the Maryland State Treasurer is considered among the most powerful treasurers in the country due to membership on the Board of Public Works, which reviews and approves all major State procurements. It is the Treasurer's job to brief members of the General Assembly on issues regarding the financial operation and condition of the State.

The Treasurer maintains the State's ongoing relationship with financial rating agencies and conducts outreach with State agencies and other appropriate offices.

The Treasurer also produces this Annual Report in keeping with her statutory responsibility to provide the General Assembly with current information regarding the State's financial condition.



Antietam National Battlefield





TREASURERS OF THE PAST

TREASURERS OF THE EASTERN SHORE

1694-1695	Col. William Whittington	1778-1779	Edward Hindman
1695-1714	Maj. Thomas Smithson	1779-1789	Henry Dickinson
1714-1727	Robert Ungle	1789-1802	William Richardson
1727-1747	Col. James Hollyday	1802-1813	William Chambers
1747-1766	Col. Edward Lloyd	1813-1825	William Richardson
1766	John Leeds	1825-1826	John K.B. Emory
1766-1769	Bedingfield Hands	1826-1840	William K. Lambdin
1769-1775	William Hemsley, Jr.	1840-1841	Perry Robinson
1775-1777	William Hindman	1841-1842	John H. Harris
1777-1778	James Hindman	1842-1843	Perry Robinson

TREASURERS OF THE WESTERN SHORE

1694-1695	Capt. Thomas Tasker	1775-1804	Thomas Harwood, Jr.
1695-1698	Robert Mason	1804-1826	Benjamin Harwood
1699-1700	Robert Mason	1826-1843	George MacKubin
1700-1736	Col. Samuel Young	1843-1844	James Owens
1736-1772	Col. Charles Hammond	1844-1852	Dennis Claude
1772-1775	Col. William Fitzhugh		

MARYLAND STATE TREASURERS *(Beginning of Single-Treasurer System)*

1852-1854	James Owens	1900-1916	Murray Vandiver
1854-1860	Dennis Claude	1916-1918	John M. Dennis
1860-1862	Sprigg Harwood	1918-1920	William P. Jackson
1862-1870	Robert Fowler	1920-1935	John M. Dennis
1870-1872	John Merryman	1935-1963	Hooper S. Miles
1872-1874	John W. Davis	1963-1973	John A. Luetkemeyer
1874-1885	Barnes Compton	1973-1975	J. Millard Tawes
1885-1886	John Gittings	1975-1987	William S. James
1886-1890	Stevenson Archer	1987-1996	Lucille D. Maurer
1890-1892	Edwin Brown	1996-2002	Richard N. Dixon
1892-1896	Spencer C. Jones	2002-PRESENT	Nancy K. Kopp
1896-1900	Thomas J. Shryock		

MARYLAND'S BOARD OF PUBLIC WORKS

As the State's ultimate policy-making and oversight board for State procurements, expenditures of capital appropriations, and the acquisition, use and transfer of State assets, the Maryland Board of Public Works is an entity with wide-ranging jurisdiction over many facets of State government. It is composed of the Governor, the State Treasurer and the Comptroller.

Created by the Constitutional Convention of 1864 based on predecessor boards dating back to 1825, the Board of Public Works is the only constitutionally mandated government body of its type in the nation. Over the years, the General Assembly has increased this body's responsibilities and autonomy. Therefore, in a State with a strong Governor who proposes the budget and therefore sets policy priorities, and a Legislature that can only cut, not increase the budget, the Board of Public Works provides a valuable check on executive actions. The Board has a unique insight into the operations of State government and ensures that final decisions on procurements provide accountability and are transparent and open to public discussion.

Recognizing that the Treasurer is elected by joint ballot of both houses of the General Assembly, the Treasurer's participation on the Board provides the Legislature with a voice throughout the year in the post-appropriations management of public funds. As an adjunct to this role, the Treasurer's Office provides outreach to Legislators, informing them of upcoming Board items that pertain to their districts and providing a mechanism for feedback from Legislators on particular projects.

The breadth of items to come before the Board of Public Works is vast. The powers and duties of the Board are set forth in the State Constitution and State statute and include:

- Certification of the State property tax rate necessary to meet the debt service requirements during the next taxable year on all State bonds anticipated to be outstanding during the year;
 - Approval of the expenditure of any General Obligation Bond proceeds;
 - Approval of the allocation of funds to each county for school construction;
 - Issuances of licenses to dredge and fill State wetlands;
 - Approval of the acquisition of land and easements in support of Program Open Space, the Conservation Reserve Enhancement Program, the Rural Legacy Program and the Agricultural Land Preservation Program; and
 - Approval of most State agency procurement contracts for goods and services in excess of \$200,000.
- During fiscal year 2014 (July 1, 2013 through June 30, 2014), the following items are worthy of note among those that came before the Board of Public Works:
- Approval of the award of the following Capital Equipment Lease-Purchase Financing:
 - ✦ October 2013 Tax-Exempt Equipment Lease-Purchase Agreement for financing the acquisition of approximately \$644,516 of capital equipment;
 - ✦ December 2013 Tax-Exempt Equipment Lease-Purchase Agreement for financing the acquisition of \$369,247 of capital equipment;
 - ✦ February 2014 Tax-Exempt Equipment Lease-Purchase Agreement for financing the acquisition of approximately \$255,021 of capital equipment; and
 - ✦ June 2014 Tax-Exempt Equipment Lease-Purchase Agreement for financing the acquisition of approximately \$1.8 million of capital equipment.
 - Adoption of a Resolution for the sale of \$475,000,000 of State of Maryland General Obligation Bonds, to be known as the State and Local Facilities Loan of 2013, Second Series:
 - ✦ Second Series A: \$435,000,000 tax-exempt bonds (competitive)
 - ✦ Second Series B: \$40,000,000 taxable bonds (competitive)
 - Adoption of a Resolution for the sale of \$736,855 of State of Maryland General Obligation Bonds, to be known as the State and Local Facilities Loan of 2014, First Series:
 - ✦ First Series A: \$450,000,000 tax-exempt bonds (competitive)

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Maryland's Board of Public Works continued from page 5

- ◆ First Series B: \$50,000,000 taxable bonds (competitive)
- ◆ First Series C: \$236,855,000 tax-exempt refunding bonds (competitive)
- Approval for the Maryland Stadium Authority to issue \$8,635,000 in non-tax supported Revenue Bonds (Series 2013 Refunding Revenue Bonds) to repay the outstanding principal balance on the Camden Yards Sports Complex Taxable Revenue Bond, Series 2010.
- Adoption of Resolutions authorizing the issuance and sale by the Maryland Department of Transportation of its Consolidated Transportation Bonds, Series 2013 (Second Issue) in an amount not to exceed \$300,000,000 at a public sale to occur on or before December 31, 2013.
- Adoption of Resolutions authorizing the issuance and sale by the Maryland Department of Transportation of its Consolidated Transportation Bonds, Series 2014 in an amount not to exceed \$150,000,000 at a public sale to occur on or before June 30, 2014.
- Adoption of Resolutions authorizing the sale of State of Maryland Qualified Zone Academy Bonds (QZAB) of 2013 in the amount of \$4,549,000. QZABs are special, federally-authorized tax-credit bonds that pay little or no interest but allow QZAB purchasers to receive federal income tax credits. QZAB proceeds are administered by the Interagency Committee on School Construction through the Aging School Program and are used to fund capital improvements and repairs at existing schools in which at least 35% of the students are eligible for free or reduced-price lunch.
- Approval of the State School Construction – Capital Improvement Program (CIP) for fiscal year 2015 totaling \$325.3 million in public school construction funding. Approved project funding was consistent with recommendations of the Interagency Committee on School Construction Program in order to fund local priorities plus projects addressing mandates of the Bridge to Excellence in Education Act, such as full-day kindergarten and pre-K services for disadvantaged 4-year olds, urgent major projects that require a high level of State commitment to move forward, and the highest priority systemic renovation projects. The fiscal year 2015 CIP includes:
 - ◆ \$275 million of new bond authorizations;
 - ◆ \$6.5 million from the fiscal year 2014 Air Conditioning Initiative Reserves; and
 - ◆ \$43.8 million in reverted funds from the statewide Contingency Account.
- Set the State Real Property Tax Rate for fiscal year 2015 based upon the recommendation of the Commission on State Debt. The Rate remained unchanged at 11.2 cents per \$100 of the full assessed value of real property other than that of public utilities and 28.0 cents per \$100 of the full assessed value of real property of public utilities.
- Took the following steps to continue implementation of a Small, Minority and Women-Owned Business grant program funded by video-lottery-terminal proceeds:
 - ◆ Approval of additional grant funding of \$4 million to two incumbent fund managers to provide investment capital and loans to small, minority or women-owned businesses across the State; and

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Ocean City



Wild Horses at Assateague National Seashore

Maryland's Board of Public Works continued from page 6

- ◆ Approval of the award of contracts to four additional fund managers to provide capital and loans to small, minority and women-owned businesses across the State.
- In fiscal year 2014, the BPW approved the creation of 68.7 positions within the "Rule of 100" (fiscal year 2014 Budget authorized the BPW to approve up to 100 positions within the Executive Branch outside of the position ceiling contained in the fiscal year 2014 budget):
 - ◆ Maryland Transit Administration (MTA): 10 positions: Special funded positions to provide personnel for expanded MARC train service on Saturdays and Sundays and to accommodate increased demand for MTA Commuter Bus Service in Southern Maryland;
 - ◆ Maryland State Police: 10 positions: New Pilot I positions to be used to provide two pilots at all times on the new AW 139 helicopters;
 - ◆ Maryland Department of Labor, Licensing and Regulation (DLLR): 0.2 positions: Creation of a 1.0 full-time equivalent (FTE) position from a 0.8 FTE position within DLLR's Division of Workforce Development and Adult Learning. A full-time teacher position was needed to instruct classes in a Correctional Occupation program. The increase in the number of hours with students will increase the number of students completing the program;
 - ◆ State Board of Elections: 2.5 positions: New positions to develop and implement new enforcement procedures required by the Campaign Finance Reform Act of 2013 (Chapter 419, Laws of 2013), including the issuance of civil citations for certain violations of the State's campaign finance laws;
 - ◆ Office of the State Prosecutor: 2 positions: New positions to implement the provisions of the Campaign Finance Reform Act of 2013. The reform legislation will increase the number of election law civil citations issued by the State Board of Elections and the Office of the State Prosecutor, resulting in an increased workload for the Office of the State Prosecutor;
 - ◆ Maryland Energy Administration (MEA): 4 positions: Special funded positions to enable MEA to meet increased program requirements being funded by enhanced revenues from the Regional Greenhouse Gas Initiative auctions. These revenues will enable MEA to expand current programs designed to make progress towards the State's EmPOWER Maryland



Sherwood Garden, Baltimore, Maryland

and Renewable Portfolio Standard goals;

- ◆ Department of Veterans Affairs: 1 position: One FTE to serve as an Administrative Assistant at the Charlotte Hall Veterans Home;
- ◆ Department of Budget and Management: 2 positions: Two FTE positions to implement the state-wide Learning Management System that will assist with training for the new statewide personnel system;
- ◆ Office of Administrative Hearings (OAH): 2 positions: Two FTE positions from the conversion of two contractual Administrative Law Judge positions;
- ◆ Maryland Transit Administration (MTA): 35 positions: New positions to provide MTA with additional non-sworn security guards and fare evasion prevention staff.
- In fiscal year 2014, the BPW approved the creation of 10 positions outside of the "Rule of 100" within the Department of Housing and Community Development (DHCD). These positions will be supported with special funds received under the merger settlement between Exelon and the Constellation Energy Group, Inc. and will assist in the implementation of new energy efficiency

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Maryland's Board of Public Works continued from page 7

- initiatives at DHCD. These positions will be abolished when the specific funding is no longer available.
- Approval of the Memorandum of Understanding that memorializes the agreement among the Maryland Stadium Authority, the Interagency Committee on School Construction, the Baltimore City Board of School Commissioners and the Mayor and City Council of Baltimore City concerning the construction and revitalization of Baltimore City Public Schools (Chapter 647, Laws of 2013).
 - Declared as surplus approximately three acres of University of Maryland, College Park land that the University proposes to sell to the UMCP Foundation for private development as a University hotel and conference center.
 - Approval of a lease between the State of Maryland and the United States Postal Service (USPS) for the USPS use of the Historic Annapolis Post Office located at 1 Church Circle for a period of 8 – 20 months.
 - Approval of the granting of a perpetual security easement to the United States General Services Administration as part of the proposed FBI Headquarters relocation to Greenbelt. The easement area will be located on a portion of the Greenbelt Metro property.
 - Approval of the request of the University of Baltimore to enter into an exchange agreement with the United States Postal Service to acquire a 2.5-acre parcel of land in Baltimore City (Oliver Street) for the purpose of future University development and completion of its 10-year Campus Master Plan.
 - Approval of a request to dispose of 11.82 acres of land constituting the Cambridge Marine Terminal that was declared as surplus by the BPW. The property will be transferred to the City of Cambridge for purposes of a local economic development project on the site.
 - Declared as surplus 3903 Greenway Avenue, Baltimore City, a property formerly used as the Towson University president's residence. Towson University will offer the property for sale and will return to the BPW for approval to sell the property when an acceptable offer is selected.
 - Approval of a 25-year lease of 17 +/- acres in Seneca Creek State Park between the Department of Natural Resources and Warrior Canine Connection, Inc. (WCC). The property will be used by WCC as a therapeutic vocational training center for transitioning and recovering military members. WCC rescues, rehabilitates, and trains shelter dogs to become service animals in support of helping wounded military service men and women recover from the effects of Post-Traumatic Stress and other physical and mental disorders arising from their military service to the United States of America.
 - Approval of the issuance of a notice to proceed to complete Region 1, Central Maryland for the statewide Public Safety Wireless Communications System.
 - Approval of a modification to the contract the State has with National Railroad Passenger Corporation (Amtrak) to expand existing MARC train services to include weekend service on the Penn Line.
 - Approval of a request of the Maryland State Lottery & Gaming Control Agency to award a contract to provide Veterans' Organizations with instant ticket lottery machines and related services.
 - Approval of the award of a contract to provide financial education and financial coaching services to 1,000 Maryland youth between the ages of 14 and 16 on Supplemental Security Income (SSI) as a part of the Promoting the Readiness of Youth in Supplemental Security Income (PROMISE) Initiative.
 - Approval of the award of a contract to study the adequacy of funding for education in the State which is a follow-up study required by the 2002 Bridge to Excellence in Public Schools Act (Thornton).
 - Approval of the expenditure of \$100,000 of Program Open Space funds for the acquisition in fee simple of 6 +/- acres located in Frederick County. The parcel is centered between Frostown and Turner's Gap, scenes of intense fighting during the Battle of South Mountain on September 14, 1862.
 - Approval of the expenditure of \$525,000 of Program Open Space funds for the acquisition of a conservation easement to protect 221 +/- acres in Dorchester County. The conservation easement will preserve property along the Harriet Tubman Underground Railroad National Historical Park and Scenic Byway and will serve as the first Coastal Resilience Easement to protect areas for wetlands to migrate as sea level rises.
 - Granted a wetlands license to the Maryland Broadband Cooperative to emplace a 7.4-mile broadband fiber optic cable from Cambridge, Dorchester County to the Patuxent River Naval Air Station, St. Mary's County crossing under the Chesapeake Bay.


SCHEDULE OF SELECTED FINANCIAL DATA
COLLATERAL BALANCES AS OF JUNE 30, 2014

Bank.....	\$658,594,667
Insurance.....	\$114,405,921

TOTAL INVESTMENT PORTFOLIO COMPOSITION AS OF JUNE 30, 2014

Repurchase Agreements.....	\$380,489,083
U.S. Treasuries.....	\$895,000
U.S. Government Agencies.....	\$5,209,537,000
Other Investments.....	\$39,135,847
Total Portfolio.....	\$5,630,056,930

SECURITIES LENDING PROGRAM ACTIVITY AS OF JUNE 30, 2014

Gross Income.....	\$336,141
Net Income.....	\$252,105

GENERAL OBLIGATION DEBT ACTIVITY AS OF JUNE 30, 2014

Tax Exempt General Obligation Bond Issuances.....	\$1,216,404,000
Interest Payments.....	\$358,196,590
Principal Payments.....	\$622,540,952

LOCAL GOVERNMENT INVESTMENT POOL FUND BALANCE AS OF JUNE 30, 2014

Balance as of June 30, 2014.....	\$3,127,026,184
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STATE INSURANCE TRUST FUND BALANCE AS OF JUNE 30, 2014

Beginning Balance.....	\$23,563,643
Transfers In.....	\$19,286,293
Transfers Out.....	(\$18,810,102)
Less Operating Transfer to General Fund.....	\$0
Ending Balance.....	\$24,039,834



EXECUTIVE DIVISION

Bernadette L. Benik

Chief Deputy Treasurer

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Susanne Brogan

Deputy Treasurer for Public Policy

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The Executive Division provides direct support to the Treasurer in the execution of her wide-ranging Constitutional responsibilities. The State Treasurer is responsible for receiving, depositing, investing and distributing State funds, anticipating the monetary needs of the State and, on behalf of the Board of Public Works, conducting bond sales several times a year to ensure the State's financial ability to meet its fiscal obligations. The State Treasurer also provides lease-purchase financing of capital equipment for State agencies and handles insurance needs for State government.

The Executive Division coordinates legislation within the Maryland State Treasurer's Office, reviewing bills, preparing fiscal notes and written testimony and following the course of bills through the legislative process. The Division is responsible for coordinating any draft legislation to be introduced to the General Assembly with the Legal and Division Directors of the State Treasurer's Office. Each proposed bill requires extensive preparation including a determination of the fiscal and economic impact to the Office, the State and private industry.

CHIEF DEPUTY TREASURER

The Chief Deputy Treasurer coordinates and leads the operations of the State Treasurer's Office, including the Budget and Financial Administration, Treasury Management, Debt Management, Insurance and Information Technology Divisions. The Chief Deputy Treasurer advises the Treasurer on matters regarding legislative policy, planning, new technologies and long-term operational challenges, opportunities and strategies. Coordination of the State Treasurer's operational functions with other agencies, such as the Office of the Comptroller and the Department of Budget and Management, is another responsibility of the Chief Deputy Treasurer.

The Chief Deputy Treasurer works closely with members of the General Assembly and its Standing Committees such as the Senate Budget & Taxation and House Appropriations Committees regarding the Office's budget. The Chief Deputy Treasurer also prepares reports and updates the Office's progress throughout the year for the Statutory Committees of the House of Delegates and Senate. These Committees include Spending Affordability, Joint Committee on the Management of Public Funds, Legislative Policy Committee and the Joint Audit Committee; as well as serving as the Treasurer's designee on task forces, commissions and other committees of the General Assembly, as required.

The Chief Deputy Treasurer, in coordination with the Deputy Treasurer for Public Policy, supports the Treasurer

in her service on State boards and commissions, such as the Supplemental Retirement Plan Board and the Maryland College Savings Plan Board and its various committees, as well as in her participation in the National Association of State Treasurers.

DEPUTY TREASURER FOR PUBLIC POLICY

The Deputy Treasurer for Public Policy serves as the Treasurer's primary liaison/advisor to the Board of Public Works (BPW), conducting extensive research (including site visits), preparing detailed analyses for the Treasurer for the bi-weekly meetings, and working closely with the Treasurer's Counsel, representatives of the Governor's, Comptroller's and the Board of Public Works' Offices and State agency secretaries and contacts. As part of the BPW preparation process, the Deputy Treasurer for Public Policy serves as the primary liaison with members of the Maryland General Assembly informing the State Legislators of upcoming Board actions that affect their districts, as well as the final decisions.

The Deputy Treasurer for Public Policy represents the Treasurer as a voting designee on the Procurement Advisory Council, the State Retirement and Pension Systems' Administrative Committee, the Maryland Agricultural Land Preservation Foundation's Board of Trustees, the Hall of Records Commission, and the Maryland Small Business Development Financing Authority.

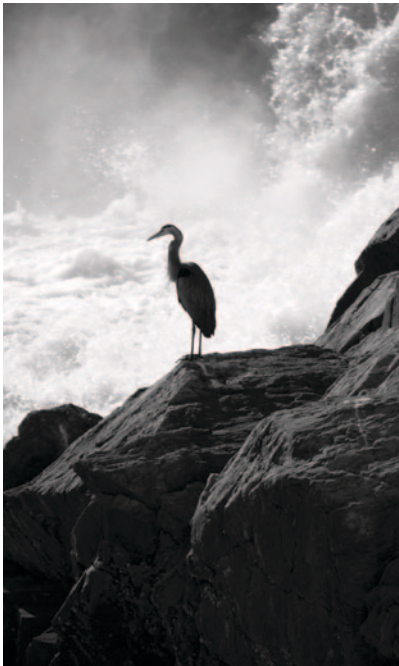
The Deputy Treasurer for Public Policy, in coordination with the

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Executive Division continued from page 10



Blue Crabs, Maryland's State Crustacean



Blue Heron at Great Falls, Potomac, Maryland

Chief Deputy Treasurer, supports the Treasurer in her service on State boards and commissions, such as the State Retirement and Pension System Board and the Maryland College Savings Plan Board and its various committees, as well as in her participation in the National Association of State Treasurers.

Also, the Deputy Treasurer for Public Policy represents the Treasurer on the Maryland Higher Education Committee when it prepares its State Plan for Higher Education every four years. This position also entails participation on legislatively created commissions such as the Council for the Procurement of Health, Education and Social Services and the Financial Education and Capability Commission.

Additional duties include: serving as the Office's Public Information Officer; preparing news releases; responding to media inquiries; responding to queries sent to the Office's website; writing speeches; serving as the Treasurer's designee on task forces, commissions and other committees of the General Assembly, as required, in coordination with the Chief Deputy Treasurer; monitoring various legislative committees, including the Spending Affordability Committee and the Joint Committee on Pensions; and representing the Treasurer at public events, as required.

DEPUTY TREASURER FOR FINANCIAL POLICY

The Deputy Treasurer for Financial Policy provides analysis and advice to the Treasurer in the areas of economics and finance, including the development of best practices in retirement and other benefit financing, business development and analysis of regional

and macroeconomic trends in financial markets. The Deputy Treasurer for Financial Policy also analyzes and advises on emerging financial issues, such as clean energy investing, regional economics and macroeconomics, short-and-long-term development in the financial markets and financial literacy and access.

INTERNAL AUDIT

The Internal Auditor plans, controls, directs and implements a comprehensive annual audit designed to evaluate internal controls, add value, improve operations and minimize risk at the State Treasurer's Office. The Auditor reviews programs, operations, and conducts special projects in accordance with generally accepted auditing standards and all legal statutory requirements. The Auditor helps safeguard assets by ensuring that the mission, objectives, and key goals of the Office are carried out. The Auditor directs systematic, periodic examinations of the accounts and records of the State Treasurer's Office to provide assurance that appropriate policies and procedures are in place and functioning as intended.

The Internal Auditor also serves as the focal point for all financial, productivity, and compliance audit activities and is the liaison between the State Treasurer's Office and the external auditors, legislative auditors, and federal auditors. The Internal Auditor is responsible for coordinating the response to all audit findings. The Auditor evaluates and monitors the corrective action plans taken to ensure that they are sufficient to resolve the findings. The Internal Auditor also reviews potential problem areas to prevent future audit findings.

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Executive Division continued from page 11

OFFICE OF HUMAN RESOURCES AND PERSONNEL MANAGEMENT

The mission of the Office of Human Resources and Personnel Management (HR) is to take care of the needs of the agency's greatest asset – its employees. As a Constitutional Office and a control agency for statewide financial policy, it may seem surprising that we operate with only 57 budgeted positions. As such, each unique position within the agency is charged with significant functions and responsibilities that not only serve the agency, but serve the State and all of its agencies. Proficiency, therefore, is a goal which Treasury staff deems as a requirement. Management and staff alike promote a work environment that is strengthened through comradery, dedication, and distinction. The Office of HR, in turn, strives to preserve this atmosphere in its support to both management and staff, from recruitment to retirement.

Acquiring a stellar staff isn't something that happens overnight. Effective policy oversight is necessary to build a solid foundation before recruitment even begins. From classification to qualifications, performance, leave and benefits management, the Unit is responsible for ensuring consistent application and compliance throughout all Office Divisions. Human Resources then collaborates closely with hiring managers to discuss strategies and construct position specific recruitments which will promote diversity and cultural awareness, as well as be effective in targeting highly qualified candidates who have the right balance of education, experience and instinct.

Once candidates join the State Treasurer's Office team, HR focuses on employee retention by conducting formal, individualized orientation for all new appointees so they feel familiar and comfortable with the State as their employer and the Treasurer's Office as their new home. The Unit is also responsible for organizing and/or conducting staff training, from individual skills courses to mandatory State supervisor training. Should supervisors need guidance or instruction in managing employee situations, they turn to HR for all employee relations matters. Human Resources offers interpretation and advice, balancing official rules with practical application in order to always aim for "win-win" outcomes for management and staff, all the while making certain that the Office is in compliance with State and federal laws and regulations.

At some point, however, all good things come to an end, and HR is there to help employees and managers navigate the retirement and separation processes when necessary. The cycle comes full circle, and HR is already planning for recruitment at the first mention of an employee's last day. In order to expand its ability to support the Divisions with critical functions during the transition, the Unit initiated a new endeavor last year that has proven not only successful, but critical itself. Acting as the only one of its kind, a specialized HR staff member performs a brand of agency outreach to the Division in need. From learning the actual critical functions of the soon-to-be vacated position, to conducting a highly tailored recruitment for the vacancy while at the same time filling in for the vacancy's critical essential functions, to then transition into

a training role for the newly hired employee, HR effectively mitigates the impact of vacant sole-functioning positions on an agency that is already lean in staff.

Overall, the Office of Human Resources and Personnel Management is responsible for a comprehensive human resources program that is structured enough to provide guidance and minimize risk to the State Treasurer's Office, and flexible enough to individually serve all of the unique needs of our Office.

As of June 30, 2014, the State Treasurer's Office was assigned 57 budgeted positions as follows:

- Executive Division – 7
- Administration Division – 6
- Debt Management Division – 4
- Information Technology Division – 7
- Insurance Division – 13
- Legal Division – 4
- Treasury Management Division – 16



White Oak, Maryland's State Tree



BUDGET & FINANCIAL ADMINISTRATION DIVISION

Jessica Papaleonti

Director

jpapaleonti@treasurer.state.md.us

The Budget and Financial Administration Division provides daily fiscal support to the operational needs of the State Treasurer's Office. The Division's focus is to carry out essential accounting and fiscal administrative services specific to the State Treasurer's mission and in support of its ongoing operations.

The Division is responsible for developing and implementing the annual budget for the State Treasurer's Office, which in fiscal year 2014 was \$39 million. The Division provides general accounting services for the State Treasurer's Office in the form of fund balance reconciliations, preparation of year-end closing records, maintenance of all financial records, preparation and posting of all Office financial transactions and the development and implementation of all accounting controls and procedures. Centralized ordering and tracking of office supplies to ensure cost effective purchasing is also managed by the Division.

Working collaboratively with the Office of Human Resources and Personnel Management, the Division processes biweekly payroll and maintains the personnel files within the State's centralized budget software.

Within the State Treasurer's Office, in fiscal year 2014, State debt and Sinking Fund payments totaling \$981 million and Lease payments and Office recoveries of \$41 million were processed for the Debt Management Division.

Working with the Insurance Division, the annual State Insurance Trust Fund (SITF) premium calculation was prepared and all SITF claim payment requests and Office reimbursement requests were issued. On behalf of the Insurance Division, SITF premium recoveries of \$18 million and commercial premium payments and recoveries in excess of \$13.7 million were completed. In addition, the Division processed the annual premiums for the Injured Workers' Insurance Fund totaling approximately \$79

million and related recoveries of these assessments from 190 State agencies and departments.

With assistance from the Treasury Management Division, over 1,600 requests for check reissues and agency recoveries from the Undeliverable and Unpresented Check Funds were processed, totaling \$1.4 million. This is a significant reduction from the prior year, with total number of reissues and recoveries down almost 30% from 2,300 in fiscal year 2013. We are continuing to explore new opportunities to streamline and automate these check reissues while investigating opportunities to strengthen controls and mitigate potential fraud.

This Division is also responsible for required statewide filings outlined in the Federal Cash Management Improvement Act of 1990 (CMIA), including the annual Treasury-State Agreement and the CMIA Annual Report. The primary goal of CMIA is to minimize the time between the transfer of funds to the State and the payout of those funds for program purposes specific to federally funded programs carried out by the State.

The Division continues its efforts to be eco-friendly by reducing the usage and duplication of paper where possible; including submitting electronic archive transmittals to the Comptroller's General Accounting Division (GAD) for invoice and disbursement processing as well as agency-wide documents needed for the Annual Audit of Statewide Financial Reports. We will continue working with other State agencies on obtaining inter-office insurance coding and invoice approvals, and encouraging agencies to submit CMIA related annual reporting documents electronically via email versus standard mail. We have also offered to participate in a pilot program to assist GAD in moving to an online process for submitting archive transmittals when they are ready to begin testing. We look forward to taking advantage of opportunities to automate and streamline processes and proactively reach out to other State agencies to work collaboratively in achieving greater efficiencies through increased utilization of automated processes.

PROCUREMENT

Pursuant to Section 12-107(b)(1) of the State Finance and Procurement Article, Annotated Code of Maryland, the State Treasurer is a designated procurement control

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Budget & Financial Administration Division continued from page 13

authority for statewide banking and financial services, as well as insurance, and insurance services.

During the fiscal year, the Office procured the following services:

- Financial Printing Services – A contract was awarded to a printing firm that specializes in financial document printing for the electronic delivery of the Preliminary Official Statements and the printing and electronic delivery of the Official Statements issued in connection with sales of State of Maryland General Obligation Bonds.
- Maryland Local Government Investment Pool (MLGIP) – The MLGIP is under the administrative control of the Maryland State Treasurer. The Pool consists of the aggregate of funds from local governments and any funds of the State, or approved State unit for investment and reinvestment. The Office awarded a contract to a financial institution to provide investment and administrative services for the MLGIP.
- Insurance Broker Services – Contracts were awarded to insurance brokerage firms to market, manage and service insurance policies and related documents for the following coverages:
 - ♦ Inland marine/ocean marine insurance coverages for the State that includes: Maryland Port Administration's cranes; State-owned and leased marine vessels that are operated by various State agencies; and fine art items owned by others that are routinely loaned to the State for the purpose of exhibition.
 - ♦ Travel/accident and athletic participants coverages that includes State employees traveling in vehicles, while within the scope of their employment, basic athletic accident coverage for student athletic teams taking part in games and traveling to such functions.
- Underwriters – The Office procured a pool of underwriters (5 senior managers and 6 co-managers) to assist the Office and its financing team in negotiating the sale and issuance of General Obligation Bonds to investors at the lowest overall cost. This contract covers any State General Obligation debt authorized by the Maryland State Board of Public Works to be issued on a negotiated basis.
- Banking Services – The Office, on behalf of the College Savings Plans of Maryland, awarded a contract to provide depository, disbursement and lockbox banking services, and a second contract for custody services relating to the cash management and assets overseen by the agency Board of Directors for the Prepaid College Trust and other trust funds that may be assigned to be administered by the Board.
- Lease Financing – The Office continues to solicit new equipment lease financing bids which are based on actual equipment lease financing needs of State agencies on a quarterly basis. Equipment Leases were awarded in October, December, February and June.



Mountains of Garrett County, Maryland

TREASURY MANAGEMENT DIVISION

Mary Christine Jackman

Director

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The Treasury Management Division was created during fiscal year 2013 by the Maryland State Treasurer's Office. This Division amalgamates the Banking Services Department and the Investment Department. The goal is better service for all State agencies and better use of the available human resources in the State Treasurer's Office. The merged Division has already accomplished many advances in computerization and streamlining of processes. The goal is to become a paperless work environment with all records and processes in electronic format.

BANKING SERVICES DEPARTMENT

The Treasurer's authority as the Constitutional Officer responsible for the deposit and disbursement of State funds is found in Article VI Section 3 of the State Constitution and Title 6, Subtitle 2 and Title 7, Subtitle 2 of the State Finance and Procurement Article of the Annotated Code of Maryland.

The overall mission of the Banking Services Department (BSD) is to provide efficient, accurate, and timely banking services and information to all State agencies and external customers. This is achieved by managing and controlling relationships with financial vendors providing the primary banking services for the State of Maryland. The BSD further attempts to anticipate agency banking and financial requirements and provide timely responses to agency requests.

Banking Services is directly responsible for procuring and managing the banking and financial services needed for all agencies of the State of Maryland. This includes:

- Agency-specific depository accounts: Individual depository accounts are maintained for all State agencies, and balances are consolidated at the end of each day into the State's main depository account. This allows for accurate agency-level transaction reporting with automatic concentration of funds for cash management effectiveness.
- Disbursement accounts: Disbursement accounts are maintained for vendor payments, payroll, and income tax refunds;
- Lockbox account services;
- Merchant account services (credit, debit and payment card receipts);
- Agency working fund, trust, and escrow accounts; and
- All other agency banking and financial needs.

Two primary responsibilities of the BSD are the accurate and timely recordation of State funds and the reconciliation of the State's bank accounts to the State's R*STARS general ledger accounting system. The Department must account for the receipt of all warranted deposits and the disbursement of all warranted payments. To meet these responsibilities, a comprehensive daily cash reconciliation is performed which allows the Treasurer's Office to be proactive in identifying and solving agency banking issues. Even as the volume of transactions has increased, the processes and controls developed by BSD continue to result in a timely, accurate, and completely documented reconciliation of the State's cash accounts. Maintaining pace with changes in the banking and financial environment also necessitates continual refinement of the reconciliation processes and ensures maximum efficiency in the balancing of bank information to the R*STARS accounting system. The BSD moved to Payee Positive Pay this year to improve controls and reduce fraudulent check presentments. Controlled Disbursement services were tested and a new account will go into effect with the new fiscal year.

For fiscal year 2014, total cash receipts exceeded \$107 billion and total disbursements exceeded \$106 billion (*see chart on page 16*). The State's bank accounts are reconciled daily to the State's general ledger. Once again, there were no un-reconciled differences.

On behalf of State agencies, the BSD performs daily operations' functions that are critical to the movement of funds into and out of the State's bank accounts and to the accurate recordation of these transactions in R*STARS. These include:

- Processing the drawdown of funds from federal grants and programs;

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Treasury Management Division continued from page 15

- Initiating Fed Wire payments; as requests for photocopies of paid checks;
- Managing foreign currency transactions;
- Processing check stop payments, cancellations and reissues, as well as requests for replacement checks for failed ACH payments;
- Providing transaction research assistance to State agencies;

TOTAL RECEIPTS AND DISBURSEMENTS FISCAL YEAR 2014

Beginning Cash Balance of Fiscal Year 2014 (1,908,083,974.95)

Receipts:	Net Receipts	Transfers	Total
July-13	4,424,001,424.24	3,473,857,369.18	7,897,858,793.42
August-13	10,499,163,271.97	3,586,803,275.53	14,085,966,547.50
September-13	6,308,894,721.61	3,704,824,956.60	10,013,719,678.21
October-13	5,364,691,592.91	3,835,013,797.59	9,199,705,390.50
November-13	2,849,866,621.48	2,501,157,680.24	5,351,024,301.72
December-13	6,500,591,840.86	3,725,550,646.60	10,226,142,487.46
January-14	4,958,473,710.04	4,340,313,433.92	9,298,787,143.96
February-14	3,996,713,736.75	3,219,645,095.68	7,216,358,832.43
March-14	5,296,125,361.87	3,961,244,834.07	9,257,370,195.94
April-14	3,935,628,705.08	4,643,605,300.41	8,579,234,005.49
May-14	3,054,371,739.03	3,394,963,787.47	6,449,335,526.50
June-14	5,527,788,287.94	3,898,687,195.36	9,426,475,483.30
Total Receipts Fiscal Year 2014	62,716,311,013.78	44,285,667,372.65	107,001,978,386.43

Disbursements:	Net Disbursements	Transfers	Total
July-13	(4,404,441,519.13)	(3,473,857,369.18)	(7,878,298,888.31)
August-13	(9,767,154,876.64)	(3,586,803,275.53)	(13,353,958,152.17)
September-13	(7,082,609,256.76)	(3,704,824,956.60)	(10,787,434,213.36)
October-13	(4,323,340,988.38)	(3,835,013,797.59)	(8,158,354,785.97)
November-13	(4,855,842,503.19)	(2,501,157,680.24)	(7,357,000,183.43)
December-13	(5,167,275,714.65)	(3,725,550,646.60)	(8,892,826,361.25)
January-14	(5,383,145,448.57)	(4,340,313,433.92)	(9,723,458,882.49)
February-14	(4,216,044,266.23)	(3,219,645,095.68)	(7,435,689,361.91)
March-14	(4,776,799,692.23)	(3,961,244,834.07)	(8,738,044,526.30)
April-14	(3,057,466,701.65)	(4,643,605,300.41)	(7,701,072,002.06)
May-14	(5,035,067,828.91)	(3,394,963,787.47)	(8,430,031,616.38)
June-14	(4,129,002,894.28)	(3,898,687,195.36)	(8,027,690,089.64)
Total Disbursements Fiscal Year 2014	(62,198,191,690.62)	(44,285,667,372.65)	(106,483,859,063.27)

Ending Cash Balance of Fiscal Year 2014 (1,389,964,651.79)

Note: The above actual cash inflows and outflows include all investments purchased or matured during the year and therefore fluctuations in total dollar amounts may be dramatically impacted by economic conditions and investment strategy.

- Managing the Unpresented Check Fund and the Undeliverable Check Fund;
- Reconciliation of all agency cash deposits between the bank and R*STARS;
- Recordation in R*STARS of all bank adjustments and corrections; and
- Maintenance of tables to allow for accurate posting of all electronic receipts.

Section 6-209 of the State Finance and Procurement Article of the Annotated Code of Maryland requires that State money on deposit with financial institutions must have collateral pledged to the State that equals or exceeds the amount on deposit not covered by the Federal Deposit Insurance Corporation. The collateral must be held by a third party custodian and be of the types enumerated in §6-202 of the State Finance and Procurement Article. Collateral is monitored for almost 2,000 depository, disbursement, and registered agency working fund accounts. The Department also has oversight for State trust and escrow accounts. Account balances and collateral data is submitted monthly by financial institutions and collateral custodians and is cross checked to account information maintained in the Treasurer's Bank Account Information System (TBAIS). The data is analyzed to ensure that the pledged collateral is sufficient to cover the applicable bank balances. If the collateral is insufficient, the financial institution is required to increase the collateral pledged. The collateral reported by the financial institution is also compared to the collateral reported by the independent third party custodian to ensure accuracy.

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Treasury Management Division continued from page 16

The collateral balance held for all State bank accounts at June 30, 2014, was \$658,594,667.

Banking Services serves as the State's authority for the development, control, and maintenance of statewide policies and procedures for banking products and services. The revised Remote Deposit Policy and Procedures was posted on the Treasurer's website this year. The Department continually strives to stay at the forefront of changes in banking products and services offered in the financial industry. The Department continues to explore new financial products and improved data delivery methods that will increase our ability to provide efficient cost-saving banking services to Maryland State agencies. In addition, the Department continuously monitors the financial health and safety of all financial services providers. BSD strives to enhance its ability to respond in the event a change in banks is required by market conditions or the procurement process. The Department must anticipate future banking service evolution and the growing diverse needs of the State while containing costs of complex banking transactions.

The Department actively works with agencies to develop and strengthen their internal financial and accounting processes and discern efficient banking services necessary for efficient agency business processes. Furthermore, BSD works with State agencies to improve their reconciliation practices and procedures. As always, the Department strives to increase efficiency, productivity and reduce costs for accounting, safety and accuracy of all financial transactions.

INVESTMENT DEPARTMENT

Fiscal year 2014 was like watching paint dry for fixed income investors. Equity investors had more excitement. The Dow Jones Industrial Average increased from 14,974.96 on July 1, 2013 to 16,834.28 on June 30, 2014. The low point was August 27, 2013 when the average was 14,776.13 and the high was on June 20, 2014 at 16,947.08 and in between was a heart stopping roller coaster ride. Quantitative easing seemed to be the driver but for the opposite reason it drove the previous fiscal year. Last fiscal year the Federal Open Market Committee (FOMC) had used this macroeconomic policy tool of injecting about \$85 billion per month into the economy in an effort to jumpstart a recovery. Under the leadership of Chairman Janet Yellen, the first woman to lead the Fed in its 100-year history, the FOMC began to slow the injections citing improvements in the economy. The modest economic improvement was reflected in the

10 year constant maturity treasury which averaged 2.70% and the 5-year constant maturity treasury which averaged 1.62% this fiscal year as compared to the previous fiscal year when the averages were 1.82% and .77% respectively. The unemployment rate dropped from 7.5% in June 2013 to 6.3% for June 2014.

The fiscal year had some other noteworthy events. In July, The Duchess of Cambridge gave birth to a baby boy and named him George Alexander Louis. In August, Russia granted asylum to Edward Snowden who had leaked information about U.S. surveillance of foes, allies and citizens. It also became public that President Assad of Syria had used chemical weapons on his own populace. In September, Somalian militants terrorized a luxury mall in Nairobi, killing 70 and wounding 175 and the Taliban attacked All Saints Church in Peshawar killing more than 80 and destroying the historic church. In October, Saudi Arabia declined a seat on the United Nations Security Council citing the lack of action against Syria as proof of the Security Council's disgraceful dysfunction. November saw things heat up in Asia when China announced a new and expanded air defense zone and the U.S. decided to run test flights in the air space Japan had claimed years ago. The world lost a great leader and hero in December when Nelson Mandela left this earth. Sunni militants claimed Fallujah and parts of Ramadi proving that Iraq is still in a state of turmoil. Negotiations began in Geneva between the Syrian Government, members of the opposition, the U.S., Turkey, Saudi Arabia, and Russia in Switzerland in January. The Sochi Winter Olympics were the focus for February. The U.S. won 28 Winter Olympic Medals: 9 Gold, 7 Silver and 12 Bronze. Once the Olympics concluded on a high note for Russia, President Putin sent his troops into Crimea. Crimea seceded from the Ukraine in March. North and South Korea exchanged gunfire in March. Malaysia Airlines flight MH370, with 239 passengers on board, was scheduled to fly from the Malaysian capital, Kuala Lumpur, to Beijing, China on Saturday, March 8. It disappeared from civilian radar screens about an hour into the scheduled six-hour flight. April heralded Presidential elections in Afghanistan and India. In April, Boko Haram kidnapped 280 school girls because they view public education of females as blasphemous. In May, the U.S. charged five Chinese military personnel with hacking corporate computer systems. June brought the abdications of King Juan Carlos for his son Felipe, the Taliban attacked Pakistan's largest airport and members of ISIS (the Sunni

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Treasury Management Division continued from page 17

militant group Islamic State in Iraq and the Levant) took control of Mosul. As of June 30, 2014, the Malaysian plane is still missing; violence, war and riots continue in Syria, Iran, Iraq, and Afghanistan; Russia is bullying the Ukraine; Kim Jong-Un is walking around looking at things; the U.S. is now into soccer; and the school girls are still not home in Nigeria. The world continues to be a very unsettled place.

World events notwithstanding, the Investment Department of the State Treasurer's Office continued to invest in accordance with established laws, policies and procedures throughout fiscal year 2014. Section 6-222 of the State Finance and Procurement Article of the Annotated Code of Maryland governs the investment of the State's unexpended or surplus money. Furthermore, the State Treasurer's Investment Policy provides additional guidance for investments. The conservative stance of the Office may have limited interest earnings but it insured the safety of principal invested.

The Investment Department of the State Treasurer's Office primarily invests the cash balances that are temporarily idle between the time revenue is collected and the time budgeted amounts are disbursed. The Department is also responsible for a number of longer-term investment activities associated with the purchase of 20-year development easements on agricultural land and the payment of lottery prizes over 19-year periods. The Department manages the investment of General Obligation Bond proceeds and also directs the short-term and long-term investments of a number of trustee accounts under State agency revenue bond indentures.

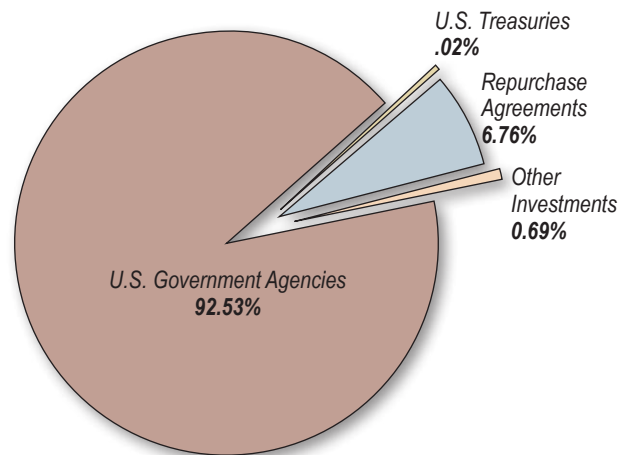
The Investment Department is not responsible for the investment and management of all funds. Other State agencies are responsible for specific funds. The Maryland State Retirement & Pension Systems, the Maryland Automobile Insurance Fund, the Injured Workers Insurance Fund, the Maryland College Savings Plans of Maryland and certain endowment funds at public colleges and universities are managed independently.

Interest earnings on investments under the stewardship of the State Treasurer accrue to the General Fund unless State law or regulation directs that the interest should accrue to a specific fund. During the 1990 session, the General Assembly enacted legislation, sponsored by the Treasurer's Office, to allow all operating funds invested by the Treasurer to be invested in a common pool. Interest earned from this pool

is allocated to the various State agencies and to the General Fund on a pro-rata basis. This legislation was updated during the 2010 session in recognition of the fact that many of the individual funds were already receiving support from the General Fund.

PORTFOLIO COMPOSITION AT JUNE 30, 2014

Investment Type	Dollar Amount	Percentage
Repurchase Agreements	380,489,083	6.76%
U.S. Treasuries	895,000	0.02%
U.S. Government Agencies	5,209,537,000	92.53%
Other Investments	39,135,847	0.69%
Total Portfolio	\$5,630,056,930	100.00%



Under State law, investments by the State Treasurer's Office are limited to secured bank accounts, full faith and credit obligations of the federal government, obligations of certain federal agencies or instrumentalities, repurchase agreements collateralized by those securities, certain money market mutual funds and limited amounts of highest rated commercial paper.

U.S. government agency investment securities are procured competitively through approved brokerage firms. To be approved, a firm (1) must be a primary dealer reporting to the Federal Reserve or a registered member of the New York Stock Exchange, or (2) file financial statements exhibiting financial resources considered adequate by the Investment Department and approved by the Treasurer, and (3) provide competitive bids to the Investment Department on a regular basis.

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Treasury Management Division continued from page 18

The Treasurer's policy is to make sure that local, regional and minority firms have an opportunity to bid on a portion of the State's investable funds. Please be advised that this is a highly competitive process. The fiduciary responsibility to Maryland residents requires scrupulously seeking the best prices for all investments. Inclusion on the list of approved broker dealers grants the privilege of submitting bids and offers but does not guarantee a transaction.

The investment portfolio is designed to meet the cash flow needs of the State (i.e., have funds available to cover disbursements). During fiscal year 2014, the Investment Department invested in repurchase agreements with maturities of 90 days or less. These repurchase agreements were collateralized 102% by U.S. Treasuries and federal agency securities. The collateral provided safety, and the repurchase agreements had short duration and rates of return that were generally higher than individual Treasury and agency securities with comparable maturity dates. Treasury and federal agency securities with a maturity of up to five years were also purchased in order to provide portfolio diversification, liquidity and a higher rate of return. This maturity extension was well within the guidelines of prudent portfolio management. For a complete list of the June 30, 2014 investment portfolio, please see Appendix A.

On June 30, 2014, the total of all portfolios under the active management of the State Treasurer's Office was \$5,630,056,930. The General Fund portfolio was \$5,196,101,472.

The average rate of return on the General Fund was 1.03%. The State Treasurer's investment program

PORTFOLIO BALANCES

Fiscal Year	General Fund	Total Portfolio
2000	4,043,592,678	4,341,640,537
2001	4,734,087,661	4,983,070,473
2002	4,007,351,370	4,338,575,761
2003	3,393,570,110	3,582,550,645
2004	4,212,322,055	4,469,538,542
2005	5,403,757,921	5,685,280,744
2006	6,480,959,704	6,867,711,888
2007	6,719,444,969	7,116,500,896
2008	6,455,858,210	6,557,395,702
2009	4,909,433,669	5,088,853,273
2010	4,770,485,256	5,111,305,375
2011	5,092,307,428	5,322,943,280
2012	4,788,811,949	5,062,936,083
2013	5,841,495,771	6,190,816,363
2014	5,196,101,472	5,630,056,930

AVERAGE ANNUAL INTEREST RATES

Fiscal Year	General Fund	3 Month Treasury Bill Rate
2000	5.61%	5.38%
2001	5.93%	5.27%
2002	2.92%	2.18%
2003	1.94%	1.32%
2004	1.28%	0.97%
2005	2.26%	2.26%
2006	4.06%	4.17%
2007	5.16%	4.74%
2008	4.89%	1.89%
2009	3.39%	0.56%
2010	2.07%	0.12%
2011	2.00%	0.11%
2012	1.10%	0.05%
2013	1.12%	0.08%
2014	1.03%	0.04%

TOTAL INTEREST EARNED

Fiscal Year	Net General Fund	Allocated to State Agencies	Total
2000	121,951,720	103,173,287	225,125,007
2001	136,981,074	144,249,899	281,230,973
2002	82,641,807	66,399,769	149,041,576
2003	37,205,637	42,240,523	79,446,160
2004	25,037,345	29,053,449	54,090,794
2005	52,886,074	54,538,463	107,424,537
2006	149,613,238	109,222,108	258,835,346
2007	150,798,001	205,589,917	356,387,918
2008	155,170,184	207,179,098	362,349,282
2009	102,768,740	142,619,087	245,387,827
2010	44,190,425	87,921,654	132,112,079
2011	53,178,733	87,900,159	141,078,892
2012	23,207,535	48,647,954	71,855,489
2013	8,646,595	40,710,863	49,357,458
2014	23,551,662	48,183,298	71,734,961

surpassed the benchmark three-month Constant Maturity Treasury Bill, which averaged 0.04% for the same time period.

In spite of the continued low interest rate environment, the return on the portfolio increased almost \$15 million for fiscal year 2014.

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SECURITIES LENDING

Most portfolios containing a large number of quality securities engage in a Securities Lending Program. The State is no exception. In this Program, the State contracts with a third party securities lender which arranges to have specific securities in the portfolio loaned to brokers and dealers who need those securities for a short period of time. In return for borrowing the security, the broker or dealer posts cash collateral equal to 102% of the market value of the borrowed security. The securities lender invests the cash collateral for the period of the loan. At maturity, the State's securities are returned and the interest earned is allocated between the State and the securities lender.

The restructuring of balance sheets by the Prime Broker Dealers and the severe reduction in financial transactions reduced the need for securities lending during fiscal year 2014. Therefore, the securities lending program earned 37% less than the previous fiscal year.

SECURITIES LENDING EARNINGS

Fiscal Year	Earnings	% Change
2005	424,158	-
2006	463,384	9.20%
2007	568,770	22.79%
2008	1,926,722	238.75%
2009	380,301	-80.26%
2010	151,266	-60.22%
2011	300,802	98.86%
2012	457,076	51.95%
2013	404,017	-13.13%
2014	252,105	-37.60%

LOCAL GOVERNMENT INVESTMENT POOL FUND BALANCE

Fiscal Year	Fund Balance as of June 30	Number of Participants	Actual Yield Prev. 12 Months	\$ Inc (Dec) Prev. Year
2000	813,759,289	252	5.73%	2.07%
2001	1,141,544,255	270	5.69%	40.28%
2002	1,422,684,869	276	2.53%	24.62%
2003	1,674,169,653	282	1.45%	17.67%
2004	1,797,814,980	285	1.03%	7.38%
2005	1,951,361,257	287	2.15%	8.50%
2006	1,900,127,809	289	4.19%	(2.69%)
2007	2,100,327,613	292	5.30%	10.54%
2008	2,420,372,782	294	4.04%	15.24%
2009	2,759,769,583	298	1.41%	14.02%
2010	2,795,956,544	300	0.21%	1.31%
2011	2,739,057,335	300	0.09%	(2.07%)
2012	2,478,730,050	300	0.10%	(9.50%)
2013	2,847,048,217	301	0.12%	14.86%
2014	3,127,026,184	302	.05%	9.83%

LOCAL GOVERNMENT INVESTMENT POOL

The Maryland Local Government Investment Pool (MLGIP) was originally created under Section 22G of Article 95 of the Annotated Code of Maryland and more recently defined by Title 17, Subtitle 3 of the Local Government Article of the Annotated Code of Maryland. The MLGIP, under the administrative control of the State Treasurer, is designed to provide all local government units of the State an investment vehicle for the short term investment of funds. The actual management of the Pool has been contracted out to The PNC Financial Services Group, Inc. The MLGIP is annually audited by McGladrey LLP.

The Treasurer has encouraged local governments and eligible authorities to participate in the Pool, a Standard and Poors "AAAm" rated money market account. At the end of fiscal year 2014, there were 302 participants. The fund balance as of June 30, 2014,

was \$3,127,026,184. The actual yield for fiscal year 2014 was .05% the same as the benchmark Standard and Poor's LGIP Index of .05%.

To ensure that the Pool is responsive to the needs of the participants, the Treasurer created an Advisory Board consisting of representatives of the Pool's members. The Board meets semi-annually, reviews the fund's activities and makes recommendations to the Pool's administrator. The Pool administrator produces a quarterly newsletter to keep participants informed about the MLGIP. This newsletter acts as an effective marketing tool for potential participants and a valuable update for members.



DEBT MANAGEMENT DIVISION

Amber Teitt

Director

ateitt@treasurer.state.md.us

As a member of the Board of Public Works, the Treasurer has the lead role in the Board's activity relating to the issuance and oversight of State debt and under Article VI, Section 3, of the State Constitution, is responsible for arranging for the payment of principal and interest on State debt.

GENERAL OBLIGATION BONDS

The State finances State-owned capital improvements, such as prisons and colleges, and various State capital grants to local governments and private non-profit organizations through the issuance of General Obligation debt. Projects funded include local public schools, local jails, water treatment facilities, museums, rehabilitation of historic structures, and private treatment centers for the developmentally and physically disabled.

General Obligation debt is backed by a pledge of the full faith and credit of the State. Moody's Investors Service, Inc. (Aaa), Standard and Poor's (AAA) and Fitch Ratings, Inc. (AAA) have all assigned their highest credit rating, Triple-A, to the State's General Obligation Bonds. Maryland is one of only ten states in the nation to hold a Triple-A credit rating from all three major credit rating agencies during fiscal year 2014, attributable to Maryland's relatively strong financial and economic position during fiscal year 2014.

The Treasurer recommends the size, timing, and terms of sale for the General Obligation Bonds. This entails periodic analysis and surveys to determine the monthly cash balances of bond proceeds and project anticipated cash needs of State agencies and grantees for authorized capital projects. In recent years, the State has held sales semi-annually although if there are time-sensitive needs or opportune market conditions, the State may issue more frequently. The Debt Management Division, in conjunction with the State's Financial Advisor, the Treasurer's Principal Counsel, and the State's Bond Counsel, coordinates the sale and all activities prior to the actual sale, including liaison with the



U.S. Naval Academy, Annapolis, Maryland

bond rating agencies, the preparation and publication of statutorily required notices and advertisements, and the preparation and distribution of Official Statements. The preparation of Official Statements is primarily performed in-house, resulting in substantial savings to the State.

The State Treasurer's Office monitors market conditions and arranges the details of the actual sale including the selection of the method of sale. In competitive sales which are done at a Board of Public Works meeting, bids are transmitted electronically by underwriting syndicates, verified by the State Treasurer's Office and the winning bid is then ratified at the meeting. In negotiated sales, underwriters, who are selected in a competitive procurement process, negotiate bond prices with the State Treasurer's Office. Final pricing is incorporated in the Bond Purchase Agreement which must also be approved at a Board of Public Works meeting.

Finally, the State Treasurer's Office supervises all activities of post-sale settlement, the investment of the bond proceeds, compliance with Internal Revenue Service requirements for tax-exempt bonds, continuing disclosure and payment of debt service.

There were two public General Obligation Bond Sales in fiscal year 2014 totaling \$1,211.9 million and one privately placed issuance of Qualified Zone Academy Bonds totaling \$4.5 million. Additionally, during fiscal year 2014 the State refunded prior series of bonds in order to realize \$12.6 million in present value debt service savings. Interest

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Debt Management Division continued from page 21

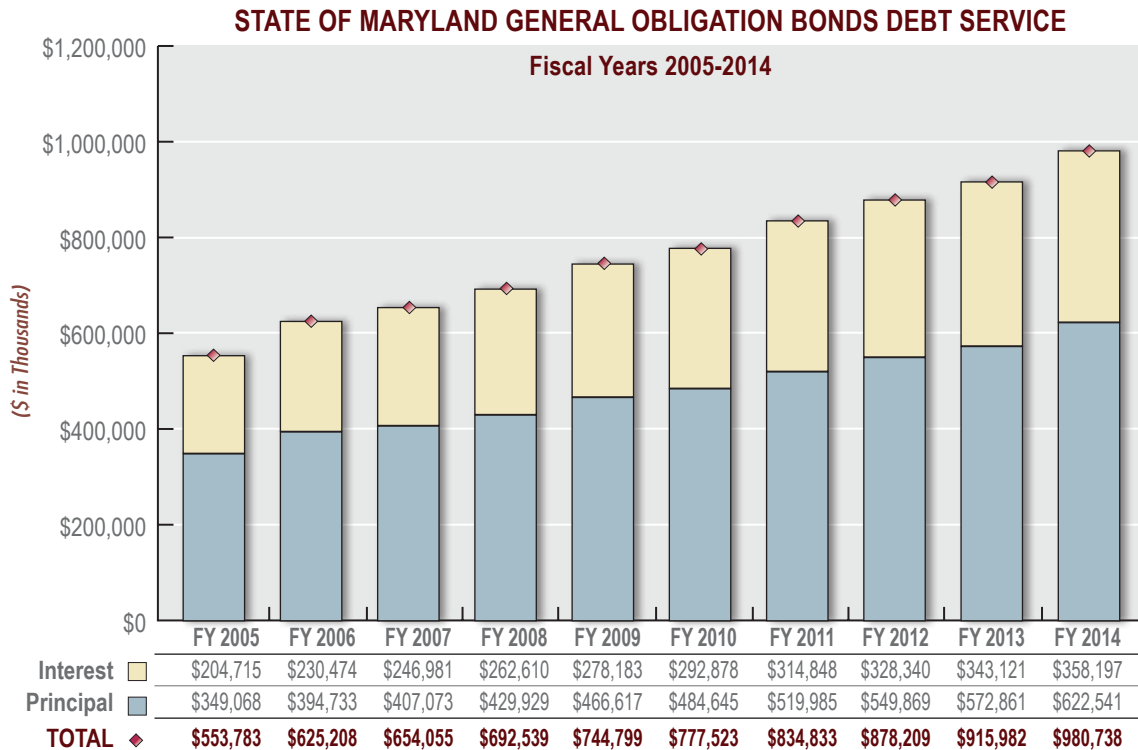
rates were somewhat elevated in comparison to fiscal year 2013; however, throughout fiscal year 2014 market conditions continued to be very favorable for high quality and highly rated bonds like Maryland General Obligation Bonds. The following table summarizes debt issued by the State during fiscal year 2014:

SUMMARY OF FISCAL YEAR 2014 GENERAL OBLIGATION BOND ISSUES

Series	Dates of Sales	Tax-Exempt Competitive	Tax-Exempt Negotiated	Taxable	Taxable Federal Tax Credit	Tax-Exempt Refunding	Overall Tax-Exempt TIC
2013 Second Series A	8/6/13	\$435.0					3.15%
2013 Second Series B	8/6/13			\$40.0			1.18%
QZABs of 2013	12/19/13				\$4.5		0.07%(a)
2014 First Series A	3/18/14	\$450.0					2.84%
2014 First Series B	3/18/14			\$50.0			0.91%
2014 First Series C	3/18/14					\$236.9	1.24%

(a) The General Obligation Qualified Zone Academy Bonds (QZABs) of 2013 are special, federally-authorized tax credit bonds where the holder of the bonds earns federal tax credits equal to the tax credit rate as determined by the U.S. Treasury on the bonds as established at the time of the sale.

The history of General Obligation Bond issuance and debt service for the last ten years is depicted in the chart below and the top chart on the following page:

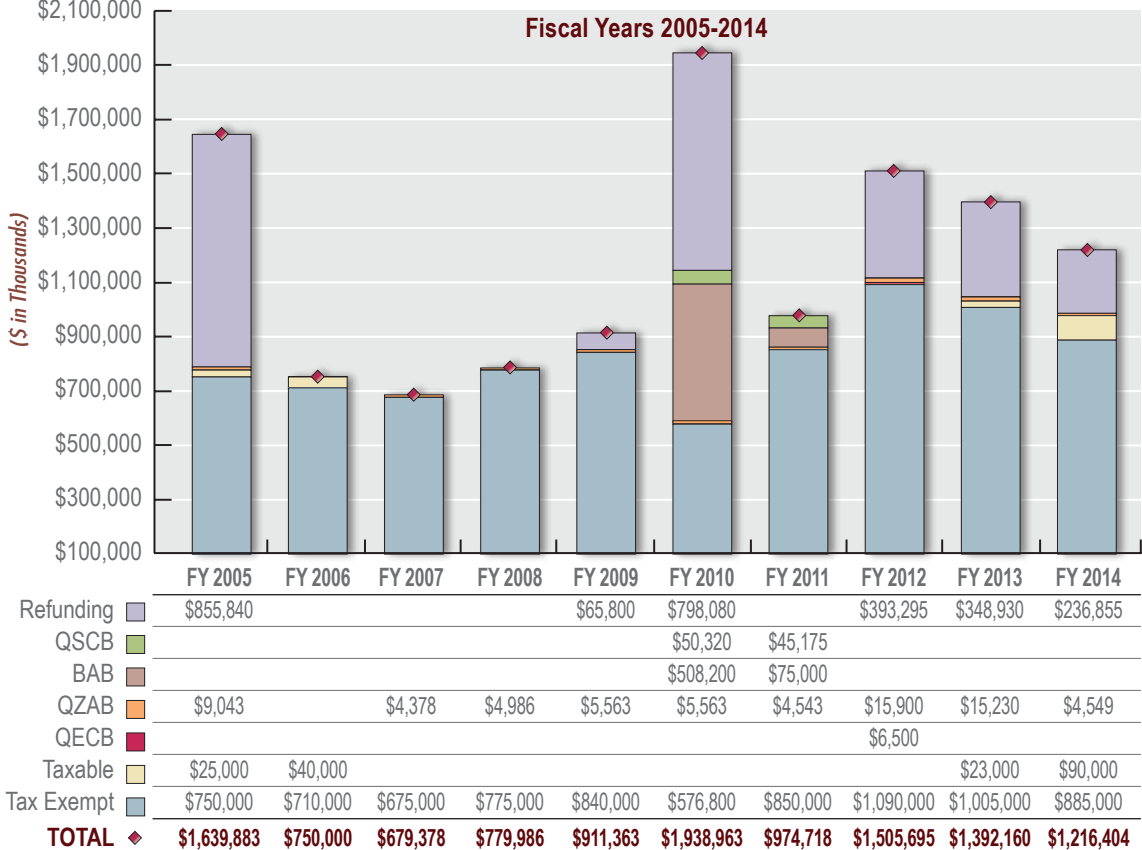


Note: Debt Service also includes sinking fund payments on QZAB bonds.

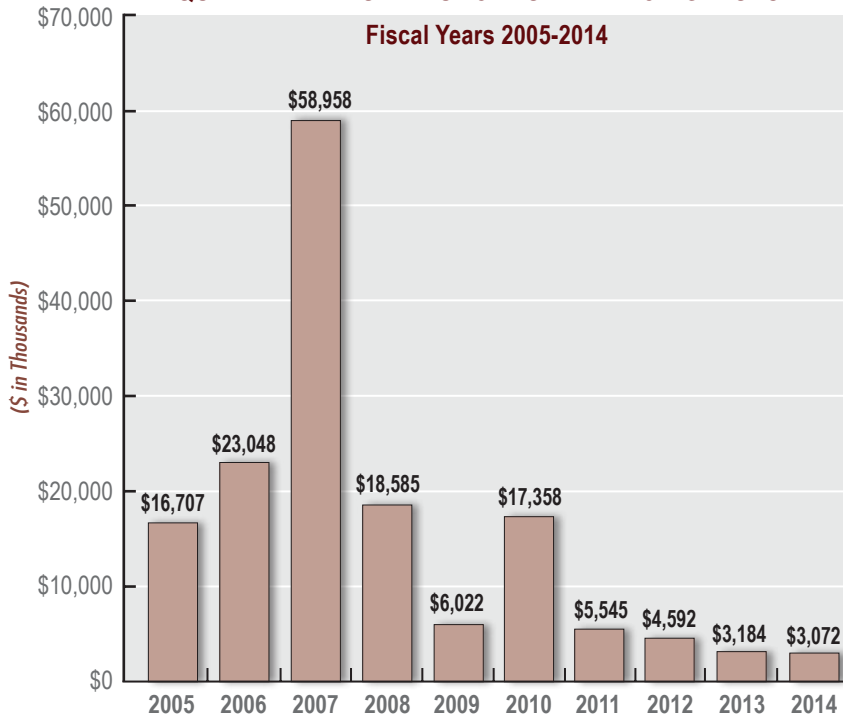
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Debt Management Division continued from page 22

STATE OF MARYLAND ISSUANCES OF GENERAL OBLIGATION BONDS



EQUIPMENT LEASE – PURCHASE FINANCING HISTORY



EQUIPMENT LEASES

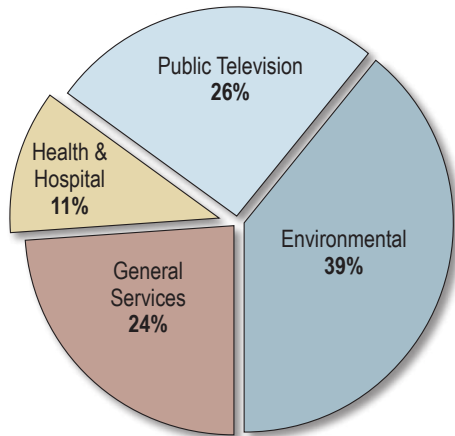
The State Treasurer's Office finances equipment for State agencies and Higher Education Institutions through the administration of the Capital Lease-Purchase Program. Eligible State entities initiate requests for lease funding of certain assets. At several predetermined times during the fiscal year the State Treasurer's Office procures a Lessor in accordance with the Lease Purchase Financing Guidelines established by the Office and the Lessor finances equipment needs, usually for a term of either three or five years. Leases are paid semi-annually (January 1 and July 1) from funds transferred at the beginning of each fiscal year to the State Treasurer's Office from the respective State entities that have financed assets through the lease program.

Continued on page 24

Debt Management Division continued from page 23

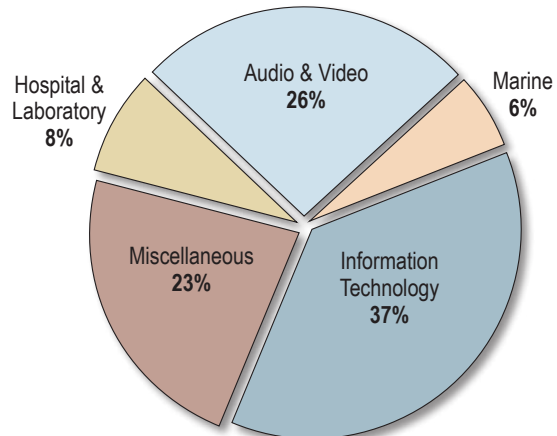
During fiscal year 2014, State agencies financed \$3.1 million of equipment under various Lease-Purchase Agreements. Details on the Capital Lease-Purchase Program are depicted in the following charts (and the bottom chart on the previous page):

GOVERNMENT USE – FISCAL YEAR 2014
Equipment Lease – Purchase Financings



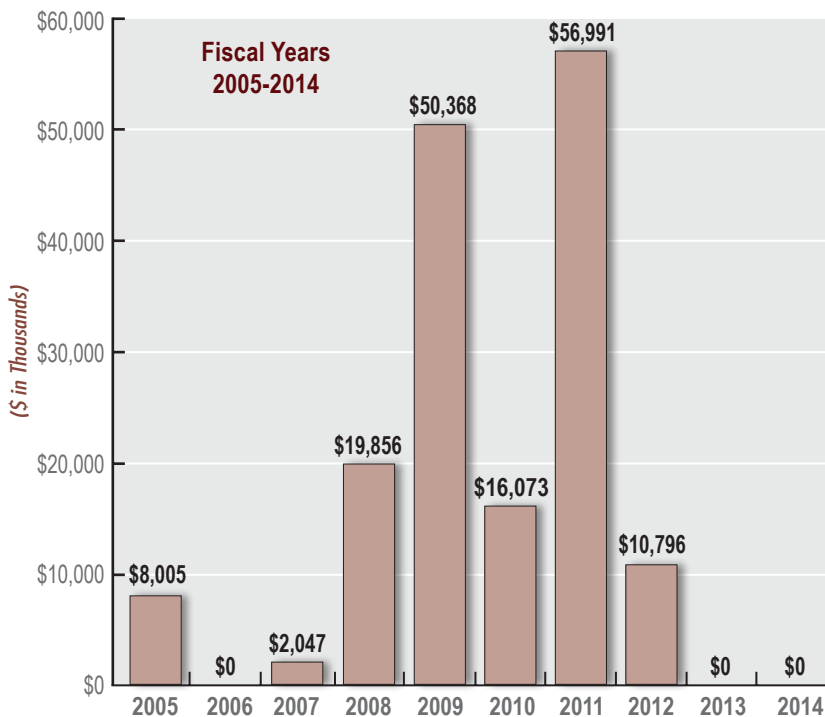
Public Safety	-	0%
Health & Hospital	345,569.18	11%
Public Television	797,255.50	26%
Environmental	1,190,018.23	39%
General Services	739,585.51	24%
TOTAL	3,072,428.42	100%

EQUIPMENT CLASSIFICATION – FISCAL YEAR 2014
Equipment Lease – Purchase Financings



Hospital & Laboratory	234,586.18	8%
Audio & Video	797,255.50	26%
Marine	195,892.00	6%
Information Technology	1,143,489.34	37%
Miscellaneous	701,205.40	23%
Transportation Related	-	0%
TOTAL	3,072,428.42	100%

ENERGY PERFORMANCE LEASE – PURCHASE FINANCING HISTORY



ENERGY LEASES

The State Treasurer's Office finances energy efficiencies for State agencies and Higher Education Institutions through the administration of the Energy Performance Lease-Purchase Program. Leases are generally structured for terms of 13, 14, or 15 years and savings from the Energy Performance Contracts are used to make the lease payments. Lessors are procured by the Treasurer's Office and paid semi-annually (January 1 and July 1) from funds transferred at the beginning of each fiscal year from the using agencies.

No new energy leases were entered into during fiscal year 2014. The State Treasurer's Office continues to manage the portfolio of existing leases. The history of the Energy Lease-Purchase Program for the last ten years is depicted in the chart to the left.

I

NSURANCE DIVISION

Joyce Miller

Director

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The Insurance Division is responsible for administering the State of Maryland's Insurance Program which is comprised of commercial and self-insurance. Commercial insurance policies are procured to cover catastrophic property and liability losses, and other obligations derived from State contracts, statutes and regulations. Among the exposures covered by commercial policies are State maintained toll bridges and tunnels, the Baltimore Washington International Thurgood Marshall Airport, the Port of Baltimore, Maryland Transit Administration liability, professional liability exposures and student athlete travel accident insurance. The State self-insures a significant portion of its exposures and maintains the State Insurance Trust Fund. This fund primarily serves as a resource to pay damages and the costs associated with handling claims. Self-insurance coverage includes State-owned real and personal property, vehicles, and liability claims covered under the Maryland Tort Claims Act.

The Insurance Division is comprised of three Units: Underwriting, Loss Prevention and Claims, which includes Tort Litigation. The Division's goal is to provide statewide risk management through loss protection (Underwriting), loss control (Loss Prevention), and loss restoration (Claims and Tort Litigation).

UNDERWRITING

The mission of the Underwriting Unit is to manage the insurance needs of the State through self-insurance or the procurement of commercial insurance. Commercial insurance protects the State Insurance Trust Fund from catastrophic losses and fulfills certain statutory requirements or agency contracts. The Underwriting Unit analyzes commercial coverage offerings, prices, limits, and deductibles and then recommends to the Treasurer the combination that best protects the State of Maryland's assets. The Underwriting Unit continues to serve as a resource for all State agencies for their insurance questions or concerns.

The Maryland Transit Administration excess liability coverage renewal effective July 1, 2013, reflected a 3% ridership increase. The broker offered several renewal options including a double aggregate on the first layer of coverage, which is a \$20,000,000 layer. Coverage was renewed with the ridership increase, an additional \$20,000,000 limit of coverage was purchased in the double aggregate, and the premium did not increase.

The Maryland Transit Administration rail car floater coverage renewal, effective July 1, 2013, was expected to rise considerably primarily due to the insured values increasing 14%. However, the incumbent insurance carrier, Ace, kept the coverage the same and there was no premium increase.

The Maryland Aviation Administration (MAA) airport liability coverage renewal, effective August 15, 2013,

for Baltimore Washington International Thurgood Marshall and Martin Airports was based on enplanements that were up 1.4%. In light of the excellent loss experience and continued growth within the MAA, the insurance carrier renewed the same coverage with a savings of \$55,850.

The State's blanket boiler and machinery coverage renewal of September 30, 2013, was based on values that had increased 2.8%. The insurance carrier agreed to offer expanded service that included infrared testing at a reduced premium which saved the State \$39,327.

The Maryland Transportation Authority liability coverage renewal, effective October 17, 2013, for the toll facilities (toll bridges, tunnels and Inter County Connector) included an optional quote for Law Enforcement Liability for police exposures. This coverage was renewed with \$5,000,000 of new Law Enforcement Liability while the terrorism limit was increased from \$30,000,000 to \$148,000,000 to match general liability. The total coverage was increased by \$123,000,000, and the premium increased by only \$25,490.

The Maryland Transportation Authority property insurance renewal, effective December 1, 2013, for the toll facilities (bridges, tunnels, and Inter County Connector) was based on values that were down slightly, which precipitated a rate reduction of 8% that generated a savings of \$337,569.

The Maryland Port Administration liability coverage renewal, effective

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Insurance Division continued from page 25

January 31, 2014, anticipated Port revenue growth of 5.2%. The broker presented a competitive optional quote from a new carrier. With the same coverage as the expiring policy, this carrier offered a 30% rate reduction. The broker confirmed the new carrier as experienced handling ports and able to provide good claim and loss control services. We placed the renewal coverage with the new carrier, saving the Port \$74,971.

The State's blanket excess property insurance renewal effective April 1, 2014, was expected to increase due to market conditions and the State's past loss experience. The State of Maryland previously incurred two large losses, one in fiscal year 2012 and the other in fiscal year 2013. The State's renewal property values were up 7% (up \$2,026,511,582) but the broker was able to negotiate a slight renewal rate reduction. With no change in coverage, a considerable value increase, and our loss experience, the State's premium only went up \$261,771.

The Underwriting Unit continues to offer guidance on minimum insurance requirements for contracts and RFPs. The Unit provided insurance expertise to many State of Maryland agencies including the Maryland Aviation Administration, Coppin State University, Morgan State University, the Department of Budget and Management, Maryland Economic Development Corporation, and Maryland Emergency Management Agency, to name a few. Two new insurance broker services contracts were awarded in fiscal year 2014. The contracts were for Inland/Ocean Marine and Bonds/ Crime coverages.

The Underwriting Unit also responded to several agency inquiries regarding the September 2014, Star Spangled Spectacular event. Several issues related to existing commercial policies and insurance requirements, excess coverage, limits of liability, and loss reporting have been addressed for multiple participating agencies.

CLAIMS AND TORT LITIGATION

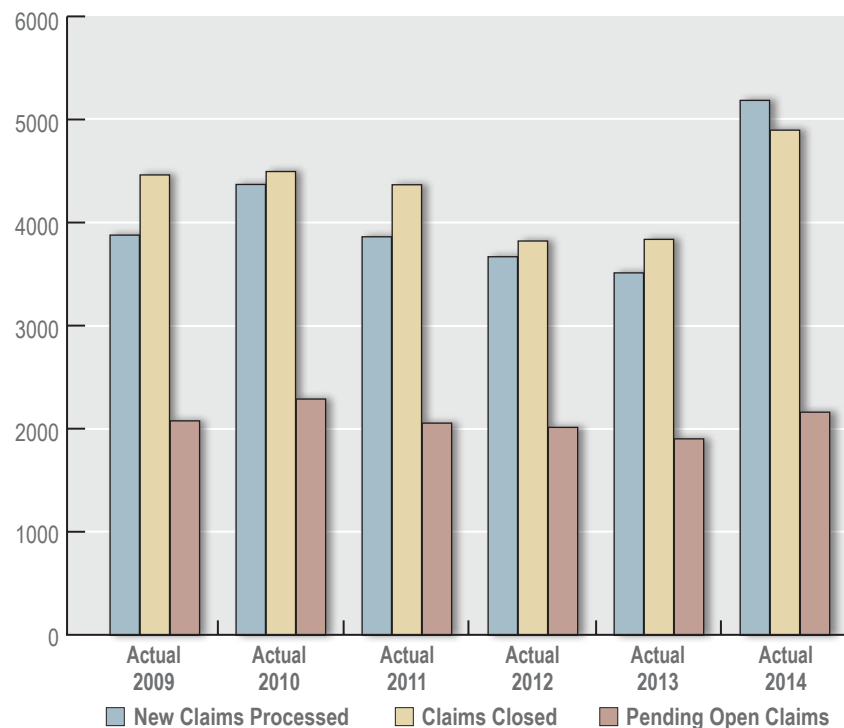
The Insurance Division's Claims Unit investigates and resolves liability claims filed under the Maryland Tort Claims Act, State Government Article §12-101 of the Annotated Code of Maryland. The Claims Unit also handles any losses involving damage to State-owned property arising from sudden and accidental perils including collision and comprehensive losses to automobiles, fire, hail, lightning, and wind which may cause damage to State structures, equipment, and contents.

The State incurred an unusually cold, snowy and relentless winter and several severe storms in the spring of fiscal year 2014. The State sustained an increase in numerous types of claims which were weather related, from pot holes, plowing events, frozen pipes in the State's older buildings, to flooding throughout the State. These weather events impacted the State of Maryland directly and indirectly. The Insurance Division implemented a plan to notify State agencies of any trends from weather related incidents and various other types of claims, in an effort to help prevent extensive additional damage to State owned property.

Open and closed claims are tracked to gauge loss activity, asset inventory and to identify any trends. From July 1, 2013 through June 30, 2014, there were 5,183 claims opened while 4,895 claims were closed. This reflects a 1:06 open to close ratio.

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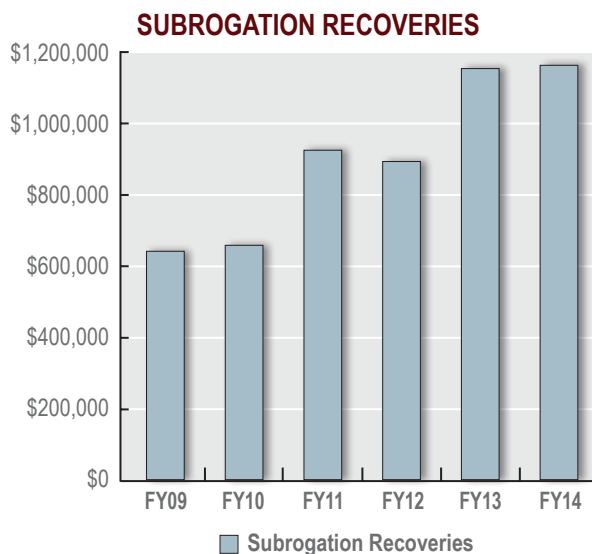
FILED CLAIMS



Insurance Division continued from page 26

In addition to adjusting claims filed under the Maryland Tort Claims Act, the Unit is also charged with recovering the cost of damage to State automobiles and property damage caused by others. The subrogation recovery process helps to offset State Insurance Trust Fund liabilities and positively impacts the fund's solvency. Since 2007, the Claims Unit has focused on increasing subrogation recoveries by dedicating specific claim personnel to pursue these debts.

Year-to-date recoveries in fiscal year 2014 of \$1,147,263.57 continued to surpass previous recovery amounts of \$1,138,169 in fiscal year 2013, which surpassed fiscal year 2012's recovery total of \$880,929 and fiscal year 2011's recovery total of \$912,156 by more than 15%.



TORT LITIGATION

The Litigation Unit works closely with the Office of the Attorney General to proactively resolve cases in litigation. Other responsibilities include: additional investigation, damage evaluation, and settlement authority which is granted to the Assistant Attorneys General on behalf of the Treasurer. In cases valued over \$100,000, the Litigation Unit briefs the Insurance Review Committee that is comprised of the Chief Deputy Treasurer, the Supervising Tort Attorney, the Director of Insurance, and other stakeholders.

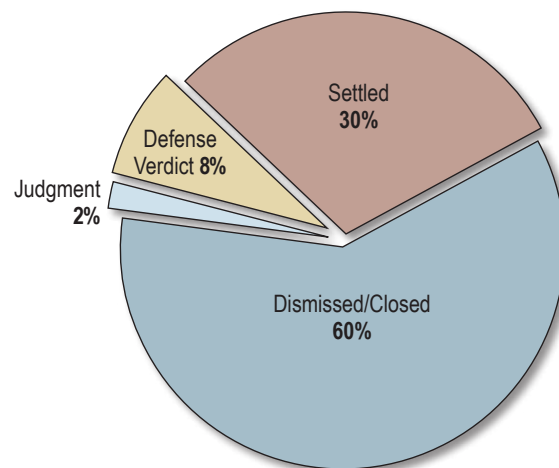
The Unit attends settlement conferences, mediation, pre-trial meetings and other court mandated activities. The Unit is also charged with providing updates on the status

of high profile litigation claims and provides feedback to adjusters during the discovery process, assists with instructions during the adjusters' investigation, and helps to develop strategies for defense of liability and/or damages.

The Tort Litigation Unit handles a rolling docket of approximately 110 to 130 open litigation claim files and actively monitors trial verdicts and appeals to assess the potential impact on the State Insurance Trust Fund. The data is analyzed in order to track the litigation outcomes to determine any trends by jurisdiction.

In fiscal year 2014, the Tort Litigation Unit handled 124 new suits. The Unit resolved 126 cases; 38 cases were settled before Judgment, 76 cases were Dismissed, 2 resulted in Judgments against the State and 10 resulted in a Defendant's (State) Verdict. Of the 76 Dismissals, 6 cases were removed to U.S. District Court and 3 cases were Dismissed, since they were non-State related.

TORT LITIGATION CASES RESOLVED IN FY 2014



Settled	38 Cases
Dismissed/Closed	76 Cases
Judgment	2 Cases
Defense Verdict	10 Cases
TOTAL	126 Cases

LOSS PREVENTION

The aim of loss prevention is to assist State agencies in developing specific action plans and safety practices to mitigate or eliminate the most frequent or severe sources of preventable losses. Through effective communication, a cooperative partnership is fostered to build effective protocols that will positively impact loss frequency and severity.

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Insurance Division continued from page 27



Chesapeake and Ohio Canal



Cascade Falls, Patapsco Valley State Park

Annually, the Loss Prevention Unit conducts a comprehensive review of State agencies' loss histories to identify problem areas and to provide support in taking corrective measures. These efforts are expected to significantly reduce loss frequency and the severity of damage to State-owned property.

In fiscal year 2014, the Insurance Division began tracking new losses reported to the State Treasurer's Office by accident description. This increased the reporting capabilities and affords additional opportunities for trending analysis. New monthly reports are now provided to the agencies which have a high frequency of reported claims. The monthly reports include all losses reported by accident description, including any potentially preventable losses. Loss prevention materials distributed throughout fiscal year 2014 included driver safety briefs, impending severe weather notices, and email quick tips. The information was sent to agency fleet managers, safety officers, risk managers and insurance coordinators to be shared throughout the agency.

In September 2013, there was an influx of auto claims involving vehicles leased by the Department of Natural Resources (DNR) for their 2013 Summer Conservation Jobs Corps Program (CJC) held at State Parks. The Program provides youth workers transportation to and from central pick-up sites. Due to the increase in losses, Loss Prevention met with DNR to discuss recommendations. In June 2014, the Insurance Division participated in the CJC Mandatory Training Program to provide an overview of the Insurance Division, accident reporting, loss mitigation, driver safety

tips, and the importance of daily inspections of the vehicles. These recommendations were presented to the program managers implementing the 2014 summer program.

In October 2013, the Insurance Division received a claim related to damage sustained to lab equipment caused during construction from the sanding and dust in the Chemistry Building at the University of Maryland College Park. Loss Prevention contacted the University to obtain the cause of loss and offered control measures for consideration and implementation. In April 2014, the University advised that strategies have been implemented and will be exercised prior to the commencement of any future construction work. Such measures include communication between departments, offices and labs regarding impending construction work so that property and equipment will be safeguarded or relocated until the work is completed.

In June 2014, representatives of the Insurance Division and the risk consultant for the State's aviation liability insurance carrier Ace, met with the Maryland Aviation Administration (MAA) to discuss the BWI Thurgood Marshall Airport operations and activities with respect to possible liability issues. Topics included several types of claims that may arise during the typical operation of MAA, which include slips and falls, trips and falls on escalators and walkways, along with damage to the property. Accident tracking and control measures to address these instances were provided to MAA.

Continued on page 29

Insurance Division continued from page 28

Pre-loss prevention and preventative maintenance strategies are provided to assist agencies and universities with asset protection in advance of weather related events. Information is furnished to facility directors, insurance and fleet coordinators, safety officers, and finance personnel. Following this year's difficult winter, agencies and universities were provided a "Spring into Action" email brief detailing preventative maintenance measures along with storm checklists for hurricane season. State agencies also participated in the 2014 Hurricane Preparedness webcast held in June.

Electrical infrared imaging identifies potential equipment failures and loose connections that can create heat that can be imaged to show the exact location of a threat so that appropriate action can be taken before costly repairs and downtime are incurred. The Electrical Infrared Testing program will include the following agencies: the University of Maryland Center for Environmental Science, State Highway Administration, Maryland Stadium Authority, Hippodrome Theatre, Maryland Port Administration, Department of Public Safety and Correctional Services, Maryland Food Center Authority, Department of Juvenile Services, and the Maryland School for the Deaf. The infrared testing was completed on September 30, 2014.

COLLABORATIVE DIVISION EFFORTS

Underwriting, Loss Prevention and Claims

In fiscal year 2014, annual meetings were held with Maryland Transit Administration in November 2013, Maryland Aviation Administration in March 2014 and with the Maryland State Police Aviation Command headquarters in May 2014. The purpose of these meetings were to allow the Insurance Division staff, State agencies, brokers and respective carriers to have open communication to discuss current operations, future plans, loss prevention, and current open losses.

Underwriting and Loss Prevention

In July 2013, Underwriting and Loss Prevention collaborated with Morgan State University (Athletic Department), along with the insurance broker and the insurance carrier's third party administrator that handles athletic claims. The purpose of the meeting was to discuss the claims history and what could be done to reduce both the claim frequency and severity of the claims, due to the current impact on their insurance premiums. Morgan State representatives shared several changes that were already implemented and their new strategy they are planning to implement in order to monitor claim costs and steps to help to reduce future losses.

Loss Prevention and Claims

The Loss Prevention and Claims Units met with the State Highway Administration and Maryland Transportation Authority to discuss claim trends arising from construction, road hazards and plowing operations. Topics included accident reporting, tracking and loss prevention. Meetings were also held with the University of Maryland College Park, Department of Public Safety and Correctional Services, and the Maryland Port Authority to discuss accident reporting, frequency, preventable losses and mitigation strategies.

I

INFORMATION TECHNOLOGY DIVISION

The Information Technology (IT) Division plans, builds, programs, manages and supports all of the technology platforms that are used by the Maryland State Treasurer's Office. These systems run programs developed in-house in tandem with commercially developed software, providing the agency with highly customized applications that address our specific needs.

Services provided to State agencies include electronic funds transfer, check printing, payee positive pay and account reconciliation process services for the Comptroller's General Accounting Division, Revenue Administration Division and Central Payroll Bureau, the State Retirement System, as well as the Department of Human Resources' Child Support & CARES.

SYSTEMS AND SERVICES

The IT Division strives to support all enhancements to our in-house systems, as well as new services available from our business partners.

The Treasury Management Division contracted with our disbursement bank to implement Payee Positive Pay, a new bank service that is designed to reduce check fraud. The IT Division worked closely with Treasury Management and the Bank to modify and create in-house operations' programs, redesign the State check, modify check research screens, update reconciliation reports, and revise the issued checks file that is transmitted to the bank. The new Payee Positive Pay service compares the check serial number, dollar amount, and payee names to the bank's system that was updated with the issued file. Email alerts notify the Treasury Management Division when there are suspect items so they can decide whether or not to pay suspect checks.

The IT Division implemented another tool to reduce fraud by modifying the processing of the Paid Checks File received from our disbursement bank. The Paid Checks File programs were modified to run on the same day it is received. The modifications allow the check research screens to be updated one day earlier than the previous method.

The Office finished the fiscal year with the launch of Controlled Disbursement which required new programming and file transfer testing. Some of the benefits available

to Treasury Management include improved cash flow forecasting and the ability to take advantage of short-term investment opportunities.

The IT Division continued to enhance the Treasury Bank Account Information System (TBAIS). Recent enhancements include an improved process to collect and upload new agency survey data. New programming is now taking place to enter, store and report on interest bearing agency accounts.

ACH PROCESSING

The Office receives and processes daily ACH deposits and manual wire files that are transmitted via an automated fax to all State agencies. This process provides agencies with a report of the deposits, one day in advance of those deposits being posted to our State accounting system. The early notice helps streamline their disbursement, receipt and reconciliation processes.

IT presently extracts and transmits a file of the deposit data for some of the larger State agencies. The Office wanted to expand this service for all State agencies without impacting our current programming project timelines. IT chose to acquire an upgrade to our current automated fax reporting system. The new system's features include automatic selection of report files, and attaching an encrypted Text or PDF formatted file via an email or fax.

ELECTRONIC FUNDS TRANSFER (EFT)

The State Treasurer's Office, like many agencies in the State, has recognized the need to support, where possible, movement away from paper checks to electronic funds transfer (EFT). The State Treasurer, however, is ultimately responsible for all disbursements made by the State and must transmit EFT's in a standard format. Payments are sent in these formats to the State's disbursement bank, which then forwards them to the Federal Reserve's Automated Clearing House. The payments can then be deposited to any payee's bank account in the United States.

CHECK PAYMENT PROCESSING

The IT Division services include the electronic retrieval of warranted check disbursement files that feed a high speed, customized, check printing process for General Accounting,

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Information Technology Division continued from page 30



The Maryland State Flag

Retirement and the Department of Human Resource's Child Support & CARES. The IT Division provides for a unique agency check design, signature, MICR encoding and the delivery of an electronic positive pay file to the State disbursement bank.

RECEIPT PROCESSING

The Office's receipt processing system complements the payment processing system by allowing any State agency to receive electronic payments from taxpayers, credit card processors and federal programs. Currently, many of the taxes collected by the State, all credit card receipts, lockbox (used for high-volume, mail-in collections) and all federal funds come in through the "Depository Plus" process. This year, the IT Division enhanced the automated posting of ACH deposits to match the incoming wires. This improvement has saved both the Treasurer's Office and State agencies staff time and allows for increased accuracy of posting transactions.

TECHNICAL SYSTEMS

The IT Division also supports network-based database applications which include MS Access databases for charge-back and another for ACH transaction research application. This database is hosted on one of five network servers in the Office. Other servers manage our print service, email, website and an application server, all of which are protected by our firewall.

The IT Division manages the Office Website. The site hosts an online Web X-1 request system that utilizes an automated upload of the request to the Treasury Bank Account Information System. The website also hosts Office forms, Debt Management's General Obligation Bond reporting, Investment's Market Value Inventory and Maryland Local Government Investment Pool reporting, and a list of current and awarded procurements.

CONTINGENCY PLANNING

The IT Division maintains a Disaster Recovery Plan (DR) for its critical i5mid-range computer system. The plan and all of the recovery procedures are aligned to the State of Maryland's Information Technology Disaster Recovery Guidelines, Version 4.0. The Office's plan is tested annually at an offsite location in the event of a catastrophic failure. Alternate hardware is available at the offsite location for recovery and resumption of critical daily processing such as the retrieval and processing of disbursement files from General Accounting, Payroll, Child Support, CARES and the State Retirement Agency. IT then transmits the test EFT files for these agencies to the State's disbursement bank. Check printing functions are tested and include a transmission of a Payee Positive Pay file to the bank. These processes are deemed critical because they post deposits and payments to the State accounting system and generate payments to vendors and employees.



OFFICE OF THE ATTORNEY GENERAL - LEGAL DIVISION

Cate Allen

Director

callen@treasurer.state.md.us

While the entire Office of the Attorney General (OAG) serves as a resource to the Treasurer, three Assistant Attorneys General have been assigned to the State Treasurer's Office to provide direct, full-time legal support on a full range of services including:

- Legal advice and opinions
- Contract preparation and review
- Preparing and editing rules, regulations, and policies
- Drafting and review of legislation
- Overseeing and coordinating the State's legal representation under the Maryland Tort Claims Act
- Representation in various types of litigation, administrative and regulatory proceedings
- Responding to citizen inquiries, and
- Provide legal training to the staff as appropriate.

GENERAL LEGAL ADVICE

Board of Public Works

At the request of the Treasurer, the OAG attorneys review all agenda items that come before the Board of Public Works, including proposed legal settlements and insurance matters, provide suggested questions and comments to a Deputy Treasurer concerning legal, procurement and funding issues, and attend Board of Public Works meetings to be available to the Treasurer for legal advice.

General Obligation Bonds

The OAG's involvement with bond sales begins with review and comment to both the Department of Budget and Management and to the staff of the General Assembly on annual enabling legislation and individual bond bills. The OAG participates in the preparation and review of official statements and other offering documents, including authorizing resolutions of the Board of Public Works. For all loans authorized since 1989, the Director researches and writes bond counsel opinions for joint signature with the Attorney General.

Ongoing legal advice is provided, as needed, to various State agencies that receive General Obligation Bond funding concerning federal tax code restrictions on use of bond proceeds and the proposed use of tax-exempt bond money for capital projects. Of particular concern are changes in use and private business use of facilities that have been financed with the proceeds of tax-exempt bonds.

Procurement

As a primary procurement unit, the State Treasurer's Office is generally responsible for the procurement of all State banking, finance and insurance contracts. The Treasurer's Office is responsible for contract administration of its own contracts and agreements for banking, finance, investments, insurance and information technology, as well as for banking and finance contracts for other agencies. The OAG is engaged in contract and procurement issues including contract formations and modifications, claims, protests and appeals.

Tort Claims Litigation

The Office of the Attorney General oversees and coordinates the State's legal representation under the Maryland Tort Claims Act (MTCA). The goal of the Tort Claims Litigation Unit is to bring consistency to the defense and resolution of cases brought against the State and its agencies under the MTCA by employing effective defense strategies, controlling State risk and containing litigation costs.

Legal representation is also provided to the State, its agencies and employees in federal and State Courts in the defense of select cases brought under the MTCA. Litigation support is also given to Assistant Attorney Generals throughout State agencies that also defend cases including the use of expert witnesses, writing and reviewing briefs, memoranda and motions and advising on the litigation and settlement of these cases.

Advice and counsel to the Treasurer and Chief Deputy Treasurer is also provided on personnel matters including disciplinary issues, which may involve representing the Office in personnel proceedings.

Miscellaneous

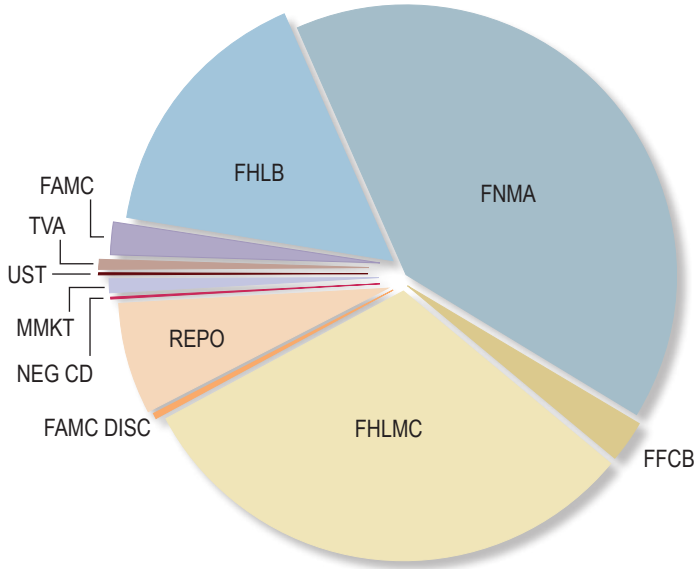
The Legal Division advises the Treasurer and Office staff on a variety of issues affecting the Office and its interaction with federal, State and local government agencies, contractors and the public. Advice, counsel and legal analysis on matters before various boards and commissions on which the Treasurer serves is also provided.

APPENDIX A

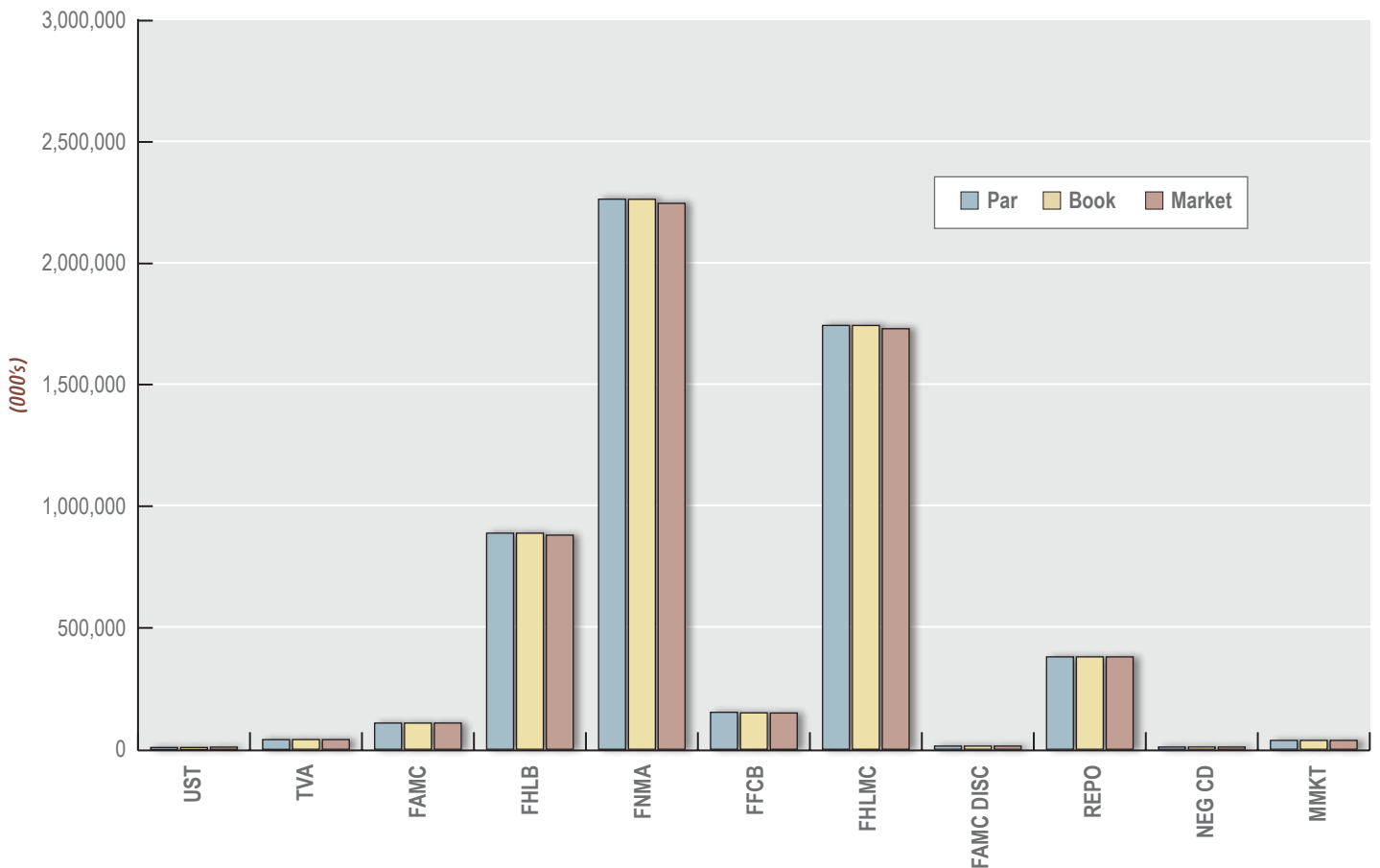
STATE OF MARYLAND INVENTORY BY MARKET VALUE

As of Date: 06/30/2014 • Date Basis: Settlement • Run: 08/15/2014, 10:55:18 AM • Reporting Currency: Local

ASSET ALLOCATION



Assets (000's)	Current Par	Current Book	Market	Un Gain/Loss
UST	895	886	1,223	338
TVA	40,000	39,810	39,810	0
FAMC	107,800	107,780	108,007	227
FHLB	890,000	889,893	881,723	-8,171
FNMA	2,265,422	2,264,844	2,245,505	-19,339
FFCB	149,955	149,935	149,336	-599
FHLMC	1,745,360	1,745,169	1,731,743	-13,426
FAMC DISC	11,000	10,982	10,999	1
REPO	380,489	380,489	380,489	0
NEG CD	2,720	2,720	2,720	0
MMKT	36,416	36,416	36,416	0
Totals (000's)	5,630,057	5,628,923	5,587,971	-40,968



STATE OF MARYLAND INVENTORY BY MARKET VALUE

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Inv. No.	Description	CUSIP	Purchase Maturity	Coupon YTM TR	Current Par /Share Current Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
Fund: 2 GENERAL FUND								
16182	TVA	880591EQ1	09/27/2013	1.750000	40,000,000.00	39,809,600.00	147,777.78	0.00
			10/15/2018	1.849070	39,809,600.00	99.524000	BOOK	0.00
Inv Type: 25 TVA				1.750000	40,000,000.00	39,809,600.00	147,777.78	0.00
				1.849070	39,809,600.00	99.524000		0.00
15189	FAMC	31315PQR3	07/03/2012	1.100000	8,000,000.00	8,012,000.00	43,511.11	18,000.00
			07/03/2017	1.115464	7,994,000.00	100.150000	SUNGARD	0.00
15312	FAMC	31315PTX7	08/23/2012	1.150000	10,000,000.00	10,014,400.00	40,888.89	19,400.00
			08/23/2017	1.160322	9,995,000.00	100.144000	SUNGARD	0.00
15693	FAMC	31315PNZ8	01/30/2013	1.050000	22,800,000.00	22,776,288.00	100,415.00	0.00
			01/30/2018	1.055146	22,794,300.00	99.896000	SUNGARD	-18,012.00
15765	FAMC	31315PRF8	03/06/2013	1.050000	9,000,000.00	8,985,420.00	30,187.50	0.00
			03/06/2018	1.050000	9,000,000.00	99.838000	SUNGARD	-14,580.00
15834	FAMC	31315PSZ3	04/02/2013	1.150000	25,000,000.00	24,884,500.00	71,875.00	0.00
			04/02/2018	1.151036	24,998,750.00	99.538000	SUNGARD	-114,250.00
16031	FAMC	31315PM48	06/27/2013	1.300000	23,000,000.00	23,088,320.00	3,322.22	88,320.00
			06/27/2018	1.300000	23,000,000.00	100.384000	SUNGARD	0.00
16170	FAMC	31315P3U1	09/18/2013	2.000000	10,000,000.00	10,245,900.00	56,958.22	248,400.00
			09/18/2018	2.005280	9,997,500.00	102.459000	SUNGARD	0.00
Inv Type: 31 FAMC				1.227647	107,800,000.00	108,006,828.00	347,157.94	374,120.00
				1.231569	107,779,550.00	100.191863		-146,842.00
15351	FHLB	313380P92	09/26/2012	1.000000	50,000,000.00	49,672,000.00	131,944.44	0.00
			09/26/2017	1.005139	49,987,500.00	99.344000	SUNGARD	-315,500.00
15427	FHLB	313380TD9	10/16/2012	1.000000	15,300,000.00	15,225,642.00	31,875.00	0.00
			10/16/2017	1.001028	15,299,235.00	99.514000	SUNGARD	-73,593.00
15461	FHLB	3133813R4	11/09/2012	1.000000	50,000,000.00	49,600,000.00	72,222.22	0.00
			11/09/2017	1.000000	50,000,000.00	99.200000	SUNGARD	-400,000.00
15588	FHLB	3133813R4	12/18/2012	1.000000	50,000,000.00	49,600,000.00	72,222.22	0.00
			11/09/2017	1.004155	49,990,000.00	99.200000	SUNGARD	-390,000.00
15597	FHLB	313381MV4	01/17/2013	1.050000	43,750,000.00	43,344,875.00	209,270.83	0.00
			01/17/2018	1.056176	43,736,875.00	99.074000	SUNGARD	-392,000.00
15620	FHLB	313381R31	02/01/2013	1.050000	50,000,000.00	49,521,500.00	218,750.00	0.00
			02/01/2018	1.050000	50,000,000.00	99.043000	SUNGARD	-478,500.00
15628	FHLB	313381SE6	02/01/2013	1.100000	50,000,000.00	49,601,500.00	229,166.67	0.00
			02/01/2018	1.100000	50,000,000.00	99.203000	SUNGARD	-398,500.00
15687	FHLB	3133823A9	02/22/2013	1.150000	50,000,000.00	49,605,000.00	206,041.67	0.00
			02/22/2018	1.150000	50,000,000.00	99.210000	SUNGARD	-395,000.00
15692	FHLB	3133823A9	02/22/2013	1.150000	9,500,000.00	9,424,950.00	39,147.92	0.00
			02/22/2018	1.165485	9,492,875.00	99.210000	SUNGARD	-67,925.00
15695	FHLB	3133825N9	02/28/2013	1.200000	50,000,000.00	49,667,500.00	205,000.00	0.00
			02/28/2018	1.200000	50,000,000.00	99.335000	SUNGARD	-332,500.00
15725	FHLB	313381M69	01/16/2013	1.000000	50,000,000.00	49,516,500.00	229,166.67	0.00
			01/16/2018	1.003083	49,992,500.00	99.033000	SUNGARD	-476,000.00
15759	FHLB	3133823A9	02/22/2013	1.150000	9,250,000.00	9,176,925.00	38,117.71	0.00
			02/22/2018	1.152064	9,249,075.00	99.210000	SUNGARD	-72,150.00
15800	FHLB	313382HU0	03/27/2013	1.090000	47,225,000.00	46,829,254.50	134,407.60	0.00
			03/27/2018	1.105460	47,189,581.25	99.162000	SUNGARD	-360,326.75

STATE OF MARYLAND INVENTORY BY MARKET VALUE (cont.)

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Inv. No.	Description	CUSIP	Purchase Maturity	Coupon YTM TR	Current Par /Share Current Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
15801	FHLB	313382HU0	03/27/2013	1.090000	15,000,000.00	14,874,300.00	42,691.67	0.00
			03/27/2018	1.105460	14,988,750.00	99.162000	SUNGARD	-114,450.00
15923	FHLB	3133833W9	06/06/2013	1.100000	50,000,000.00	49,192,000.00	38,194.44	0.00
			06/06/2018	1.100000	50,000,000.00	98.384000	SUNGARD	-808,000.00
15943	FHLB	3133836G1	06/11/2013	1.150000	50,000,000.00	49,403,000.00	31,944.44	0.00
			06/11/2018	1.150000	50,000,000.00	98.806000	SUNGARD	-597,000.00
15944	FHLB	3133836L0	05/28/2013	1.200000	50,000,000.00	49,344,500.00	61,666.67	0.00
			05/24/2018	1.202079	49,995,000.00	98.689000	SUNGARD	-650,500.00
15962	FHLB	313383D99	06/20/2013	1.250000	50,000,000.00	49,318,000.00	19,097.22	0.00
			06/20/2018	1.250207	49,999,500.00	98.636000	SUNGARD	-681,500.00
15963	FHLB	313383CD1	06/05/2013	1.300000	23,175,000.00	23,068,163.25	21,758.75	0.00
			06/05/2018	1.300000	23,175,000.00	99.539000	SUNGARD	-106,836.75
15966	FHLB	313383D99	06/20/2013	1.250000	25,000,000.00	24,659,000.00	9,548.61	0.00
			06/20/2018	1.250000	25,000,000.00	98.636000	SUNGARD	-341,000.00
15978	FHLB	313383H20	06/26/2013	1.375000	25,000,000.00	24,732,500.00	4,774.31	0.00
			06/26/2018	1.377077	24,997,500.00	98.930000	SUNGARD	-265,000.00
16019	FHLB	313383J69	06/12/2013	1.600000	25,000,000.00	24,943,500.00	21,111.11	0.00
			06/12/2018	1.600000	25,000,000.00	99.774000	SUNGARD	-56,500.00
16022	FHLB	313383AU5	06/13/2013	1.200000	26,900,000.00	26,577,200.00	16,140.00	0.00
			06/13/2018	1.200000	26,900,000.00	98.800000	SUNGARD	-322,800.00
16395	FHLB	3130A1DL9	04/02/2014	2.010000	24,900,000.00	24,824,802.00	123,732.25	0.00
			04/02/2019	2.010000	24,900,000.00	99.698000	SUNGARD	-75,198.00
Inv Type: 32 FHLB				1.155860	890,000,000.00	881,722,611.75	2,207,992.42	0.00
				1.158330	889,893,391.25	99.069956		-8,170,779.50
15190	FNMA	3135G0MK6	07/17/2012	1.200000	31,315,000.00	31,329,718.05	171,188.67	14,718.05
			07/17/2017	1.200000	31,315,000.00	100.047000	SUNGARD	0.00
15216	FNMA	3136G0RTO	07/26/2012	1.150000	20,000,000.00	19,992,800.00	99,027.78	0.00
			07/26/2017	1.150000	20,000,000.00	99.964000	SUNGARD	-7,200.00
15220	FNMA	3136G0RTO	07/26/2012	1.150000	18,750,000.00	18,743,250.00	92,838.54	0.00
			07/26/2017	1.150000	18,750,000.00	99.964000	SUNGARD	-6,750.00
15245	FNMA	3135G0MW0	08/09/2012	1.050000	31,797,000.00	31,809,718.80	131,692.58	15,898.50
			08/09/2017	1.052058	31,793,820.30	100.040000	SUNGARD	0.00
15259	FNMA	3135G0NF6	08/21/2012	1.000000	53,000,000.00	52,842,060.00	191,388.89	0.00
			08/21/2017	1.006167	52,984,100.00	99.702000	SUNGARD	-142,040.00
15326	FNMA	3135G0NR0	08/28/2012	1.100000	21,425,000.00	21,445,996.50	80,522.29	23,139.00
			08/28/2017	1.102061	21,422,857.50	100.098000	SUNGARD	0.00
15337	FNMA	3135G0PD9	09/27/2012	1.070000	11,100,000.00	11,116,317.00	31,012.17	16,317.00
			09/27/2017	1.070000	11,100,000.00	100.147000	SUNGARD	0.00
15383	FNMA	3136G0J93	10/17/2012	1.000000	50,000,000.00	49,717,000.00	102,777.78	0.00
			10/17/2017	1.004111	49,990,000.00	99.434000	SUNGARD	-273,000.00
15393	FNMA	3135G0PL1	10/04/2012	1.050000	50,000,000.00	49,811,500.00	126,875.00	0.00
			10/04/2017	1.050000	50,000,000.00	99.623000	SUNGARD	-188,500.00
15394	FNMA	3136G0L58	10/18/2012	1.000000	35,975,000.00	35,737,565.00	72,949.31	0.00
			10/18/2017	1.015422	35,948,018.75	99.340000	SUNGARD	-210,453.75
15401	FNMA	3135G0PV9	10/12/2012	1.060000	50,000,000.00	49,706,500.00	116,305.56	0.00
			10/12/2017	1.060000	50,000,000.00	99.413000	SUNGARD	-293,500.00
15407	FNMA	3136G0B26	09/27/2012	1.000000	19,925,000.00	19,841,514.25	52,026.39	0.00
			09/27/2017	1.005139	19,920,018.75	99.581000	SUNGARD	-78,504.50

STATE OF MARYLAND INVENTORY BY MARKET VALUE (cont.)

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Inv. No.	Description	CUSIP	Purchase Maturity	Coupon YTM TR	Current Par /Share Current Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
15422	FNMA	3136G0R94	11/01/2012	1.000000	50,000,000.00	49,583,500.00	83,333.33	0.00
			11/01/2017	1.001028	49,997,500.00	99.167000	SUNGARD	-414,000.00
15442	FNMA	3136G0U33	11/01/2012	1.000000	50,000,000.00	49,583,500.00	83,333.33	0.00
			11/01/2017	1.000000	50,000,000.00	99.167000	SUNGARD	-416,500.00
15452	FNMA	3135G0QL0	10/24/2012	1.000000	43,990,000.00	43,776,208.60	81,870.28	0.00
			10/24/2017	1.002056	43,985,601.00	99.514000	SUNGARD	-209,392.40
15499	FNMA	3136G05V9	12/04/2012	1.050000	50,000,000.00	49,639,500.00	39,375.00	0.00
			12/04/2017	1.050000	50,000,000.00	99.279000	SUNGARD	-360,500.00
15500	FNMA	3136G05F4	11/29/2012	1.030000	33,000,000.00	32,767,680.00	30,213.33	0.00
			11/29/2017	1.030000	33,000,000.00	99.296000	SUNGARD	-232,320.00
15533	FNMA	3135G0SH7	12/12/2012	1.000000	50,000,000.00	49,541,000.00	26,388.89	0.00
			12/12/2017	1.010280	49,975,000.00	99.082000	SUNGARD	-434,000.00
15540	FNMA	3136G13J6	12/26/2012	1.050000	50,000,000.00	49,483,500.00	7,291.67	0.00
			12/26/2017	1.050000	50,000,000.00	98.967000	SUNGARD	-516,500.00
15541	FNMA	3136G12Y4	12/21/2012	1.050000	50,000,000.00	49,500,000.00	14,583.33	0.00
			12/21/2017	1.051029	49,997,500.00	99.000000	SUNGARD	-497,500.00
15543	FNMA	3135G0SJ3	12/26/2012	1.000000	50,000,000.00	49,466,500.00	6,944.44	0.00
			12/26/2017	1.002056	49,995,000.00	98.933000	SUNGARD	-528,500.00
15580	FNMA	3135G0TD5	12/31/2012	1.000000	55,000,000.00	54,428,550.00	4,583.33	0.00
			12/28/2017	1.000000	55,000,000.00	98.961000	SUNGARD	-571,450.00
15581	FNMA	3135G0TD5	12/31/2012	1.000000	50,000,000.00	49,480,500.00	4,166.67	0.00
			12/28/2017	1.000000	50,000,000.00	98.961000	SUNGARD	-519,500.00
15652	FNMA	3135G0TK9	01/30/2013	1.050000	50,000,000.00	49,583,000.00	220,208.33	0.00
			01/30/2018	1.053088	49,992,500.00	99.166000	SUNGARD	-409,500.00
15653	FNMA	3135G0TV5	01/30/2013	1.030000	50,000,000.00	49,483,000.00	216,013.89	0.00
			01/30/2018	1.030000	50,000,000.00	98.966000	SUNGARD	-517,000.00
15656	FNMA	3136G1BK4	02/05/2013	1.000000	16,500,000.00	16,318,830.00	66,916.67	0.00
			02/05/2018	1.004111	16,496,700.00	98.902000	SUNGARD	-177,870.00
15660	FNMA	3135G0TK9	01/30/2013	1.050000	40,800,000.00	40,459,728.00	179,690.00	0.00
			01/30/2018	1.050412	40,799,184.00	99.166000	SUNGARD	-339,456.00
15661	FNMA	3135G0TK9	01/30/2013	1.050000	15,000,000.00	14,874,900.00	66,062.50	0.00
			01/30/2018	1.050412	14,999,700.00	99.166000	SUNGARD	-124,800.00
15679	FNMA	3135G0UD3	02/14/2013	1.010000	50,000,000.00	49,544,000.00	192,180.56	0.00
			02/14/2018	1.035718	49,937,500.00	99.088000	SUNGARD	-393,500.00
15712	FNMA	3136G1DU0	03/07/2013	1.200000	50,000,000.00	49,603,500.00	190,000.00	0.00
			03/07/2018	1.201033	49,997,500.00	99.207000	SUNGARD	-394,000.00
15724	FNMA	3135G0UH4	02/22/2013	1.200000	20,400,000.00	20,290,452.00	87,720.00	0.00
			02/22/2018	1.201033	20,398,980.00	99.463000	SUNGARD	-108,528.00
15730	FNMA	3136G1EJ4	02/28/2013	1.150000	25,000,000.00	24,777,750.00	98,229.17	0.00
			02/28/2018	1.168584	24,977,500.00	99.111000	SUNGARD	-199,750.00
15735	FNMA	3136G1EN5	03/13/2013	1.100000	50,000,000.00	49,547,500.00	165,000.00	0.00
			03/13/2018	1.103092	49,992,500.00	99.095000	SUNGARD	-445,000.00
15743	FNMA	3135G0UX9	02/28/2013	1.200000	45,750,000.00	45,486,937.50	187,575.00	0.00
			02/28/2018	1.220678	45,704,250.00	99.425000	SUNGARD	-217,312.50
15744	FNMA	3136G1FM6	03/13/2013	1.250000	50,000,000.00	49,393,000.00	187,500.00	0.00
			03/13/2018	1.252070	49,995,000.00	98.786000	SUNGARD	-602,000.00
15755	FNMA	3135G0UX9	02/28/2013	1.200000	15,700,000.00	15,609,725.00	64,370.00	0.00
			02/28/2018	1.205167	15,696,075.00	99.425000	SUNGARD	-86,350.00

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Inv. No.	Description	CUSIP	Purchase Maturity	Coupon YTM TR	Current Par /Share Current Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
15794	FNMA	3136G1HW2	04/05/2013	1.125000	50,000,000.00	49,539,500.00	137,500.00	0.00
			04/03/2018	1.129133	49,990,000.00	99.079000	SUNGARD	-450,500.00
15795	FNMA	3135G0VL4	03/20/2013	1.125000	50,000,000.00	49,552,500.00	157,812.50	0.00
			03/20/2018	1.138410	49,967,500.00	99.105000	SUNGARD	-415,000.00
15805	FNMA	3135G0VL4	03/20/2013	1.125000	23,940,000.00	23,725,737.00	75,560.63	0.00
			03/20/2018	1.143571	23,918,454.00	99.105000	SUNGARD	-192,717.00
15807	FNMA	3136G1EN5	03/13/2013	1.100000	14,330,000.00	14,200,313.50	47,289.00	0.00
			03/13/2018	1.102061	14,328,567.00	99.095000	SUNGARD	-128,253.50
15829	FNMA	3135G0WB5	04/18/2013	1.200000	50,000,000.00	49,385,000.00	121,666.67	0.00
			04/18/2018	1.200000	50,000,000.00	98.770000	SUNGARD	-615,000.00
15835	FNMA	3135G0WB5	04/18/2013	1.200000	50,000,000.00	49,385,000.00	121,666.67	0.00
			04/18/2018	1.200000	50,000,000.00	98.770000	SUNGARD	-615,000.00
15842	FNMA	3136G1K73	05/02/2013	1.150000	50,000,000.00	49,318,000.00	94,236.11	0.00
			05/02/2018	1.152064	49,995,000.00	98.636000	SUNGARD	-677,000.00
15847	FNMA	3136G1K57	04/30/2013	1.100000	22,725,000.00	22,417,076.25	42,356.88	0.00
			04/30/2018	1.102061	22,722,727.50	98.645000	SUNGARD	-305,651.25
15865	FNMA	3136G1KE8	05/09/2013	1.100000	50,000,000.00	49,188,000.00	80,972.22	0.00
			05/08/2018	1.100000	50,000,000.00	98.376000	SUNGARD	-812,000.00
15883	FNMA	3136G1JQ3	04/18/2013	1.200000	50,000,000.00	49,403,000.00	121,666.67	0.00
			04/18/2018	1.202067	49,995,000.00	98.806000	SUNGARD	-592,000.00
15922	FNMA	3135G0WM1	05/08/2013	1.000000	50,000,000.00	49,285,000.00	84,722.22	0.00
			04/30/2018	1.000000	50,000,000.00	98.570000	SUNGARD	-715,000.00
15924	FNMA	3136G1MJ5	06/06/2013	1.100000	50,000,000.00	49,239,000.00	38,194.44	0.00
			06/06/2018	1.100000	50,000,000.00	98.478000	SUNGARD	-761,000.00
15967	FNMA	3136G1NE5	06/20/2013	1.250000	50,000,000.00	49,435,000.00	19,097.22	0.00
			06/20/2018	1.250000	50,000,000.00	98.870000	SUNGARD	-565,000.00
15968	FNMA	3136G1ND7	06/19/2013	1.150000	50,000,000.00	49,402,000.00	19,166.67	0.00
			06/19/2018	1.152064	49,995,000.00	98.804000	SUNGARD	-593,000.00
15969	FNMA	3136G1NF2	06/20/2013	1.250000	50,000,000.00	49,435,000.00	19,097.22	0.00
			06/20/2018	1.252070	49,995,000.00	98.870000	SUNGARD	-560,000.00
15970	FNMA	3135G0XG3	05/23/2013	1.000000	50,000,000.00	49,175,500.00	55,555.56	0.00
			05/21/2018	1.082694	49,799,500.00	98.351000	SUNGARD	-624,000.00
15984	FNMA	3136G1NP0	06/26/2013	1.300000	50,000,000.00	49,579,000.00	9,027.78	0.00
			06/26/2018	1.306218	49,985,000.00	99.158000	SUNGARD	-406,000.00
16041	FNMA	3135G0TD5	12/31/2012	1.000000	50,000,000.00	49,480,500.00	4,166.67	0.00
			12/28/2017	1.002061	49,995,000.00	98.961000	SUNGARD	-514,500.00
16285	FNMA	3136G1YK9	01/17/2014	2.000000	50,000,000.00	50,043,000.00	455,555.56	48,000.0
			01/17/2019	2.002112	49,995,000.00	100.086000	SUNGARD	0.00
Inv Type: 34 FNMA				1.110226	2,265,422,000.00	2,245,504,827.45	5,277,465.37	118,072.55
				1.115483	2,264,843,553.80	99.120818		-19,456,798.9
15388	FFCB	3133EA2C1	09/26/2012	1.000000	80,000,000.00	79,518,400.00	211,111.11	0.00
			09/26/2017	1.005139	79,980,000.00	99.398000	SUNGARD	-461,600.00
15545	FFCB	3133EAS41	12/03/2012	1.080000	60,455,000.00	60,317,767.15	48,968.55	0.00
			12/04/2017	1.080000	60,455,000.00	99.773000	SUNGARD	-137,232.85
Inv Type: 36 FFCB				1.034439	140,455,000.00	139,836,167.15	260,079.66	0.00
				1.037365	140,435,000.00	99.559408		-598,832.85
15217	FHLMC	3134G3YK0	07/24/2012	1.125000	49,500,000.00	49,529,700.00	242,859.38	29,700.00
			07/24/2017	1.125000	49,500,000.00	100.060000	SUNGARD	0.00

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15219	FHLMC	3134G3YY0	07/25/2012	1.000000	3,300,000.00	3,292,938.00	14,300.00	0.00
			07/25/2017	1.010280	3,298,350.00	99.786000	SUNGARD	-5,412.00
15221	FHLMC	3134G3ZF0	07/25/2012	1.000000	50,000,000.00	49,861,500.00	216,666.67	0.00
			07/25/2017	1.019537	49,952,500.00	99.723000	SUNGARD	-91,000.00
15238	FHLMC	3134G3ZR4	08/07/2012	1.000000	23,480,000.00	23,357,434.40	93,920.00	0.00
			08/07/2017	1.013365	23,464,738.00	99.478000	SUNGARD	-107,303.60
15349	FHLMC	3134G3H94	09/20/2012	1.000000	40,000,000.00	39,938,000.00	112,222.22	0.00
			09/20/2017	1.005139	39,990,000.00	99.845000	SUNGARD	-52,000.00
15382	FHLMC	3134G3M23	09/28/2012	1.020000	24,000,000.00	23,921,040.00	63,240.00	0.00
			09/28/2017	1.040577	23,976,000.00	99.671000	SUNGARD	-54,960.00
15546	FHLMC	3134G32M1	12/28/2012	1.000000	50,000,000.00	49,415,000.00	4,166.67	0.00
			12/28/2017	1.002056	49,995,000.00	98.830000	SUNGARD	-580,000.00
15556	FHLMC	3134G32M1	12/28/2012	1.000000	89,000,000.00	87,958,700.00	7,416.67	0.00
			12/28/2017	1.004111	88,982,200.00	98.830000	SUNGARD	-1,023,500.00
15577	FHLMC	3134G33B4	01/11/2013	1.000000	100,000,000.00	99,143,000.00	472,222.22	0.00
			01/11/2018	1.000206	99,999,000.00	99.143000	SUNGARD	-856,000.00
15594	FHLMC	3134G33L2	01/22/2013	1.050000	50,000,000.00	49,648,000.00	231,875.00	0.00
			01/22/2018	1.050000	50,000,000.00	99.296000	SUNGARD	-352,000.00
15595	FHLMC	3134G33M0	01/16/2013	1.050000	46,000,000.00	45,649,480.00	221,375.00	0.00
			01/16/2018	1.050000	46,000,000.00	99.238000	SUNGARD	-350,520.00
15629	FHLMC	3134G33M0	01/16/2013	1.050000	31,500,000.00	31,259,970.00	151,593.75	0.00
			01/16/2018	1.056176	31,490,550.00	99.238000	SUNGARD	-230,580.00
15657	FHLMC	3134G34K3	01/30/2013	1.000000	20,000,000.00	19,723,400.00	83,888.89	0.00
			01/30/2018	1.000000	20,000,000.00	98.617000	SUNGARD	-276,600.00
15713	FHLMC	3134G35M8	03/06/2013	1.250000	50,000,000.00	49,712,500.00	199,652.78	0.00
			03/06/2018	1.253104	49,992,500.00	99.425000	SUNGARD	-280,000.00
15762	FHLMC	3134G36B1	03/22/2013	1.250000	50,000,000.00	49,597,500.00	175,347.22	0.00
			03/20/2018	1.250000	50,000,000.00	99.195000	SUNGARD	-402,500.00
15764	FHLMC	3134G36L9	03/28/2013	1.250000	50,000,000.00	49,504,500.00	161,458.33	0.00
			03/28/2018	1.250000	50,000,000.00	99.009000	SUNGARD	-495,500.00
15806	FHLMC	3134G36X3	03/28/2013	1.125000	10,000,000.00	9,927,300.00	29,062.50	0.00
			03/28/2018	1.143571	9,991,000.00	99.273000	SUNGARD	-63,700.00
15826	FHLMC	3134G36Z8	04/17/2013	1.150000	50,000,000.00	49,498,500.00	118,194.44	0.00
			04/17/2018	1.155160	49,987,500.00	98.997000	SUNGARD	-489,000.00
15841	FHLMC	3134G37H7	04/25/2013	1.150000	12,930,000.00	12,812,595.60	27,260.75	0.00
			04/25/2018	1.150000	12,930,000.00	99.092000	SUNGARD	-117,404.40
15846	FHLMC	3134G42B3	04/25/2013	1.100000	63,000,000.00	61,949,160.00	127,050.00	0.00
			04/25/2018	1.102061	62,993,700.00	98.332000	SUNGARD	-1,044,540.00
15864	FHLMC	3134G42B3	04/25/2013	1.100000	56,750,000.00	55,803,410.00	114,445.83	0.00
			04/25/2018	1.102061	56,744,325.00	98.332000	SUNGARD	-940,915.00
15903	FHLMC	3134G43V8	05/15/2013	1.050000	24,900,000.00	24,616,389.00	33,407.50	0.00
			05/15/2018	1.052058	24,897,510.00	98.861000	SUNGARD	-281,121.00
15904	FHLMC	3134G43V8	05/15/2013	1.050000	40,000,000.00	39,544,400.00	53,666.67	0.00
			05/15/2018	1.051647	39,996,800.00	98.861000	SUNGARD	-452,400.00
15912	FHLMC	3134G43V8	05/15/2013	1.050000	11,000,000.00	10,874,710.00	14,758.33	0.00
			05/15/2018	1.050000	11,000,000.00	98.861000	SUNGARD	-125,290.00
15941	FHLMC	3134G45F1	06/12/2013	1.150000	50,000,000.00	49,431,000.00	30,347.22	0.00
			06/12/2018	1.150000	50,000,000.00	98.862000	SUNGARD	-569,000.00

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15942	FHLMC	3134G45H7	06/13/2013	1.150000	50,000,000.00	49,429,500.00	28,750.00	0.00	
			06/13/2018	1.150000	50,000,000.00	98.859000	SUNGARD	-570,500.00	
15957	FHLMC	3134G46D5	06/12/2013	1.200000	50,000,000.00	49,821,000.00	31,666.67	0.00	
			06/12/2018	1.203100	49,992,500.00	99.642000	SUNGARD	-171,500.00	
15958	FHLMC	3134G46M5	06/19/2013	1.200000	50,000,000.00	49,480,500.00	20,000.00	0.00	
			06/19/2018	1.200000	50,000,000.00	98.961000	SUNGARD	-519,500.00	
15971	FHLMC	3134G46R4	06/25/2013	1.300000	50,000,000.00	49,553,000.00	10,833.33	0.00	
			06/25/2018	1.300000	50,000,000.00	99.106000	SUNGARD	-447,000.00	
15973	FHLMC	3134G46V5	06/27/2013	1.350000	50,000,000.00	49,567,000.00	7,500.00	0.00	
			06/27/2018	1.350000	50,000,000.00	99.134000	SUNGARD	-433,000.00	
15976	FHLMC	3134G47A0	06/27/2013	1.300000	50,000,000.00	49,706,500.00	7,222.22	0.00	
			06/27/2018	1.300000	50,000,000.00	99.413000	SUNGARD	-293,500.00	
15977	FHLMC	3134G46Z6	06/27/2013	1.350000	50,000,000.00	49,784,000.00	7,500.00	0.00	
			06/27/2018	1.350000	50,000,000.00	99.568000	SUNGARD	-216,000.00	
15979	FHLMC	3134G47D4	06/27/2013	1.400000	50,000,000.00	49,723,000.00	7,777.78	0.00	
			06/27/2018	1.400000	50,000,000.00	99.446000	SUNGARD	-277,000.00	
15980	FHLMC	3134G47E2	06/27/2013	1.400000	50,000,000.00	49,753,500.00	7,777.78	0.00	
			06/27/2018	1.400000	50,000,000.00	99.507000	SUNGARD	-246,500.00	
15981	FHLMC	3134G47C6	06/27/2013	1.400000	50,000,000.00	49,753,500.00	7,777.78	0.00	
			06/27/2018	1.400000	50,000,000.00	99.507000	SUNGARD	-246,500.00	
15982	FHLMC	3134G47F9	06/27/2013	1.350000	50,000,000.00	49,753,000.00	7,500.00	0.00	
			06/27/2018	1.352075	49,995,000.00	99.506000	SUNGARD	-242,000.00	
15986	FHLMC	3134G47J1	06/27/2013	1.500000	50,000,000.00	49,723,500.00	8,333.33	0.00	
			06/27/2018	1.500000	50,000,000.00	99.447000	SUNGARD	-276,500.00	
15987	FHLMC	3134G47H5	06/27/2013	1.500000	50,000,000.00	49,692,500.00	8,333.33	0.00	
			06/27/2018	1.500000	50,000,000.00	99.385000	SUNGARD	-307,500.00	
16014	FHLMC	3134G4AU2	06/27/2013	1.600000	50,000,000.00	50,032,500.00	8,888.89	32,500.00	
			06/27/2018	1.600000	50,000,000.00	100.065000	SUNGARD	0.00	
Inv Type: 37 FHLMC					1.191667	1,745,360,000.00	1,731,743,127.00	3,170,259.15	62,200.00
					1.193917	1,745,169,173.00	99.219824	-13,488,246.00	
16084	FAMCDN	31315LA32	08/01/2013	.000000	1,460,000.00	1,459,956.20	2,167.28	157.36	
			08/01/2014	.160260	1,457,631.56	99.997000	SUNGARD	0.00	
16258	FAMCDN	31315LR59	12/04/2013	.000000	91,000.00	90,972.70	85.33	33.78	
			12/01/2014	.160259	90,853.59	99.970000	SUNGARD	0.00	
Inv Type: 50 AGENCY DISC NOTES					.000000	1,551,000.00	1,550,928.90	2,252.61	191.14
					.160260	1,548,485.15	99.995416	0.00	
16502	REPO		06/27/2014	.150000	705,097.95	705,097.95	11.75	0.00	
			08/14/2014	.150000	705,097.95	100.000000	BOOK	0.00	
Inv Type: 60 REPO OPEN ACT-360					.150000	705,097.95	705,097.95	11.75	0.00
					.150000	705,097.95	100.000000	0.00	
11456	MLGIP		06/30/2008	.048612	4,808,374.20	4,808,374.20	0.00	0.00	
			07/01/2014	.048612	4,808,374.20	100.000000	BOOK	0.00	
Inv Type: 98 MONEY MARKET FUNDS					.048612	4,808,374.20	4,808,374.20	0.00	0.00
					.048612	4,808,374.20	100.000000	0.00	
Subtotal					1.149248	5,196,101,472.15	5,153,687,562.40	11,412,996.68	554,583.69
					1.153686	5,194,992,225.35	99.183736	-41,861,499.25	

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Fund: 7 CO. TRANS. BONDS 1ST REF.'78 S/F								
16500	REPO		06/27/2014	.150000	12,294,902.05	12,294,902.05	204.92	0.00
			08/14/2014	.150000	12,294,902.05	100.000000	BOOK	0.00
Inv Type: 60 REPO OPEN ACT-360				.150000	12,294,902.05	12,294,902.05	204.92	0.00
				.150000	12,294,902.05	100.000000		0.00
			Subtotal	.150000	12,294,902.05	12,294,902.05	204.92	0.00
				.150000	12,294,902.05	100.000000		0.00
Fund: 8 CONSOLIDATED TRANS. BONDS S/F								
12228	CTRB 2009 Debt Serv		06/19/2009	.009958	68.80	68.80	0.00	0.00
			07/01/2014	.009958	68.80	100.000000	BOOK	0.00
12229	CTRB 2009 Reserve		06/19/2009	.009987	4,276,140.27	4,276,140.27	0.00	0.00
			07/01/2014	.009987	4,276,140.27	100.000000	BOOK	0.00
Inv Type: 98 MONEY MARKET FUNDS				.009987	4,276,209.07	4,276,209.07	0.00	0.00
				.009987	4,276,209.07	100.000000		0.00
			Subtotal	.009987	4,276,209.07	4,276,209.07	0.00	0.00
				.009987	4,276,209.07	100.000000		0.00
Fund: 11 COUNTY TRANS. REVENUE BOND								
11457	Balt C BP 2004 Debt		06/30/2008	.000000	2.76	2.76	0.00	0.00
			07/01/2014	.000000	2.76	100.000000	BOOK	0.00
11458	Balt C BP 2004 Rese		06/30/2008	.010043	2,289,604.91	2,289,604.91	0.00	0.00
			07/01/2014	.010043	2,289,604.91	100.000000	BOOK	0.00
11461	CTRB 2007 Reserve		06/30/2008	.009998	30.78	30.78	0.00	0.00
			07/01/2014	.009998	30.78	100.000000	BOOK	0.00
11462	CTRB 2007 Debt Serv		06/30/2008	.009967	2,819,882.14	2,819,882.14	0.00	0.00
			07/01/2014	.009967	2,819,882.14	100.000000	BOOK	0.00
12197	CTRB 2009 Proceeds		06/05/2009	.009836	1,038,997.99	1,038,997.99	0.00	0.00
			07/01/2014	.009836	1,038,997.99	100.000000	BOOK	0.00
Inv Type: 98 MONEY MARKET FUNDS				.009973	6,148,518.58	6,148,518.58	0.00	0.00
				.009973	6,148,518.58	100.000000		0.00
			Subtotal	.009973	6,148,518.58	6,148,518.58	0.00	0.00
				.009973	6,148,518.58	100.000000		0.00
Fund: 14 BC 2012 CRTB BOND PROCEEDS								
15392	CTRB 2012 BC Bond P		09/20/2012	.010002	19,925,318.38	19,925,318.38	0.00	0.00
			09/19/2027	.010002	19,925,318.38	100.000000	BOOK	0.00
Inv Type: 98 MONEY MARKET FUNDS				.010002	19,925,318.38	19,925,318.38	0.00	0.00
				.010002	19,925,318.38	100.000000		0.00
			Subtotal	.010002	19,925,318.38	19,925,318.38	0.00	0.00
				.010002	19,925,318.38	100.000000		0.00
Fund: 15 BC 2012 CTRB DEBT SERVICE								
15473	CTRB 2012 BC Debt S		10/25/2012	.010649	256.16	256.16	0.00	0.00
			09/20/2027	.010649	256.16	100.000000	BOOK	0.00
Inv Type: 98 MONEY MARKET FUNDS				.010649	256.16	256.16	0.00	0.00
				.010649	256.16	100.000000		0.00
			Subtotal	.010649	256.16	256.16	0.00	0.00
				.010649	256.16	100.000000		0.00

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Fund: 16 BC 2012 CTB RESERVE								
15472	CTRB 2012 BC Reserv		10/25/2012	.009869	1,257,524.64	1,257,524.64	0.00	0.00
			09/20/2027	.009869	1,257,524.64	100.000000	BOOK	0.00
Inv Type: 98 MONEY MARKET FUNDS				.009869	1,257,524.64	1,257,524.64	0.00	0.00
				.009869	1,257,524.64	100.000000		0.00
Subtotal				.009869	1,257,524.64	1,257,524.64	0.00	0.00
				.009869	1,257,524.64	100.000000		0.00
Fund: 69 DHCD LINK DEPOSIT								
12258	LD-004-01		06/10/2009	.250000	452,359.77	452,359.77	0.00	0.00
			06/10/2019	.250000	452,359.77	100.000000	BOOK	0.00
12259	LD-004-02		06/10/2009	.250000	260,113.25	260,113.25	0.00	0.00
			06/10/2019	.250000	260,113.25	100.000000	BOOK	0.00
12260	LD-004-03		06/10/2009	.250000	102,168.62	102,168.62	93.33	0.00
			06/10/2019	.250000	102,168.62	100.000000	BOOK	0.00
12866	LD-079-01		01/05/2010	.650000	3.31	3.31	0.00	0.00
			01/05/2015	.650000	3.31	100.000000	BOOK	0.00
13122	LD-082-01		02/19/2010	.480000	842,934.05	842,934.05	0.00	0.00
			02/19/2020	.480000	842,934.05	100.000000	BOOK	0.00
13123	LD-079-02		02/26/2010	.300000	195,295.76	195,295.76	0.00	0.00
			02/26/2020	.300000	195,295.76	100.000000	BOOK	0.00
13471	LD-074-01		07/29/2010	.510000	27,864.70	27,864.70	63.73	0.00
			07/13/2015	.510000	27,864.70	100.000000	BOOK	0.00
13912	LD-0122-01		12/06/2010	.250000	78,899.33	78,899.33	0.00	0.00
			09/17/2020	.250000	78,899.33	100.000000	BOOK	0.00
14478	LD-0149-01		08/15/2011	.250000	732,580.56	732,580.56	-6.24	0.00
			05/23/2021	.250000	732,580.56	100.000000	BOOK	0.00
14999	LD-0163-01		03/23/2012	.250000	27,427.21	27,427.21	0.00	0.00
			01/27/2017	.250000	27,427.21	100.000000	BOOK	0.00
Inv Type: 75 NEG CD COMP ACT/365-6				.327542	2,719,646.56	2,719,646.56	150.82	0.00
				.327542	2,719,646.56	100.000000		0.00
Subtotal				.327542	2,719,646.56	2,719,646.56	150.82	0.00
				.327542	2,719,646.56	100.000000		0.00
Fund: 74 MD WATER REVOLVING LOAN FUND								
0.00	8019	FFCB - WQFA	31331STW3	04/08/2005	4.940000	2,000,000.00	2,000,000.00	41,166.67
			02/01/2015	4.940000	2,000,000.00	100.000000	BOOK	0.00
8716	FFCB - WQFA	31331VRP3	02/21/2006	5.171000	1,000,000.00	1,000,000.00	21,545.83	0.00
			02/01/2016	5.171000	1,000,000.00	100.000000	BOOK	0.00
9403	FFCB - WQFA	31331XCV2	11/01/2006	5.188000	3,000,000.00	3,000,000.00	64,850.00	0.00
			02/01/2016	5.188000	3,000,000.00	100.000000	BOOK	0.00
11344	FFCB - WQFA	31331GBA6	09/09/2008	4.782000	3,500,000.00	3,500,000.00	69,737.50	0.00
			02/01/2018	4.782000	3,500,000.00	100.000000	BOOK	0.00
Inv Type: 36 FFCB				4.984421	9,500,000.00	9,500,000.00	197,300.00	0.00
				4.984421	9,500,000.00	100.000000		0.00
Subtotal				4.984421	9,500,000.00	9,500,000.00	197,300.00	0.00
				4.984421	9,500,000.00	100.000000		0.00

STATE OF MARYLAND INVENTORY BY MARKET VALUE (cont.)

As of Date: 06/30/2014 • Date Basis: Settlement • Run: 08/15/2014, 10:55:18 AM • Reporting Currency: Local

Inv. No.	Description	CUSIP	Purchase Maturity	Coupon YTM TR	Current Par /Share Current Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
Fund: 634 RENTAL HOUSING CAPITAL APP.								
152	UST	912810EE4	03/19/1990	8.500000	540,000.00	735,625.80	17,244.20	197,988.30
			02/15/2020	8.539499	537,637.50	136.227000	SUNGARD	0.00
153	UST	912810EM6	08/25/1992	7.250000	355,000.00	487,791.30	9,669.34	139,780.31
			08/15/2022	7.414245	348,010.99	137.406000	SUNGARD	0.00
Inv Type: 12 TREASURY NOTES				8.008819	895,000.00	1,223,417.10	26,913.54	337,768.61
				8.097336	885,648.49	136.694648		0.00
			Subtotal	8.008819	895,000.00	1,223,417.10	26,913.54	337,768.61
				8.097336	885,648.49	136.694648		0.00
Fund: 2010 2010 QSCB Sinking Fund 080411								
16083	QSCB 2010 FAMCDN31315LA32		08/01/2013	.000000	8,540,000.00	8,539,743.80	12,677.16	920.42
			08/01/2014	.160260	8,526,146.22	99.997000	SUNGARD	0.00
Inv Type: 50 AGENCY DISC NOTES				.000000	8,540,000.00	8,539,743.80	12,677.16	920.42
				.160260	8,526,146.22	99.997000		0.00
			Subtotal	.000000	8,540,000.00	8,539,743.80	12,677.16	920.42
				.160260	8,526,146.22	99.997000		0.00
Fund: 2011 2010 QZAB Special Sinking Fund								
16257	QZAB 2010 FAMCDN31315LR59		12/04/2013	.000000	909,000.00	908,727.30	852.40	337.38
			12/01/2014	.160258	907,537.52	99.970000	SUNGARD	0.00
Inv Type: 50 AGENCY DISC NOTES				.000000	909,000.00	908,727.30	852.40	337.38
				.160258	907,537.52	99.970000		0.00
			Subtotal	.000000	909,000.00	908,727.30	852.40	337.38
				.160258	907,537.52	99.970000		0.00
Fund: 2093 2011C 3rd QZAB Repo								
16486	Repo 2011C-3rd Qzab06/18/2014		.150885	175,495.00	175,495.00	9.56	0.00	
			07/17/2014	.150885	175,495.00	100.000000	BOOK	0.00
Inv Type: 60 REPO OPEN ACT-360				.150885	175,495.00	175,495.00	9.56	0.00
				.150885	175,495.00	100.000000		0.00
			Subtotal	.150885	175,495.00	175,495.00	9.56	0.00
				.150885	175,495.00	100.000000		0.00
Fund: 2098 2012 D 2nd Qualified Zone Bond								
16485	Repo 2012 D 2nd Qza		06/18/2014	.150885	10,715,443.00	10,715,443.00	583.84	0.00
			07/17/2014	.150885	10,715,443.00	100.000000	BOOK	0.00
Inv Type: 60 REPO OPEN ACT-360				.150885	10,715,443.00	10,715,443.00	583.84	0.00
				.150885	10,715,443.00	100.000000		0.00
			Subtotal	.150885	10,715,443.00	10,715,443.00	583.84	0.00
				.150885	10,715,443.00	100.000000		0.00
Fund: 2101 2013 3RD BOND SERIES								
16487	Repo 2013 3rd Bond 06/18/2014		.150885	4,161,145.00	4,161,145.00	226.72	0.00	
			07/17/2014	.150885	4,161,145.00	100.000000	BOOK	0.00
Inv Type: 60 REPO OPEN ACT-360				.150885	4,161,145.00	4,161,145.00	226.72	0.00
				.150885	4,161,145.00	100.000000		0.00
			Subtotal	.150885	4,161,145.00	4,161,145.00	226.72	0.00
				.150885	4,161,145.00	100.000000		0.00

STATE OF MARYLAND INVENTORY BY MARKET VALUE (cont.)

As of Date: 06/30/2014 • Date Basis: Settlement • Run: 08/15/2014, 10:55:18 AM • Reporting Currency: Local

Inv. No.	Description	CUSIP	Purchase Maturity	Coupon YTM TR	Current Par /Share Current Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
Fund: 2103 2014 1ST A SERIES GO BOND								
16482	Repo 2014 1st A Ser		06/18/2014	.150885	174,797,031.00	174,797,031.00	9,524.02	0.00
			07/17/2014	.150885	174,797,031.00	100.000000	BOOK	0.00
16483	Repo 2014 1st A Tax		06/18/2014	.150885	163,152,443.00	163,152,443.00	8,889.55	0.00
			07/17/2014	.150885	163,152,443.00	100.000000	BOOK	0.00
Inv Type: 60 REPO OPEN ACT-360				.150885	337,949,474.00	337,949,474.00	18,413.57	0.00
				.150885	337,949,474.00	100.000000		0.00
			Subtotal	.150885	337,949,474.00	337,949,474.00	18,413.57	0.00
				.150885	337,949,474.00	100.000000		0.00
Fund: 2104 2014 1ST B SERIES GO BOND								
16484	Repo 2014 1st B Tax		06/18/2014	.150885	14,487,526.00	14,487,526.00	789.37	0.0
			07/17/2014	.150885	14,487,526.00	100.000000	BOOK	0.00
Inv Type: 60 REPO OPEN ACT-360				.150885	14,487,526.00	14,487,526.00	789.37	0.00
				.150885	14,487,526.00	100.000000		0.00
			Subtotal	.150885	14,487,526.00	14,487,526.00	789.37	0.00
				.150885	14,487,526.00	100.000000		0.00
Grand Total			Count 167	1.080718	5,630,056,930.59	5,587,970,909.04	11,671,118.58	893,610.10
				1.085097	5,628,923,016.02	99.252476		-41,861,499.25

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