

# 2022

*Fiscal Year Ended June 30*

## ANNUAL

## COMPREHENSIVE

## FINANCIAL

## REPORT



# PETER FRANCHOT

COMPTROLLER OF MARYLAND

2007 - 2023



*The 2022 Annual Comprehensive Financial Report of Maryland  
is the 16th and final ACFR produced under the leadership of  
Peter Franchot, the 33rd Comptroller of Maryland.*

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30

# 2022



Clockwise from upper left: VITA USO Bethesda, 2016; Reliable Cleaners, Takoma Park, 2022; Read Across America, 2016; Silver Spring Food Co-Op, 2016.

## GOVERNMENTAL BRANCHES OF MARYLAND

### EXECUTIVE

**LAWRENCE J. HOGAN, JR.**  
*Governor*

**BOYD K. RUTHERFORD**  
*Lieutenant Governor*

**PETER FRANCHOT**  
*Comptroller*

**BRIAN E. FROSH**  
*Attorney General*

**DERECK E. DAVIS**  
*Treasurer*

### LEGISLATIVE

**WILLIAM C. FERGUSON IV**  
*President of the Senate*

**ADRIENNE A. JONES**  
*Speaker of  
the House of Delegates*

### JUDICIAL

**MATTHEW J. FADER**  
*Chief Judge  
Court of Appeals of Maryland*



Presenting William Donald Schaefer Award to MD New Directions in 2016.



Comptroller Franchot visiting Caldwell Shoe Repair in Easton.



Comptroller Franchot and Delegate Jay Jacobs visiting Eastern Shore schools, 2016.



Tobacco bust press conference, 2019.



Taking advantage of Shop Maryland Tax-Free Week, 2019



A MESSAGE FROM  
COMPTROLLER  
PETER FRANCHOT

Dear Marylanders,

It has been an honor to serve as your Comptroller since 2007. After 16 years leading the Agency through the depths of the Great Recession and the unprecedented COVID-19 pandemic, I am proud of what we have accomplished. Our state's strong economic bones and prudent fiscal policies enabled us to navigate those challenges, limiting the harmful impact upon Marylanders. It has taught us to be mindful of the next crisis around the corner, even as the state's coffers are flush with cash.

Throughout my tenure as the state's fiscal watchdog, I have maintained a strong track record of holding government accountable and ensuring that taxpayer money is spent wisely. As a member of the Board of Public Works, I fought against single bid contracts and worked to level the playing field for women-, minority- and veteran-owned businesses. Single bid contracts fell by 86% due to my advocacy. I also directed record state investments into transportation and open space projects, and cracked down on the use of emergency contracts that too often was not the best value for taxpayers.

Small businesses are the beating heart of our economy, so our state leaders must support them, particularly in difficult times. I have long championed responsible economic policies that expand our tax base and advocated for easing the regulatory burdens that hinder growth. This is how we overcome periods of fiscal uncertainty like the one we are currently facing.

Fraud prevention was another key achievement for our Agency. Thanks to our award-winning Data Warehouse Fraud Model and our outstanding Questionable Returns Detection Team, in addition to the increased enforcement powers from the Taxpayer Protection Act, Maryland is a leader in stopping tax fraud. That's a legacy I'm extremely proud of.

Lastly, I'd be remiss if I didn't mention how the exceptional men and women of the Comptroller's Office transformed the customer service experience for taxpayers. I established the Three R's of customer service: being responsive, respectful and getting results for Marylanders who pay our salaries. It's a small action, but one that should be the guiding principle for those of us in public service.

It has been an honor to serve the taxpayers as the 33rd Comptroller of Maryland.

Sincerely,

**COMPTROLLER OF MARYLAND**

**PETER FRANCHOT**  
*Comptroller*

**ANDY SCHAUFLE**  
*Deputy Comptroller*

**EMMANUEL WELSH**  
*Chief of Staff*

**ANNE KLASE**  
*Assistant Comptroller*

**BRIAN L. OLINER, ESQUIRE**  
*Counsel to the Comptroller*

**ROBERT REHRMANN, DIRECTOR**  
*Bureau of Revenue Estimates*

**DHIREN SHAH, DIRECTOR**  
*Central Payroll Bureau*

**DANIEL C. RILEY JR., DIRECTOR**  
*Compliance Division*

**CHUCK ULM, DIRECTOR**  
*Field Enforcement Bureau*

**KARA BLOUIN, DIRECTOR**  
*Human Resources*

**JOHN HITER, DIRECTOR**  
*Information Technology Division*

**DENNIS KRYSIAK, DIRECTOR**  
*Office of Administration and Finance*

**SUSAN O'BRIEN, DIRECTOR**  
*Office of Communications*

**DAVID HILDEBRAND, DIRECTOR**  
*Office of Risk Management*

**WAYNE P. GREEN, DIRECTOR**  
*Revenue Administration Division*

**GARY WHITE, DIRECTOR**  
*Taxpayer Services Division*

*This report published by:*

**GENERAL ACCOUNTING DIVISION**

**SANDRA L. ZINCK, CPA**  
*Director*

**ACCOUNTING OPERATIONS  
AND FINANCIAL REPORTING**

**LUTHER DOLCAR**  
*Assistant Director*

**REPORTING MANAGERS**

*Denitsa Myers, CPA*  
*Marcus Heimann, CPA*  
*Sheena Asseviero, CPA*  
*Belayneh Alemayehu, CPA*

**ACCOUNTANTS**

*Mahima Dave*  
*Corinne Williams*  
*Crystal Slakes*  
*Atanas Merdzhanov*  
*Kellie Vogt*  
*Luciana Hickling*  
*Gabriela Talero Jimenez*  
*Ken Thompson*

**ADMINISTRATION**

*Kelly Isaacson*



Governor Martin O'Malley, Comptroller Franchot, his wife, Anne Maher, daughter Abbe and son Nick.

**PETER FRANCHOT** was sworn in as the 33rd Comptroller of Maryland on January 22nd, 2007. He quickly moved to reimagine the role of the state tax collector, transforming it from a mundane bureaucrat to a dynamic advocate for Maryland taxpayers and small businesses. Franchot made clear that he would break free from the Annapolis insider crowd and travel to every jurisdiction, engaging local business owners, honoring unsung heroes and championing important initiatives.



House Speaker Michael E. Busch, Maryland Lt. Gov. Anthony Brown, Comptroller Franchot and his family at the 2011 swearing-in ceremony.

**AT THE SAME TIME,** Franchot has been deeply committed to the more basic functions of the agency and making it run more efficiently. That started with customer service and his pledge to deliver the three R's – respect, responsiveness and results – to taxpayers. Franchot was known to randomly call the agency's toll-

free number to see how long it would take for someone to answer the phone and whether the employee on the other end of the line was polite and helpful. The creation of a dedicated Taxpayer Services Division, separate from the Revenue Administration Division, was another step to improving customer engagement.



Governor Larry Hogan administers the oath of office to Franchot's third term in 2015.

**FRANCHOT MADE** getting tax refunds to taxpayers as securely and quickly as possible a top priority. The shift by taxpayers from submitting paper tax returns to electronic filing early in his tenure helped achieve that goal. Today, roughly 90 percent of tax returns are transmitted electronically. As a result, the average income tax refund is now received in just more than two business days, and that speed hasn't come at the expense of less secure operations.



The fourth and final swearing-in ceremony in 2019 was held at the University of Baltimore.



Posing with longtime employee Miss Mary, 2019.



Visiting Coppin State University with the Legislative Black Caucus, 2015.



Field Enforcement Division Press Conference, in Annapolis, 2018.



Governor Larry Hogan and First Lady Yumi Hogan join Comptroller Franchot and wife, Anne Maher, at Our Daily Bread in Baltimore, 2015.

**IN FACT,** the Maryland Comptroller's Office has established itself as a national leader in the fight against tax fraud and identity theft, winning numerous awards for its fraud detection and tax enforcement

efforts. The passage of the Taxpayer Protection Act in 2017 granted the agency more authority to root out, prosecute and hold accountable tax cheats who were targeting vulnerable Marylanders.





Comptroller Franchot and Morgan State University President David Wilson, Ed. D.

**FRANCHOT'S ADVOCACY EXTENDED** well beyond the Louis L. Goldstein Treasury Building. As one of three members of the powerful Maryland Board of Public Works, Franchot steadfastly protected the State's fiscal integrity and its coveted AAA bond rating, and worked to ensure taxpayer funds were spent wisely and fairly.

He opposed the awarding of single-bid contracts to ensure the State was getting the best value for its money and consistently advocated for the awarding of more minority and woman-owned contracts. Franchot also railed against the use of emergency contracts that agencies too often relied on to bypass the Board's regular approval process. Many times, he was the lone BPW member chiding state officials for this tactic.

He vigorously fought against the closure of state-run hospitals, such as the Upper Shore Community Mental Health Center in 2010, and condemned the lack of air conditioning and heating in Baltimore County and Baltimore City schools. Some of these battles meant he was taking on powerful political interests and clashing with members of his own Democratic Party, but Franchot was unbowed, even with the knowledge that he would face retaliation for his advocacy. Regardless of the personal price, he was determined to do what he thought was the right thing, giving voice to the voiceless and underrepresented. Today, in part due to Franchot's unwavering boosterism, all but 14 of the 140 schools without HVAC systems when the push began a decade ago are properly equipped.



Attorney General Brian Frosh and Comptroller Franchot hold a news conference, 2017.



Business Advisory Council with Governor Larry Hogan, 2016.



Comptroller Franchot pays a visit to Baltimore County Fire Station #6 in Dundalk to thank first responders, 2018.



Franchot shares a laugh with Ernst Valery and Jon Holley, co-founder and general manager, respectively at Ministry of Brewing in Baltimore, 2020.

**FIGHTING FOR THE LITTLE GUY** and recognizing unsung heroes were Franchot hallmarks. He logged tens of thousands of miles, visiting businesses that are the beating heart of the state's economy and talking to community leaders from Ocean City to Oakland. He strolled Main Streets, toured manufacturers and saw generations-old family farms. These trips enabled Franchot to hear firsthand how real Marylanders dealt with everyday challenges.

Paying tribute to Marylanders who went above and beyond the call of duty was an important part of Franchot's tenure. The William Donald Schaefer Helping People Award honored individuals and organizations dedicated to

serving others in need. The R. Clayton Mitchell Award for Distinguished Public Service hailed public servants who put the interest of citizens above party politics and self-promotion. The Silver Hammer and Golden Apple awards paid tribute to the unsung heroes of schools across the state – custodians and volunteers – who ensure all students receive a quality education.

Peter Franchot never wavered in the face of opposition, standing squarely on the side of Maryland taxpayers, as he fought for transparency and accountability on every tax dollar spent. His commitment to improving lives for Marylanders during his 36 years in public office is a proud legacy. ■

**MARYLAND COMPTROLLER WINS AWARD FROM  
GOVERNMENT FINANCE OFFICERS ASSOCIATION**



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**State of Maryland**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

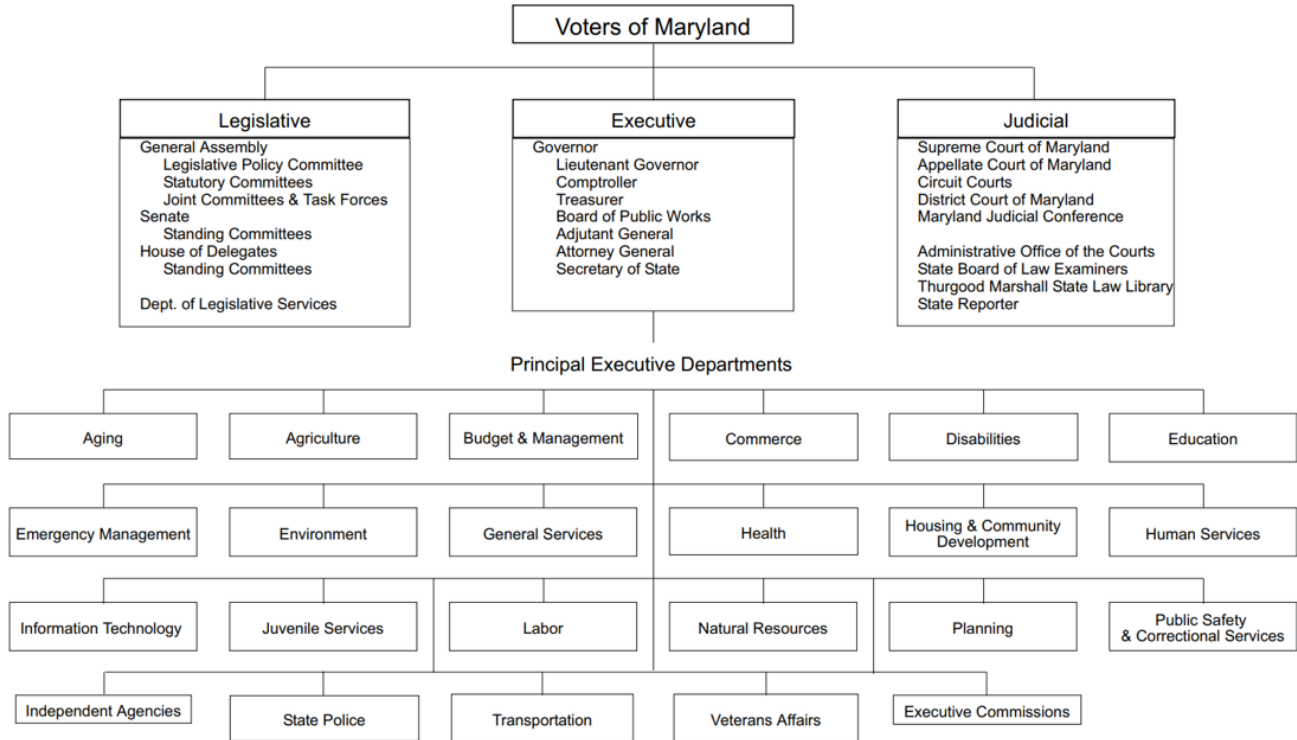
June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

# MARYLAND STATE GOVERNMENT OVERVIEW:

## OVERVIEW OF MARYLAND STATE GOVERNMENT



Maryland Manual On-Line  
Maryland State Archives, 15 December 2022

Maryland State Government  
chartsstate/00overview

ANNUAL COMPREHENSIVE FINANCIAL REPORT , STATE OF MARYLAND  
FOR THE YEAR ENDED JUNE 30, 2022

## Table of Contents

### INTRODUCTORY SECTION

Selected State Officials .....	I
Organization Chart .....	X

### FINANCIAL SECTION

Independent Auditors Report .....	7
Management’s Discussion and Analysis .....	11

### BASIC FINANCIAL STATEMENTS

<b>Government-wide Financial Statements</b> .....	25
Statement of Net Position .....	25
Statement of Activities .....	27
<b>Governmental Funds Financial Statements</b> .....	29
Balance Sheet .....	29
Reconciliation of the Governmental Funds’ Balance to the Statement of Net Position, Net Position Balance .....	30
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	31
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	32
<b>Enterprise Funds Financial Statements</b> .....	34
Statement of Fund Net Position .....	35
Statement of Revenues, Expenses and Changes in Fund Net Position .....	37
Statement of Cash Flows .....	38
<b>Fiduciary Funds Financial Statements</b> .....	40
Statement of Fiduciary Net Position .....	41
Statement of Changes in Fiduciary Net Position .....	42
<b>Component Units Financial Statements</b> .....	43
Combining Statement of Net Position .....	44
Combining Statement of Activities .....	46
<b>Index for Notes to the Financial Statements</b> .....	47
Notes to the Financial Statements .....	48

### REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenue and Expenditures and Changes in Fund Balances - Budget and Actual (General Fund) .....	109
Schedule of Revenue and Expenditures and Changes in Fund Balances - Budget and Actual (Special and Federal Funds) .....	110
Reconciliation of the Budgetary General and Special Fund, Fund Balances to the GAAP General and Special Revenue Fund, Fund Balances .....	111
Schedule of Employer Contributions for Maryland State Retirement and Pension System .....	112

ANNUAL COMPREHENSIVE FINANCIAL REPORT , STATE OF MARYLAND  
FOR THE YEAR ENDED JUNE 30, 2022

<b>REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)</b> .....	
Schedule of Employer Net Pension Liability for Maryland State Retirement and Pension System .....	114
Schedule of Employer Contributions for Maryland Transit Administration Pension Plan .....	115
Schedule of Changes in Net Pension Liability and Related Ratios for Maryland Transit Administration Pension Plan .....	116
Schedule of Employer’s Net Pension Liability for Maryland Transit Administration Pension Plan .....	117
Schedule of Investment Returns for Maryland Transit Administration Pension Plan .....	117
Schedule of Employer Contributions for Other Post-Employment Benefit Plan .....	118
Schedule of Changes in Net OPEB Liability and Related Ratios for Other Post-Employment Benefits Plan .....	119
Schedule of Employer’s Net OPEB Liability for Other Post-Employment Benefit Plan .....	119
Schedule of Investment Returns for Other Post-Employment Benefit Plan .....	119
Schedule of Employer Contributions for Maryland Transit Administration Retiree Healthcare Benefits Plan .....	120
Schedule of Changes in Net OPEB Liability and Related Ratios for Maryland Transit Administration Retiree Healthcare Benefits Plan .....	121
Schedule of Net OPEB Liability for Maryland Transit Administration Retiree Healthcare Benefit Plan .....	121
Notes to Required Supplementary Information – Budgeting and Budgetary Control .....	122
<b>COMBINING FINANCIAL STATEMENTS</b> .....	
<i><b>Non-major Governmental Funds</b></i> .....	124
Combining Balance Sheet .....	125
Combining Statement of Revenues, Expenditures, Other Sources and Uses Of Financial Resources and Changes in Fund Balances .....	126
<i><b>Non-major Enterprise Funds</b></i> .....	127
Combining Statement of Net Position .....	128
Combining Statement of Revenues, Expenses and Changes in Fund Net Position .....	129
Combining Statement of Cash Flows .....	130
<i><b>Fiduciary Funds</b></i> .....	131
Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefits Trust Funds .....	132
Combining Statement of Changes in Plan Net Position – Pension and Other Employee Benefits Trust Funds .....	133
Combining Schedule of Fiduciary Net Position – Maryland State Retirement and Pension System .....	134
Combining Schedule of Changes in Plan Net Position – Maryland State Retirement and Pension System .....	135
Combining Schedule of Fiduciary Net Position – Deferred Compensation Plan .....	136
Combining Schedule of Changes in Plan Net Position – Deferred Compensation Plan .....	136
Combining Statement of Fiduciary Net Position – Custodial Funds .....	137
Combining Statement of Changes in Net Position – Custodial Funds .....	138
<i><b>Non-major Component Units</b></i> .....	139
Combining Statement of Net Position .....	140
Combining Statement of Activities .....	142

ANNUAL COMPREHENSIVE FINANCIAL REPORT , STATE OF MARYLAND  
FOR THE YEAR ENDED JUNE 30, 2022

<b>STATISTICAL SECTION</b> .....	
Introduction .....	145
Net Position by Component, Primary Government - Last Ten Years .....	146
Changes in Net Position – Last Ten Fiscal Years .....	147
Expenses by Function, Primary Government - Last Ten Fiscal Years .....	149
Revenues, Primary Government – Last Ten Fiscal Years .....	150
Fund Balances, Governmental Funds – Last Ten Fiscal Years .....	151
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years .....	152
Personal Income Tax Filers by Subdivision Tax Year Ended December 31, 2021 .....	154
State Personal Income Tax and Sales Tax Rates – Last Ten Calendar Years .....	155
Personal Income Tax Filers and Liability by Income Level – Last Ten Tax Years Ended December 31st .....	156
Sales and Use Tax Receipts by Principal Type of Business – Last Ten Fiscal Years .....	158
Schedule of Ratio of Outstanding Debt by Type – Last Ten Fiscal Years .....	158
Ratio of General Bonded Debt to Actual Value and General Bonded Debt Per Capita – Last Ten Fiscal Years .....	159
Legal Debt Margin Information – Last Ten Fiscal Years .....	160
Schedule of Taxes Pledged to Consolidated Transportation Bonds and Net Revenues as Defined for Purposes of Consolidated Transportation Bonds Coverage Tests – Last Ten Fiscal Years .....	161
Ratio of Pledged Assets to Revenue Bonds, Community Development Administration - Last Ten Fiscal Years .....	162
Schedule of Demographic Statistics – Last Ten Fiscal Years .....	162
Schedule of Employment by Sector – Prior Year and Nine Years Prior .....	163
Maryland’s Ten Largest Private Employers .....	164
State Employees by Function/Program – Last Ten Fiscal Years .....	165
Schedule of Miscellaneous, Operating and Capital Asset Statistics by Function – Last Ten Fiscal Years .....	166
 <b>FINANCIAL SCHEDULES REQUIRED BY LAW</b> .....	
Schedule of Estimated and Actual Revenues By Source – Budgetary Basis .....	169
Schedule of Budget and Actual Expenditures and Encumbrances by Major Function – Budgetary Basis .....	171
Schedule of Changes in Fund Equities - Budgetary Basis .....	172
Schedule of Funds Transferred to Political Subdivisions .....	173
Schedule of Taxes Receivable from Collectors of State Property Taxes .....	174
Schedule of Estimated Revenues – Budgetary Basis .....	175
Schedule of General, Special, Federal, Current Unrestricted and Current Restricted Fund Appropriations – Budgetary Basis .....	176

# *Introductory Section*

**ANNUAL COMPREHENSIVE FINANCIAL REPORT, STATE OF MARYLAND**







**Peter Franchot**  
*Comptroller*

January 31, 2023

**Honorable Members of the General Assembly and the Governor,  
State of Maryland**

The Annual Comprehensive Financial Report (ACFR) of the State of Maryland (State), for the Fiscal Year ended June 30, 2022, includes the financial statements of the State as well as information required by Title 2, Section 102 of the State Finance and Procurement Article of the Annotated Code of Maryland. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Office of the Comptroller.

The statutes of the State require an audit of every unit of the Executive and Judicial branches of government, including the Comptroller of Maryland's records, by the Legislative Auditor at least every three to four years unless the Legislative Auditor determines, on a case-by-case basis, that more frequent audits are required. The Legislative Auditor is a licensed certified public accountant, as required by Maryland State Government Code § 2-1218. The Legislative Auditor conducts fiscal, compliance and performance audits of the various agencies and departments of the State and issues a separate report covering each of those audits. The primary purpose of the reports is to present the Legislative Auditor's findings relative to the fiscal management of those agencies and departments.

Additionally, my office requires an audit of the State's basic financial statements by a firm of independent auditors selected by an audit selection committee composed of members from the Comptroller's Office, a representative from the University System of Maryland, and other units of the Executive branch of State government. This requirement has been complied with, and the opinion of CliftonLarsenAllen LLP, has been included in the financial section of this report. CliftonLarsenAllen LLP also performs an audit to meet the requirements of the Office of Management and Budget (OMB) 2 CFR 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," and such information is contained in a separate report.

The State has issued guidelines to its agencies for establishing effective internal controls. As a recipient of Federal assistance, the State is responsible for ensuring compliance with laws and regulations related to such assistance. This compliance is accomplished through the internal control guidelines. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The accompanying financial statements include all funds of the State (primary government), as well as all component units. Component units are legally separate entities for which the primary government is financially accountable. The various colleges and universities, the Maryland Prepaid College Trust of the Maryland 529 Plans, and the Maryland Stadium Authority are reported as major component units. The Maryland Environmental Service, the Maryland Industrial Development Financing Authority, the Maryland Economic Development Assistant Authority Fund, the Maryland Small Business Financing Authority, the Maryland Food Center Authority, and the Maryland Technology Development Corporation are combined and presented as non-major component units.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A. The MD&A can be found immediately following the report of the independent public accountants.

**Background Information on the State:**

Maryland ratified the United States Constitution on April 28, 1788. Its capitol is Annapolis, where the principal activities of state government are centered. Its employment is based largely in services, trade and government. These sectors, along with finance, insurance and real estate are the largest contributors to the gross state product. The State has a bicameral legislature, the General Assembly, composed of the Senate with 47 members and the House of Delegates with 141 members. The General Assembly meets annually for a 90-day session beginning on the second Wednesday in January.

The Maryland Constitution requires the Governor to submit to the General Assembly a balanced budget for the following year. The General Assembly cannot increase the budget except in certain organizational units. The budget currently uses a legally mandated budgetary fund structure. Each State agency is provided appropriations at a program level, which is the level at which expenditures cannot legally exceed the appropriations. The State also utilizes an encumbrance system to serve as a tool for managing available appropriations. Maryland maintains its accounts to conform with the legally mandated budget and also to comply with generally accepted accounting principles. Financial control is generally exercised under the budgetary system.

There is a Spending Affordability Committee which consists of certain designated officers of the General Assembly and other members as may be appointed by the President of the Senate and the Speaker of the House of Delegates. Each year the Committee must submit a report to the General Assembly's Legislative Policy Committee and to the Governor recommending the level of State spending, the level of new debt authorization, the level of State personnel and the use of any anticipated surplus funds.

Also, the General Assembly created a Capital Debt Affordability Committee, the members of which are the Treasurer, the Comptroller, the Secretary of Budget and Management, the Secretary of Transportation, and one person appointed by the Governor. This Committee is required to submit an estimate of the maximum amount of new general obligation debt that prudently may be authorized to the Governor by October 1 of each year. The Committee's recent reports encompass all tax supported debt, in addition to the general obligation debt, bonds issued by the Department of Transportation, bonds issued by the Maryland Stadium Authority and capital lease transactions. Although the Committee's responsibilities are advisory only, the Governor is required to give due consideration to the Committee's finding in preparing a preliminary allocation of new general obligation debt authorizations for the next ensuing fiscal year.

### **Information on the State's Economic Condition:**

The economy is at an inflection point. Following a rapid recovery, we expect growth to slow significantly but remain positive. In short, we forecast a soft-landing. Since achieving a soft-landing depends on appropriate monetary policy, there are upside and downside risks to this forecast. If the Federal Reserve (the Fed) tightens too much or too quickly, the economy could go into a recession. If the Fed tightens too little or too late, the inflationary boom will continue, bringing increased risk of a worse recession later. This forecast balances these risks. According to the latest economic data available at the time of writing, economic growth has slowed but is still above trend. As a result, elevated inflation has persisted.

The latest economic data show that while the economy is slowing, it is growing at a faster pace than before the pandemic. Aggregate demand (or Nominal GDP) grew 9.1% year over year in the third quarter of calendar year 2022. By comparison, 4% to 5% growth was typical prior to the pandemic. In the third quarter of calendar year 2022, total wage income increased by 7.9% year over year. Total wages are now 16.8% higher than the pre-pandemic peak. In real, or Personal Consumption Expenditures (PCE) inflation-adjusted terms, total wages grew 1.5% year over year and are only 4.8% higher than their pre-pandemic peak. The real average wage, defined here as inflation adjusted wage income per employee, declined 2.4% year over year. Rather than contribute to inflation, wage growth is struggling to keep pace with inflation.

Total employment increased 3.3% year over year as of November 2022. National employment regained its pre-pandemic level this past summer, and is now 0.7% above the prior peak. The Labor Force Participation (LFP) rate of the adult population however, remains below pre-pandemic levels and has not noticeably improved despite low unemployment, record job openings, and the substantial monetary and fiscal stimulus provided during the recovery. LFP was 63.4% in January 2020 and 62.1% in November 2022. If LFP was back to its prior peak, 3.4 million more people would be in the labor force. However, research on labor participation finds that workers outside the labor force face barriers to rejoining – the most significant barriers being health issues, both physical and mental, and family responsibilities. The pandemic exacerbated these trends, causing an increase in health issues, care taking responsibilities, earlier retirements, and delayed entry into the labor force. Predating the Covid-19 pandemic, the opioid epidemic caused significant declines in LFP and continues unabated. A recovery in LFP should not be expected just because the unemployment rate is low. Rejoining the labor force is a more difficult task for the average person than going from unemployed (but in the labor force) to employed.

Recent elevated inflation rates have two causes: negative supply shocks and loose monetary policy. In theory, price changes caused by a supply shock are transitory or short-run, and only last until supply can adjust. However, the pandemic has resulted in ongoing supply disruptions, rather than a one-time disruption. The war in Ukraine has also caused inflationary supply shocks. Negative supply shocks raise the real prices of goods and services, which pushes real wages down. This helps explain why wage growth has not entirely kept pace with inflation. At the same time, the Fed left monetary policy loose well after unemployment fell to normal levels. When more money is put into circulation and supply remains constant, nominal prices must rise. Arguably, the Fed left policy loose for too long and is now having to correct. This combination of repeated supply shocks and overly loose monetary policy explains why elevated inflation has lasted this long.

Maryland's economy has structural factors in its favor. Typically, the State's economy and employment contracts less than the nation in a recession. This is partly due to high education and skill levels of the labor force and the presence of the federal government, a stable source of well-paying jobs. Maryland employment in October 2022 is 4.8% higher than the pre-pandemic peak, compared to 0.7% for the nation as a whole. Year over year employment in Maryland grew 2.2%. In 2022 Q2, the most recent data at the state level, total wages grew 8.5% year-over-year and are 7.6% higher than the pre-pandemic peak.

This is an especially challenging time to forecast economic and revenue conditions with a useful degree of accuracy, as the recent performance of our prior estimates shows. Economic growth is slowing but so far remains elevated. Our near-term outlook calls for a soft landing – for growth to slow significantly but not go negative. While soft landings have been difficult to achieve in Fed history, this outlook balances the risks to both the upside and downside, in terms of nominal revenue collection. We expect that if the Fed were to slow the economy to the point of a recession, it would likely be a comparatively mild one.

Beyond the near-term, we expect growth to return to a trend rate that is marginally higher than the post-Great Recession expansion. That expansion was unusually slow, due in part to overly tight monetary policy as well as demographic trends that held down productivity and wage growth – most significantly, millennials entering the labor force. We expect wage growth to fall to near 4.0% in the out-years and employment growth to practically come to a halt, owing to Maryland’s stagnant population growth. In 2021, Maryland’s population declined by 0.1%, compared to growth of 0.3% for the nation as a whole. In September 2022, year over year labor force growth in Maryland was 0.8%, compared to 1.9% for the nation. However, as of October 2022, Maryland’s labor force participation rate (LPR) remains higher than the nation’s, at 65.9% and 62.1%, respectively.

### **Major Initiatives and Long-Term Financial Planning:**

This is the eighth and final budget for this administration. The inherited \$5.1 billion structural deficit in 2015 is now a \$1.3 billion long-term structural surplus and a \$583 million surplus in fiscal year 2023. The budget increases to the Rainy Day Fund balance to an unprecedented nearly \$3.6 billion. These reserves are necessary for Maryland to retain its AAA bond rating, which demonstrates the state’s continued legacy of strong financial stewardship over taxpayer monies. The FY 2023 budget is in full compliance with the General Assembly’s spending affordability guidelines.

Currently, the pension system is on track to be 80.0% funded by 2023 (compared to 76.9% in FY 2021) with FY 2023 pension funding of \$1.8 billion. The pension fund remains on track to be fully funded by 2039.

The Free State continues its record funding of K-12 education for the eighth consecutive year at record level, \$8.15 billion, and also invests \$1 billion toward school construction projects. In-state resident tuition growth at the University System of Maryland, Morgan State University, and St. Mary’s College holds tuition increases at 3% or less. This year’s Community colleges funding is increased to \$349.4 million, an increase of \$59 million over fiscal year 2022 and a 130% increase in state support per student over the past eight years.

Maryland, for the seventh straight year, builds upon its legacy of preserving natural resources and the environment by fully funding the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund, which supports critical bay restoration activities. For the fifth consecutive year, the budget fully funds all transfer tax programs. Nearly \$25.7 million supports renewable and clean energy programs and another \$25.5 million is dedicated to energy efficiency programs.

Maryland’s FY 2023 capital budget totals \$6.8 billion, funding construction of buildings, infrastructure as well a long-term assets for the state. Most of the capital budget (\$3.3 billion) supports transportation projects, including roads and mass transit. The remaining \$3.5 billion encompasses education projects, environmental projects and other facilities to support public services and communities throughout the state, as well as responds to far-reaching impacts of the COVID-19 pandemic. A majority of the total state General Obligation bond funding in the capital budget (60%) is directed to education facilities.

Access to healthcare through the Medicaid program is available to 1.6 million Marylanders, a 3% increase over FY 2022. More than 25,000 eligible children are covered under the Child Care Scholarship program in FY 2023. The state continues to provide record funding to treat mental health and substance use disorders. In FY 2023, more than \$996 million in direct state support is dedicated to various services and initiatives.

### **State of Maryland continued response to the Covid recession**

As the pandemic continues into 2022, the focus is on supporting vulnerable Marylanders and is centered around priorities that include ensuring adequate hospital capacity throughout the state and obtaining sufficient personal protective equipment (PPE).

In FY 2022, \$453.8 million of stimulus funding was added to Public Health Services to support expanded services being provided as part of the State’s pandemic response. An additional \$50 million in stimulus funding went to support staffing needs for hospitals and nursing homes amid the Fall 2021 omicron variant surge. FY 2022 and 2023 provided \$20 million in total for a vaccine incentive program for Medicaid recipients.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Maryland for its Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The State of Maryland has received a Certificate of Achievement for the last 41 consecutive years (Fiscal Years ended 1980 – 2021). We believe that our current Annual Comprehensive Financial Report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Annual Comprehensive Financial Report on a timely basis could not have been accomplished without the efforts and dedication of the staff of the General Accounting Division with assistance from other personnel from the various departments and agencies of the State.

I will be pleased to furnish additional information on the State's finances upon request.

Sincerely,

A handwritten signature in black ink that reads "Peter Franchot". The signature is written in a cursive style with a large, stylized initial "P".

Peter Franchot  
Comptroller of Maryland

# *Financial Section*

**ANNUAL COMPREHENSIVE FINANCIAL REPORT, STATE OF MARYLAND**





## INDEPENDENT AUDITORS' REPORT

The Honorable Members of the General Assembly and the Governor State of Maryland

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Maryland (the State), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise The State's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of certain funds, agencies and component units of the State, which represent the indicated percentages of total assets and deferred outflows and total revenues as presented in the table below. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it related to the amounts included for those funds, agencies and component units, is based solely on the reports of the other auditors.

Opinion Unit	Fund, Agency, or Component Unit	Percentage Audited by Other Auditors	
		Assets and Deferred Outflows	Revenues
Business-type Activities	Department of Housing and Community Development State Funded Loan Programs Maryland Lottery and Gaming Control Agency	7%	53%
Aggregate Discretely Presented Component Units	Maryland Environmental Service Maryland Prepaid College Trust Maryland Technology Development Corporation University System of Maryland Foundation, Inc. University of Maryland College Park Foundation, Inc. University of Maryland Baltimore Foundation, Inc. Bowie State University Foundation, Inc. Towson University Foundation, Inc. Frostburg State University Foundation, Inc. Coppin State University Development Foundation, Inc. University of Baltimore Foundation, Inc. and University Properties, Inc. Salisbury University Foundation, Inc. University of Maryland Baltimore County Research Park Corporation, Inc. UMUC Ventures, Inc. and Subsidiaries	23%	9%
Economic Development Loan Programs - Major Proprietary Fund	Department of Housing and Community Development State Funded Loan Programs	13%	7%
Maryland Lottery and Gaming Control Agency - Major Proprietary Fund	Maryland Lottery and Gaming Control Agency	100%	100%
Aggregate Remaining Fund Information	Maryland Teachers and State Employees Supplemental Retirement Plans Maryland Local Government Investment Pool	15%	51%

## ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The State and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Emphasis of Matter***

### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, effective July 1, 2021, the State adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The State's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The State's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The State's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of require that the management's discussion and analysis and required supplementary information as listed in the accompanying table of contents (collectively referred to as RSI) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The State's basic financial statements. The combining financial statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS by us and other auditors. In our opinion, the based on our audit, the procedures performed as described above, and the report of other auditors, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section and financial schedules as required by law but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



### **CliftonLarsonAllen LLP**

Baltimore, Maryland  
January 31, 2023





# STATE OF MARYLAND

## Management's Discussion and Analysis

Management of the State of Maryland provides this narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2022. Please read it in conjunction with the Comptroller's letter of transmittal, which can be found in the Introductory Section of this report, and the State's financial statements which follow this section. There may be rounding differences between amounts reported in the MD&A section and amounts reported in other sections of the ACFR.

### Financial Highlights

#### *Government-wide*

- Maryland reported a surplus of \$2.6 billion in fiscal year 2022 and a deficit of \$8.0 billion in fiscal year 2021.
- Of the surplus in fiscal year 2022, a deficit balance of \$26.4 billion was reported as total unrestricted net position, which includes a \$27.7 billion deficit balance in governmental activities and a \$1.3 billion balance in business-type activities.
- The State's total net position increased by a total of \$10.6 billion as a result of this year's operations. The net position for governmental activities increased by \$9.1 billion. Net position of business-type activities increased by \$1,415.4 million.
- The State's governmental activities had total expenses of \$49.7 billion; total revenues of \$57.5 billion; net transfers from business-type activities of \$1.4 billion for a net increase in net position of \$9.1 billion.
- Business-type activities had total expenses of \$6.1 billion; program revenues of \$8.9 billion; general revenues of \$(17.9) million; and transfers out of \$1.4 billion for a net increase in net position of \$1,415.4 million.
- Total State revenues were \$66.4 billion, while total costs for all programs were \$56 billion.

#### *Fund Level*

- Governmental funds reported a combined fund balance of \$13.5 billion, an increase of \$6.7 billion (98.6%) from prior year's balance of \$6.8 billion.
- The general fund reported an unassigned fund balance surplus of \$4.8 billion and a remaining fund balance (nonspendable, restricted, and committed) of \$5.9 billion, compared to an unassigned fund balance surplus of \$1.0 billion and a remaining fund balance of \$4.5 billion last year. This represents a net increase of \$5 billion in general fund, fund balance. The total unassigned fund balance surplus in the governmental funds was \$4.8 billion in the current year and \$0.9 billion in the prior year.
- Governmental funds reported a total nonspendable, restricted, committed, and assigned fund balance of \$8.6 billion in 2022, compared to \$5.9 billion in the prior year.

#### *Long-term Debt*

- Total bonds and obligations under long-term leases at year end were \$23.0 billion, net-of-related premiums, discounts and adjustments, a net increase of \$926.2 million in 2022 (4%) from the prior year.
- \$1.9 billion General Obligation Bonds, \$677 million Transportation Bonds with \$384 million and \$117 million net premiums, respectively, and \$0.7 billion Revenue Bonds for business-type activities were issued during the year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the State of Maryland's basic financial statements. The State's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information and other supplementary information in addition to the basic financial statements.

#### **Government-wide Financial Statements (Reporting the State as a Whole)**

The government-wide financial statements provide a broad overview of the State's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the State's economic condition at the end of the fiscal year. The statements include all fiscal-year revenues and expenses, regardless of whether cash has been received or paid. The government-wide financial statements include two statements.

The *Statement of Net Position* presents all of the State's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as "net position". Over time, increases and decreases in the State's net position may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The *Statement of Activities* presents information showing how the State's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the State.

The above financial statements distinguish between the following three types of state programs or activities:

*Governmental Activities* - The activities in this section are typically supported by taxes and intergovernmental revenues, i.e., federal grants. Most services normally associated with the State government fall into this category, including the Legislature, Judiciary and the general operations of the Executive Department.

*Business-Type Activities* - These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the State include Economic Development Loan Program, Unemployment Insurance Program, Maryland Lottery and Gaming Control Agency, Maryland Transportation Authority, economic insurance programs of the Department of Housing and Community Development and Maryland Correctional Enterprises, a program which constructs office furnishings utilizing the prisons' inmate population.

*Discretely Presented Component Units* - The government-wide statements include operations for which the State has financial accountability but are legally separate entities. Financial information for these component units is reported separately from the financial information presented for the primary government. The component unit activities include Higher Education, the Maryland Prepaid College Trust, the Maryland Stadium Authority and other non-major proprietary activities. All of these entities operate similarly to private sector business and to the business-type activities described above. The component unit Higher Education consists of the University System of Maryland, Morgan State University, St. Mary's College and Baltimore City Community College and certain affiliated foundations. The non-major component units include the Maryland Food Center Authority, Maryland Environmental Service, Maryland Industrial Development Financing Authority Maryland Small Business Development Authority, Maryland Economic Development Assistance Authority , and Maryland Technology Development Corporation.

Complete financial statements of the individual component units can be obtained from the Comptroller of Maryland, LLG Treasury Building, Annapolis, Maryland 21404.

This report includes two schedules (pages 30 and 32) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities (accrual accounting) on the government-wide statements. The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities are not reported on governmental fund statements.
- Certain tax revenues that are earned and other assets that are not available to pay for current period expenditures are deferred in governmental fund statements, but are recognized on the government-wide statements.
- Other amounts that otherwise meet the definition of a revenue or expense that relate to a future period are deferred only on the government-wide statements.
- Unless currently due and payable, long-term liabilities, such as capital lease obligations, compensated absences, litigation, and bonds and notes payable, only appear as liabilities in the government-wide statements.
- Capital outlays result in capital assets on the government-wide statements, but are reported as expenditures on the governmental fund statements.
- Bond and note proceeds result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements.
- Certain other transactions represent either increases or decreases in liabilities on the government-wide statements, but are reported as expenditures on the governmental fund statements.

The government-wide financial statements can be found on pages 25 - 28 of this report.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The State's funds can be divided into three categories: governmental, enterprise, and fiduciary. Each of these categories uses a different accounting approach.

*Governmental funds* - Most of the basic services provided by the State are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the State's near-term inflows and outflows of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the State's near-term financing requirements. These statements provide a detailed short-term view of the State's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the State.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the State's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the pages immediately following the governmental funds financial statements.

The State maintains seven governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Department of Transportation-special revenue fund, both of which are considered to be major funds. Data from the remaining five governmental funds are combined into a single, aggregated presentation. Data for the non-major governmental funds, namely, the debt service fund for general obligation bonds, the debt service fund for transportation revenue bonds and the capital projects fund, are provided in the form of combining statements elsewhere in this report. These funds are reported using modified accrual accounting, which measures cash and all other assets which can be readily converted to cash. The basic governmental funds financial statements can be found on pages 29 and 31 of this report.

*Enterprise funds* - Enterprise funds are used to show activities that operate similar to activities of commercial enterprises. These funds charge fees for services provided to outside customers including local governments. Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. There is no reconciliation needed between the government-wide business-type financial statements for business-type activities and the enterprise fund financial statements because they both utilize accrual accounting, the same method used for business in the private sector.

The State has six enterprise funds, four of which are considered to be major enterprise funds. These funds are: Economic Development Loan Programs, the Unemployment Insurance Program, the Maryland Lottery and Gaming Control Agency and the Maryland Transportation Authority. Data for the non-major enterprise funds, Economic Development - Insurance Programs and Maryland Correctional Enterprises, are combined into a single aggregated presentation. Individual fund data for these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.

The basic enterprise funds financial statements can be found on pages 35 - 39 of this report.

*Fiduciary funds* - Fiduciary funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are restricted in purpose and are not available to support the State's own programs. Fiduciary funds use accrual accounting.

The State's fiduciary funds include the Pension and Other Employee Benefits Trust Funds, the Investment Trust Fund and Custodial Funds. The Pension and Other Employee Benefits Trust Funds consist of the Retirement and Pension System, the Maryland Transit Administration Pension Plan, the Postretirement Health Benefits Trust Fund and the Deferred Compensation Plan. The Investment Trust Fund accounts for the transactions, assets, liabilities and net position of an external investment pool. Custodial funds account for fiduciary activities that are not required to be reported in pension and other post-employment benefit trusts funds, investment trust funds, or private-purpose trust funds. Individual fund detail for the fiduciary funds can be found in the combining financial statements.

The basic fiduciary funds financial statements can be found on pages 41 - 42 of this report.

*Combining Financial Statements, Component Units* - The government-wide financial statements present information for the component units in a single aggregated column in the Statement of Net Position and the Statement of Activities. A combining Statement of Net Position and Combining Statement of Activities have been provided for the Component Units Funds and provide detail for each major component unit, with a combining column for the non-major component units. Individual financial statement information for the non-major component units is provided elsewhere in this report.

The combining financial statements for the component units can be found on pages 44 - 46 of this report.

### ***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 48 - 107 of this report.

### **Required Supplementary Information**

The required supplementary information includes budgetary comparison schedules for the budgetary general, special and federal funds, along with a reconciliation of the statutory and Accounting Principles Generally Accepted in the United States of America (GAAP) General and Special Revenue Fund, fund balances at fiscal year end and related notes. This report also presents certain required supplementary information concerning the State's contributions and liabilities for its pension plans and post-employment healthcare benefits and related notes. Required supplementary information immediately follows the notes to the financial statements.

### **Other Supplementary Information**

#### *Combining Financial Statements*

The combining financial statements referred to earlier in connection with non-major governmental, enterprise, and fiduciary funds and non-major component units are presented immediately following the required supplementary information.

## Government-Wide Financial Analysis

The State's combined net position (governmental and business-type activities) totaled to a \$2.6 billion surplus at the end of 2022 and \$8.0 billion deficit at the end of 2021.

<b>Net Position as of June 30,</b> <i>(Expressed in Millions)</i>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Current and other assets .....	\$ 23,430	\$ 18,661	\$ 9,842	\$ 8,776	\$ 33,272	\$ 27,437
Capital assets .....	28,636	26,775	7,146	6,844	35,782	33,619
Total assets .....	52,066	45,436	16,988	15,621	69,054	61,057
Total deferred outflows of resources .....	6,536	6,063	102	80	6,638	6,142
Long-term liabilities .....	43,778	51,497	5,794	5,733	49,573	57,230
Current and other liabilities .....	9,934	12,423	862	1,077	10,796	13,500
Total liabilities .....	53,712	63,920	6,656	6,810	60,368	70,730
Total deferred inflows of resources .....	12,581	4,418	192	64	12,772	4,482
Net position:						
Net invested in capital assets .....	19,719	19,024	4,617	4,121	24,336	23,145
Restricted .....	292	302	4,329	3,232	4,622	3,534
Unrestricted .....	(27,702)	(36,166)	1,296	1,474	(26,406)	(34,692)
Total net position (deficit) .....	\$ (7,691)	\$ (16,840)	\$ 10,242	\$ 8,827	\$ 2,552	\$ (8,013)

The largest portion of the State's net position, \$24.3 billion, reflects investment in capital assets such as land, buildings, equipment and infrastructure, less any related debt to acquire those assets that is still outstanding, as adjusted by any deferred inflows or deferred outflows of resources. The State uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the State's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, a portion of the State's net position, \$4.6 billion, represents resources that are subject to external restrictions or enabling legislation on how they may be used. The unrestricted net position, which represents the amount available to meet the State's ongoing obligations, was a deficit of \$26.4 billion. The State is committed to provide post-employment benefits (pension and other post-employment benefits) to eligible employees. As a result, the State has recognized substantial liabilities in the financial statements for these benefits. As of June 30, 2022, the State recognized long term liabilities of \$(27.7) billion for pension and other post-employment benefits, which resulted in a deficit balance in the unrestricted net position.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the State's net position changed during the fiscal year.

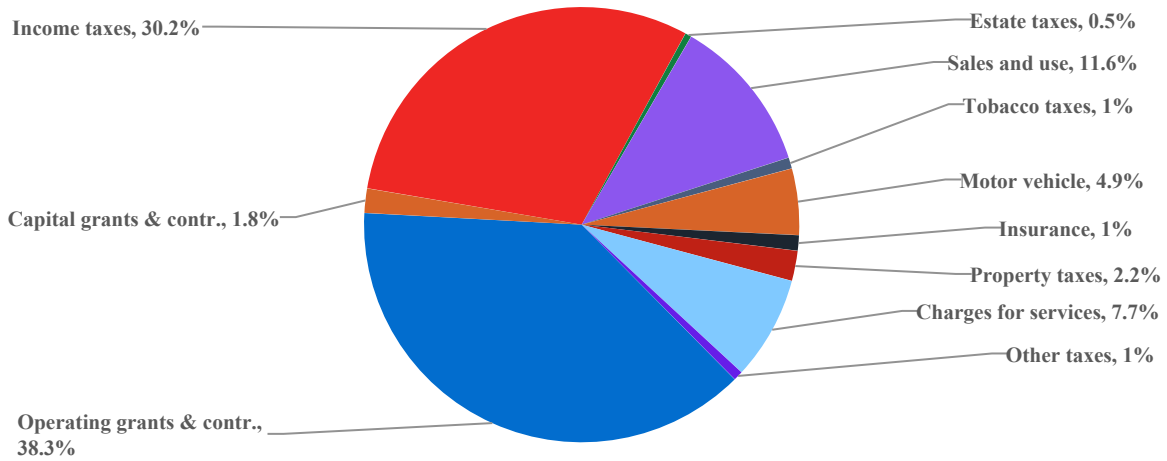
<b>Changes in Net Position For the Year Ended June 30, (Expressed in Millions)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services .....	\$ 4,437	\$ 5,004	\$ 7,404	\$ 6,136	\$ 11,841	\$ 11,140
Operating grants and contributions .....	22,019	17,858	1,498	8,578	23,517	26,437
Capital grants and contributions .....	1,043	903	—	—	1,043	903
<b>General revenues:</b>						
Income taxes .....	17,398	13,787	—	—	17,398	13,787
Sales and use taxes .....	6,685	5,478	—	—	6,685	5,478
Motor vehicle taxes .....	2,834	2,696	—	—	2,834	2,696
Tobacco taxes .....	479	388	—	—	479	388
Insurance company taxes .....	660	634	—	—	660	634
Property taxes .....	1,288	1,163	—	—	1,288	1,163
Estate inheritance taxes .....	271	239	—	—	271	239
Other taxes .....	411	384	—	—	411	384
Unrestricted investment earnings .....	(55)	32	(18)	2	(73)	33
Total revenues .....	<u>57,471</u>	<u>48,565</u>	<u>8,884</u>	<u>14,717</u>	<u>66,355</u>	<u>63,282</u>
<b>Expenses:</b>						
General government .....	1,949	2,230	—	—	1,949	2,230
Health and mental hygiene .....	18,561	17,486	—	—	18,561	17,486
Education .....	9,738	9,413	—	—	9,738	9,413
Aid for higher education .....	2,858	2,559	—	—	2,858	2,559
Human resources .....	4,429	4,102	—	—	4,429	4,102
Public safety .....	1,873	2,805	—	—	1,873	2,805
Transportation .....	4,992	4,985	—	—	4,992	4,985
Judicial .....	777	986	—	—	777	986
Labor, licensing and regulation .....	1,453	535	—	—	1,453	535
Natural resources and recreation .....	443	435	—	—	443	435
Housing and community development .....	1,535	1,064	—	—	1,535	1,064
Environment .....	104	111	—	—	104	111
Agriculture .....	99	108	—	—	99	108
Commerce .....	72	176	—	—	72	176
Intergovernmental grants and revenue sharing .....	667	595	—	—	667	595
Interest .....	141	89	—	—	141	89
Economic development insurance programs .....	—	—	2	2	2	2
Economic development loan programs .....	—	—	368	294	368	294
Unemployment insurance program .....	—	—	1,825	9,442	1,825	9,442
Maryland Lottery and Gaming Control Agency .....	—	—	3,199	2,981	3,199	2,981
Maryland Transportation Authority .....	—	—	656	610	656	610
Maryland Correctional Enterprises .....	—	—	49	50	49	50
Total expenses .....	<u>49,689</u>	<u>47,678</u>	<u>6,101</u>	<u>13,378</u>	<u>55,790</u>	<u>61,057</u>
Increase (decrease) in net position before transfers .....	7,782	886	2,783	1,338	10,565	2,225
Transfers .....	1,368	1,281	(1,368)	(1,281)	—	—
Change in net position .....	9,149	2,167	1,415	58	10,565	2,225
Net position (deficit) - beginning .....	(16,840)	(19,007)	8,827	8,770	(8,013)	(10,238)
Net position (deficit) - ending .....	<u>\$ (7,691)</u>	<u>\$ (16,840)</u>	<u>\$ 10,242</u>	<u>\$ 8,827</u>	<u>\$ 2,552</u>	<u>\$ (8,013)</u>

The following table compares financial information from the Government-wide Statement of Activities for this and the prior fiscal year to indicate how the State's revenues and expenses changed from year to year.

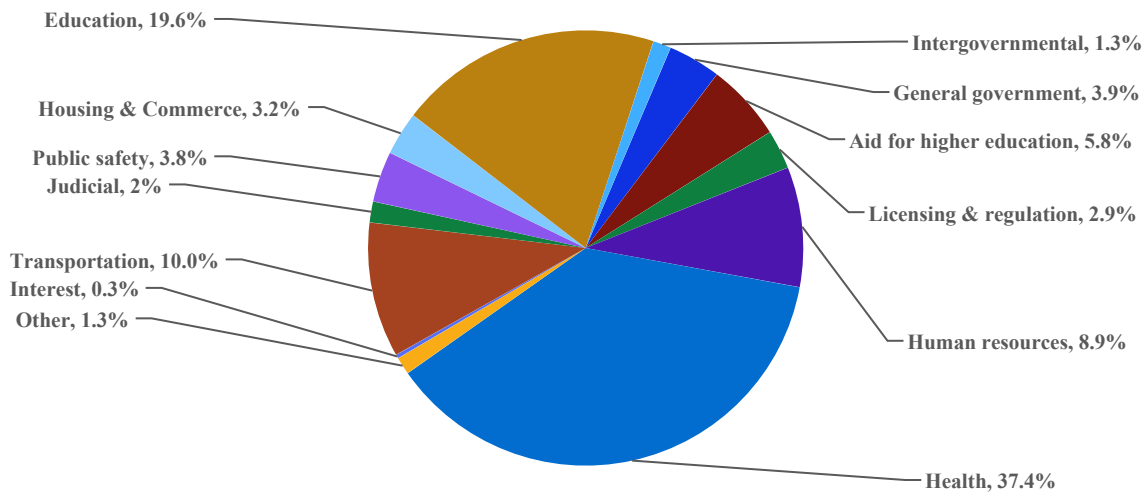
**Analysis of Changes in Net Position**  
**For the Year Ended June 30, 2022, Compared to June 30, 2021**  
*(Expressed in Millions)*

	Governmental Activities		Business-type Activities		Total Primary Government	
	Amount of Increase/ (Decrease)	Percentage of Increase/ -Decrease	Amount of Increase/ (Decrease)	Percentage of Increase/ -Decrease	Amount of Increase/ (Decrease)	Percentage of Increase/ -Decrease
<b>Revenues:</b>						
Program revenues:						
Charges for services .....	\$ (567)	-11.3%	\$ 1,268	20.7%	\$ 701	6.3%
Operating grants and contributions .....	4,161	23.3%	(7,080)	-82.5%	(2,919)	-11.0%
Capital grants and contributions .....	140	15.5%	—	—%	140	15.5%
General revenues:						
Income taxes .....	3,611	26.2%	—	—%	3,611	—%
Sales and use taxes .....	1,207	22.0%	—	—%	1,207	8.8%
Motor vehicle taxes .....	138	5.1%	—	—%	138	2.5%
Tobacco taxes .....	91	23.5%	—	—%	91	3.4%
Insurance company taxes .....	26	4.1%	—	—%	26	6.7%
Property taxes .....	125	10.7%	—	—%	125	19.7%
Estate inheritance taxes .....	32	13.4%	—	—%	32	2.8%
Other taxes .....	27	7.0%	—	—%	27	11.3%
Unrestricted investment earnings .....	(87)	-271.9%	(20)	-1000.0%	(107)	-27.9%
Total revenues .....	8,904	-132.4%	(5,832)	-1061.8%	3,072	-1062.0%
<b>Expenses:</b>						
General government .....	(281)	-12.6%	—	—%	(281)	-12.6%
Health and mental hygiene .....	1,075	6.1%	—	—%	1,075	6.1%
Education .....	325	3.5%	—	—%	325	3.5%
Aid for higher education .....	299	11.7%	—	—%	299	11.7%
Human resources .....	327	8.0%	—	—%	327	8.0%
Public safety .....	(932)	-33.2%	—	—%	(932)	-33.2%
Transportation .....	7	0.1%	—	—%	7	0.1%
Judicial .....	(209)	-21.2%	—	—%	(209)	-21.2%
Labor, licensing and regulation .....	918	171.6%	—	—%	918	171.6%
Natural resources and recreation .....	8	1.8%	—	—%	8	1.8%
Housing and community development .....	471	44.3%	—	—%	471	44.3%
Environment .....	(7)	-6.3%	—	—%	(7)	-6.3%
Agriculture .....	(9)	-8.3%	—	—%	(9)	-8.3%
Commerce .....	(104)	-59.1%	—	—%	(104)	-59.1%
Intergovernmental grants and revenue sharing .....	72	12.1%	—	—%	72	12.1%
Interest .....	52	58.4%	—	—%	52	58.4%
Economic development loan programs .....	—	—%	74	25.2%	74	25.2%
Unemployment insurance program .....	—	—%	(7,617)	-80.7%	(7,617)	-80.7%
Maryland Lottery and Gaming Control Agency .....	—	—%	218	7.3%	218	7.3%
Transportation Authority .....	—	—%	46	7.5%	46	7.5%
Maryland Correctional Enterprises .....	—	—%	(1)	-2.0%	(1)	-2.0%
Total expenses .....	\$ 2,012	176.9%	\$ (7,280)	-42.7%	\$ (5,268)	134.0%

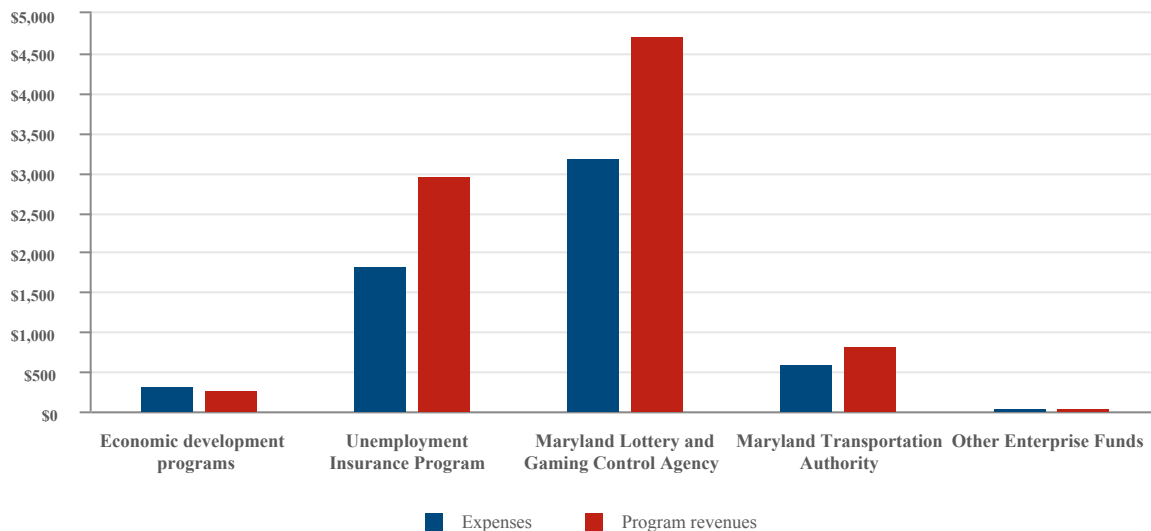
### 2022 REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



### 2022 EXPENSES BY FUNCTION - GOVERNMENTAL ACTIVITIES



### 2022 EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES (Expressed in Millions)





## Governmental Activities

- Liabilities and deferred inflows exceeded assets and deferred outflows by \$7.7 billion at the end of fiscal year 2022. For the current year, there was an increase in net position of \$9.1 billion from the previous year.
- Included in the increase in net position, capital assets increased by \$1.9 billion, deferred outflows, net of deferred inflows, decreased by \$7,689 million and long-term liabilities decreased by \$7.7 billion. The major capital asset events are discussed in the Capital Assets section of this analysis. Among the components of the increase in long-term liabilities were increases in bonds and notes payable of \$1,030 million; a decrease in the State's net pension liability (NPL) of \$7.0 million; and the State's net OPEB liability in the current year in excess of the net OPEB liability in the prior year \$2.2 billion. The increase in bonds and notes payable is discussed in the Long-Term Debt section of this analysis. The decrease in the NPL of \$7.0 million is offset by the net increase in deferred inflows over deferred outflows related to pensions of \$3.0 billion. The net increase in deferred inflows for pensions will be recognized in the NPL in future years. The NPL and deferred outflows and deferred inflows related to pensions are discussed in Note 15 to the financial statements.
- Operating grants and contributions increased by \$4.2 billion, primarily due to increased in federal grants activity during the fiscal year 2022. Key elements of this increases are as follows: medical assistance program (\$1.2 billion), various programs under Maryland State Department of Education (\$1.3 billion), food benefits (\$0.4 billion) and COVID-19 related programs (\$0.8 billion).
- Income taxes which consists of personal and corporate income tax increased from \$13.8 billion to \$17.4 billion in fiscal year 2022. Personal income tax revenue during fiscal year 2022 primarily due to increase in withholdings by 7.4%, well above its typical rate, reflecting a recovery of the labor market and high nominal wage growth. Corporate income tax increased 16.3% due to increase in payments from increased corporate profits
- Sales and use tax increased by \$1.2 billion in fiscal year 2022. The increase is attributable to several factors: increased demand for goods, increased nominal price due to inflation and increased online sales.

## Business-type Activities

- Business-type activities increased the State's net position by \$2.8 billion before net transfers of \$1.4 billion to governmental activities, for a net increase of \$1,415.4 million in net position. The increase compares to an increase of \$1.3 billion before net transfers of \$1.3 billion, for a net increase of \$57.607 million in net position, in the prior year. Key elements of this decrease are as follows:
- Net position of the Maryland Transportation Authority increased by \$167 million compared to an increase of \$119 million in the prior year. Net operating income was \$296 million compared to \$206 million in the prior year.
- The Unemployment Insurance Program net position increased by \$1.1 billion in 2022. Net position decreased by \$300 million in 2021. Net operating loss was \$0.3 billion compared to the prior year's loss of \$8.7 billion. Charges for services (unemployment taxes) increased by \$776 million (104%) and benefit payments were reduced by \$7.6 billion (81%). Federal payments for extended benefits and other programs decreased by \$6.9 billion compared to an increase of \$4.4 billion in the prior year.
- Net position for the Economic Development Loan Programs increased by \$107 million in 2022. Net position increased by \$242 million from the prior year. Majority of the increase was attributable from the Maryland Water Infrastructure Financing Administration. Net income of the Administration increased by \$120.8 million compared to an increase of \$163.2 million in 2021, primarily due to a \$47.5 million decrease in contributions from Federal and State governments from \$106.3 million in fiscal year 2021 to \$58.7 million in fiscal year 2022. Net income of the State Funded Loan Programs increased by \$84.4 million compared to an increase of \$19.2 million in the prior year for programs related to financing housing opportunities.
- Lottery ticket sales were \$2.7 billion in 2022, an increase of \$52 million, or 1.94%, from 2021. In 2022 in Maryland's six casinos, gross video lottery terminal (VLT) and table game revenue was \$2.1 billion, an increase of \$306 million, 15%, from the prior year. The increase was due to the reopening of casinos, bars and restaurants and the veteran organizations in the State of Maryland after an effort to contain the spread of COVID-19 by temporarily closing in 2020. Operating expenses, including cost of sales, increased by \$217 million, or 6.8%, over 2021. Transfers to governmental activities by MLGCA were \$1.5 billion in 2022 and \$1.4 billion in 2021.

## Financial Analysis of the State's Funds

As of the end of the current fiscal year, the State's governmental funds reported a combined fund balance of \$13.5 billion, an increase of \$6.7 billion from the prior year. The combined fund balance includes a surplus of \$4.8 billion in unassigned governmental funds, all \$4.8 billion is from the General Fund. The remainder of the fund balance is unspendable, restricted, committed, or assigned based on the constraints on the specific purposes for which amounts in that fund can be spent. The remainder of the fund balance is 1) unspendable because it is in the form of prepaid items, inventories and long-term loans and notes receivable (\$1.3 billion); 2) restricted by outside parties or to pay debt service on general obligation bonds and transportation bonds from specific taxes (\$295 million); 3) committed to legislated purposes or encumbered as committed fund balance based on the constraints and approvals in place at year end or when existing resources are not sufficient to liquidate encumbrances (\$5.6 billion); or 4) intended spending expressed by (a) the governing body or (b) a body or official to which the governing body has delegated the authority to assign amounts (\$1,419.03 million). The committed fund balance includes the \$1.8 billion "State Reserve Fund", which is set aside to meet future financial needs in circumstances that are not expected to occur routinely. The State's goal is to retain 10% of estimated General Fund revenues in the Revenue Stabilization Account of the State Reserve Fund for each fiscal year.

### General Fund

The General Fund is the major operating fund of the State. At the end of the current fiscal year, the unassigned fund balance surplus of the General Fund was \$4.8 billion, while total fund balance was \$10.8 billion. The fund balance of the State's General Fund increased by \$5.3 billion during 2022, compared to an increase of \$2,511 million for 2021. Revenues increased by \$7.9 billion (18.6%) to \$50.5 billion primarily due to the State's receipt of Federal Coronavirus Relief Funds (CRF). Expenditures increased by \$4.9 billion (12.1%) from the prior year, resulting largely from State agency spending of CRF funds. The General Fund expenditure increase was primarily for expenditures for health and mental hygiene, which increased by \$1.5 billion (8.5%).

Transfers into the General Fund were \$1.5 billion in 2022 and \$1.4 billion in 2021. Transfers consisted primarily of \$1.5 billion transferred from MLGCA in 2022. Transfers out from the general fund were \$1,097 million this year compared to \$719 million for the prior year. This increase was mainly due to a increase of \$119 million to Economic Development Loan programs, an increase of \$196 million to various non-major governmental fund, and an increase of \$63 million to special revenue fund.

### Special Revenue Fund

The Maryland Department of Transportation special revenue fund accounts for resources used for operation of the State's transportation activities, not including debt service and pension activities. The fund balance of the Department's special revenue fund was \$621 million as of June 30, 2022, a increase of \$353 million compared to an increase of \$232 million in the prior fiscal year. Revenues increased by \$426 million (8.9%), expenditures increased by \$512 million (10.7%), and other sources of financial resources increased by \$208 million (77.6%). The economic challenges and uncertainty surrounding the COVID-19 global pandemic have impacted virtually all of the Department's operations and revenues. Estimated State revenues for the Department's current six-year capital program are \$7.1 billion more than the estimates for the previous six-year program. Total projected revenues amount to \$38.4 billion for the six-year period (fiscal years 2023-2028). This estimate is based on the revenue sources used by the Department and includes bond proceeds and federal funds that will be used for operating, capital, and debt service expenses.

### Budgetary Highlights

Differences between the original budget and final amended budget, and the final budget and actual expenditures for the year are summarized for the General Fund as follows. The budgetary schedule may be found in the Required Supplementary Information Section.

Overall, the change between the original and final amended general fund budget was an increase of \$246 million in expenditures, or 1.2%.

The difference between the final budget, \$21.5 billion, and actual expenditures, \$20.8 billion, was \$626 million, or 2.9%. Of this amount, \$299 million was returned to the General Fund, and \$326 million was encumbered for future spending. The variance for the State Police (2.5%) primarily relates to State Law Enforcement Labor Alliance bargaining unit provisions (\$12.3 million) and for other statewide salary enhancements that were transferred by budget amendment from the Department of Budget and Management (\$3.4 million). The general fund variance in Housing and Community Development is primarily due to FY 22 budget amendments and deficiencies for the following programs: Main Street Public Safety (\$10 million) and Foreclosure Mediation and associated fees (\$2.7 million), both of which are housed under Neighborhood Revitalization. The agency also received general funds for housing accommodations under the Walter Lomax Act, under Rental Services Programs. The difference in the Department of Legislative Services (31.3%) is attributable to current year encumbrances (\$34.3 million) and prior year encumbrances (\$11.7 million) that were retained primarily for building interior maintenance and improvements, critical telecommunications & information technology equipment, as well as continued support of wireless communications on the floor of the Senate and House Chambers. The General Fund variance of \$11.4 million (5.3%) in Budget and Management (DBM) is primarily due to the reallocation of general fund appropriation for salary enhancements such as cost of living adjustments, bonuses, State Law Enforcement Labor Alliance bargaining unit provisions, increments and salary upgrades for selected position classifications. These funds were offset by a deficiency appropriation of \$266.7 million to fund these items. Funds were initially appropriated within DBM Program F10A0208 for these items with the intention of being transferred to State agencies by budget amendment during the fiscal year. There is no significant effect expected on future services or liquidity.

**Significant Differences between Original Budget, Final Budget, and Actual Amounts  
for the year ended June 30, 2022 (Expressed in Thousands)  
General Fund**

	Original Budget	Final Budget	Original versus Final budget	Percentage Change	Actual Amounts	Final Budget versus Actual	Percentage Change
<b>Expenditures and encumbrances by function:</b>							
Payments of revenue to civil divisions of the State .....	\$ 185,875	\$ 185,875	—	0.0%	\$ 185,875	—	0.0%
Public debt .....	260,000	260,000	—	0.0%	260,000	—	0.0%
Legislative .....	143,519	146,887	\$ 3,368	2.3%	100,911	\$ 45,976	31.3%
Judicial review and legal .....	746,363	760,490	14,127	1.9%	731,042	29,448	3.9%
Executive and administrative control .....	710,641	469,862	(240,779)	(33.9)%	443,928	25,934	5.5%
Financial and revenue administration .....	231,075	247,448	16,373	7.1%	215,880	31,568	12.8%
Budget and management .....	264,110	214,543	(49,567)	(18.8)%	203,182	11,361	5.3%
General services .....	85,185	102,532	17,347	20.4%	91,295	11,237	11.0%
Natural resources and recreation .....	84,982	102,071	17,089	20.1%	99,889	2,182	2.1%
Agriculture .....	39,037	42,177	3,140	8.0%	39,409	2,768	6.6%
Health, hospitals and mental hygiene .....	5,798,090	5,840,855	42,765	0.7%	5,734,183	106,672	1.8%
Human resources .....	709,057	731,777	22,720	3.2%	711,446	20,331	2.8%
Labor, licensing and regulation .....	71,443	77,833	6,390	8.9%	68,366	9,467	12.2%
Public safety and correctional services .....	1,243,439	987,665	(255,774)	(20.6)%	936,575	51,090	5.2%
Public education .....	9,222,558	9,600,521	377,963	4.1%	9,366,821	233,700	2.4%
Housing and community development .....	64,324	77,417	13,093	20.4%	39,715	37,702	48.7%
Commerce .....	89,669	98,786	9,117	10.2%	86,656	12,130	12.3%
Maryland technology development corporation .....	20,836	20,836	—	0.0%	20,836	—	—%
Environment .....	38,851	41,863	3,012	7.8%	39,976	1,887	4.5%
Juvenile services .....	252,560	263,831	11,271	4.5%	244,549	19,282	7.3%
State police .....	325,528	349,652	24,124	7.4%	340,902	8,750	2.5%
State reserve fund .....	672,919	882,919	210,000	31.2%	882,919	—	—%
Reversions .....	(35,000)	(35,000)	—	0.0%	—	(35,000)	100.0%
<b>Total expenditures and encumbrances .....</b>	<b>\$ 21,225,061</b>	<b>\$ 21,470,840</b>	<b>\$ 245,779</b>	<b>1.2%</b>	<b>\$ 20,844,355</b>	<b>\$ 626,485</b>	<b>2.9%</b>

**Capital Assets and Debt Administration**

*Capital assets*

As of June 30, 2022, the State had invested \$35.8 billion (net of accumulated depreciation) in a broad range of capital assets (see table below): Depreciation and amortization expense for the fiscal year totaled \$1.6 billion (\$1.5 billion for governmental activities and \$178 million for business-type activities). The increase in the State's investment in capital assets, net of depreciation and amortization expense, for the current fiscal year was \$2.2 billion (an increase of \$1,855 million for governmental activities and an increase of \$296 million for business-type activities).

**Capital Assets as of June 30,  
(Net of Depreciation/Amortization, Expressed in Millions)**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and improvements .....	\$ 4,012	\$ 3,965	\$ 407	\$ 403	\$ 4,419	4,368
Art and historical treasures .....	23	23	—	—	23	23
Structures and improvements .....	4,399	3,892	185	183	4,583	4,074
Equipment .....	956	954	46	44	1,002	998
Infrastructure .....	10,017	10,116	4,800	4,601	14,816	14,717
Right-to-Use Assets .....	538	—	6	—	544	—
Construction in progress .....	8,693	7,826	1,702	1,613	10,395	9,439
<b>Total .....</b>	<b>\$ 28,636</b>	<b>\$ 26,775</b>	<b>\$ 7,146</b>	<b>\$ 6,844</b>	<b>\$ 35,782</b>	<b>\$ 33,619</b>

Major capital asset events during the current fiscal year for governmental activities include:

- Additional computer equipment for the Board of Elections, data storage equipment for Maryland Judiciary, health care equipment for the Department of Health and various equipment for the Department of Public Safety and Correctional Services
- Continued widening and/or expansion of existing highways and bridges, and various transit, port and motor vehicle administration construction projects
- Preservation of agricultural and open space land through the purchase of easements
- New property acquisitions, and construction and improvements to recreation and park facilities under the Department of Natural Resources
- Veterans cemetery improvements
- Improvements to the statewide telecommunications network including One Maryland broadband wiring and high speed data network wiring
- Energy efficiency improvements in State buildings
- Western Maryland rail trail improvements
- Building improvements for the Maryland Judiciary and construction of a new District Court facility
- Rehabilitation of Herrington Manor and Bloede dams
- Construction and renovations of the Military Department Armories
- Construction of new barracks and garage in Cumberland for the State Police
- Renovation of police and correctional training facilities
- Building improvements at correctional facilities and at the Department of Health
- Construction of a new animal health lab in Salisbury
- Continued construction on the Purple Line Transitway light rail project in Montgomery and Prince George's counties

Elements of increases in capital assets of business-type activities include significant infrastructure investment in system preservation and restoration of MDTA's existing facilities and expansion growth related to the I-95 Express Toll Lanes Northbound Extension Project.

Additional information on the State's capital assets can be found in footnote 10 of this report.

*Long-term debt*

The State is empowered by law to authorize, issue and sell general obligation bonds, which are backed by the full faith and credit of the State. The State also issues dedicated revenue bonds for the Department of Transportation and various business-type activities. The payment of principal and interest on revenue bonds comes solely from revenues received from the respective activities. This dedicated revenue debt is not backed by the State's full faith and credit.

As of June 30, 2022, the State had outstanding bonds, net of related premiums, discounts and adjustments, totaling \$22.5 billion. Of this amount, \$12.3 billion were general obligation bonds, backed by the full faith and credit of the State. The remaining \$10.1 billion were secured solely by the specified revenue sources.

<b>Outstanding Bond Debt as of June 30,</b> <i>(Expressed in Millions)</i>							
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	
General Obligation Bonds (backed by the State).....	\$ 12,321	\$ 11,485	\$ —	\$ —	\$ 12,321	\$ 11,485	
Transportation Bonds (backed by specific revenues).....	4,470	4,276	—	—	4,470	4,276	
Revenue bonds (backed by specific revenues).....	—	—	5,680	5,751	5,680	5,751	
<b>Total</b> .....	<b>\$ 16,791</b>	<b>\$ 15,761</b>	<b>\$ 5,680</b>	<b>\$ 5,751</b>	<b>\$ 22,471</b>	<b>\$ 21,512</b>	

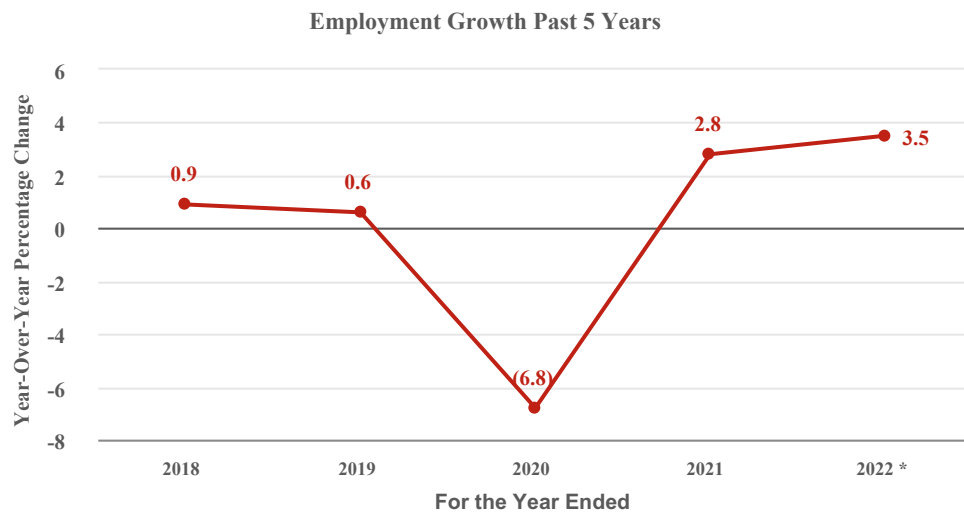
The total increase in bonded debt in the current fiscal year was \$1.0 billion (\$837 million increase related to general obligation bonds, \$193.5 million increase related to transportation bonds, and \$72 million decrease related to revenue bonds). The State's general obligation bonds are rated Aaa by Moody's and AAA by Standard and Poors and Fitch. During fiscal year 2022, the State issued general obligation debt totaling \$1.9 billion at a premium of \$384 million.

State law limits the amount of Consolidated Transportation Bonds, dedicated revenue debt that may be outstanding as of June 30 to the amount authorized in the budget, and this amount may not exceed \$4.5 billion. The aggregate principal amount of these bonds that was authorized to be outstanding as of June 30, 2022, was \$3.7 billion. The actual par amount in Consolidated Transportation Bonds outstanding was \$3.6 billion.

Additional information on the State's long-term debt can be found in footnote 11 of this report.

### Economic Factors and Next Year's Budget

The forecast of the Maryland economy by the Board of Revenue Estimates is the basis for Maryland's revenue outlook. Employment growth of 3.5% is expected in calendar year 2022 and 1.6% in calendar year 2023. The calendar year 2022 year-to-date unemployment rate was 4.5% as of October 2022 and has continued a downward trend since COVID-19 job losses commenced 2020. Historical employment growth and the unemployment rate for the past five years are depicted below:



*\*Estimated*

Increase in personal income of 1.5% and growth of 5.1% in calendar years 2022 and 2023, respectively, is expected. General fund revenues are estimated to decrease by 1.3% in fiscal year 2023.

Maryland's budget in fiscal year 2023 is \$50.8 billion, a 3% increase over 2022. The fiscal year 2023 budget conforms to the legislature's Spending Affordability Committee's guidelines. The general fund budget is \$28.0 billion, a 34% increase over 2022, and includes a projected \$227 million fiscal year 2023 surplus. Reserves are projected to total \$1.9 billion as of June 30, 2023.

### **Requests for Information**

This financial report is designed to provide a general overview of the State's finances for all those with an interest in the State's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the General Accounting Division, Office of the Comptroller, P.O. Box 746, Annapolis, Maryland, 21404.

# *Basic Financial Statements*

ANNUAL COMPREHENSIVE FINANCIAL REPORT, STATE OF MARYLAND



**STATE OF MARYLAND**  
**Statement of Net Position**  
**June 30, 2022**  
*(Expressed in Thousands)*

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash .....	\$ 147,632	\$ 182,251	\$ 329,883	\$ 301,645
Equity in pooled invested cash .....	8,036,862	563,093	8,599,955	3,442,625
Investments .....	1,223,709	388,587	1,612,296	1,246,215
Endowment investments .....	—	—	—	438,445
Foundation investments .....	—	—	—	2,177,683
Inventories .....	640,428	16,906	657,334	9,974
Prepaid items .....	591,473	—	591,473	22,006
Taxes receivable, net .....	4,197,344	—	4,197,344	—
Intergovernmental receivables .....	5,277,051	—	5,277,051	—
Tuition contracts receivable .....	—	—	—	255,139
Due from primary government .....	—	—	—	5,675
Due from component units .....	3,570	—	3,570	—
Other accounts receivable, net .....	2,873,804	266,441	3,140,245	544,952
Loans and notes receivable, net .....	24,347	2,391,458	2,415,805	64,546
Leases receivable, net .....	—	227,039	227,039	197,252
Other assets .....	924	28,235	29,159	44,498
<b>Restricted assets:</b>				
Cash .....	261,423	2,471,557	2,732,980	90,032
Equity in pooled invested cash .....	89,912	84,946	174,858	—
Investments .....	29,498	1,755,516	1,785,014	1,261,872
Taxes receivable, net .....	29,721	—	29,721	—
Loans and notes receivable .....	1,697	1,202,810	1,204,507	—
Other accounts receivable .....	442	263,555	263,997	—
<b>Capital assets, not being depreciated:</b>				
Land .....	4,011,700	407,485	4,419,185	223,373
Art and historical treasures .....	22,639	—	22,639	—
Construction in progress .....	8,692,695	1,701,861	10,394,556	734,771
<b>Capital assets, net of accumulated depreciation and amortization:</b>				
Structures and other improvements .....	4,398,516	184,782	4,583,298	6,451,044
Equipment .....	955,786	45,874	1,001,660	441,491
Infrastructure .....	10,016,577	4,799,811	14,816,388	285,783
Right-of-Use Assets .....	537,843	5,944	543,787	165,836
Total capital assets .....	28,635,755	7,145,758	35,781,513	8,302,298
Total assets .....	52,065,591	16,988,151	69,053,742	18,404,856



**STATE OF MARYLAND**  
**Statement of Net Position**  
**June 30, 2022**  
*(Expressed in Thousands)*

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred outflows of resources .....	6,536,356	102,045	6,638,401	460,914
<b>Liabilities</b>				
Bank overdrafts .....	\$ —	\$ 11,650	\$ 11,650	\$ —
Salaries payable .....	222,522	—	222,522	230,792
Vouchers payable .....	1,363,582	—	1,363,582	—
Accounts payable and accrued liabilities .....	4,165,205	530,600	4,695,806	477,715
Internal balances .....	(8,819)	8,819	—	—
Due to primary government .....	—	—	—	3,570
Due to component units .....	5,675	—	5,675	—
Accounts payable to political subdivisions .....	104,357	—	104,357	—
Unearned revenue .....	2,275,557	53,972	2,329,529	566,253
Accrued insurance on loan losses .....	—	9,521	9,521	725
Other liabilities .....	—	—	—	326
Bonds and notes payable:				
Due within one year .....	1,382,543	204,828	1,587,371	143,124
Due in more than one year .....	15,408,524	5,474,734	20,883,258	3,549,262
Other noncurrent liabilities:				
Due within one year .....	423,032	42,529	465,561	312,522
Due in more than one year .....	28,369,839	319,481	28,689,320	2,296,910
Total liabilities .....	53,712,018	6,656,133	60,368,151	7,581,199
Deferred inflows of resources .....	12,580,855	191,600	12,772,455	1,050,143
<b>Net Position</b>				
Net investment in capital assets .....	19,718,518	4,617,485	24,336,003	6,490,997
Restricted for:				
Debt service .....	195,035	291,236	486,271	1,239,690
Capital improvements .....	—	—	—	1,862
Higher education-nonexpendable .....	—	—	—	1,579,071
Higher education-expendable .....	—	—	—	843,538
Unemployment compensation benefits .....	—	1,582,334	1,582,334	—
Loan programs .....	—	2,370,748	2,370,748	28,749
Insurance programs .....	—	84,935	84,935	—
Other .....	97,270	—	97,270	—
Unrestricted (deficit) .....	(27,701,749)	1,295,725	(26,406,024)	50,521
<b>Total net position (deficit) .....</b>	<b>\$ (7,690,926)</b>	<b>\$ 10,242,463</b>	<b>\$ 2,551,537</b>	<b>\$ 10,234,429</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

**STATE OF MARYLAND**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government -								
Governmental activities:								
General government .....	\$ 1,949,051	\$ 1,570,042	\$ 714,353	\$ —	\$ 335,344	\$ —	\$ 335,344	\$ —
Health and mental hygiene .....	18,560,765	1,397,585	11,438,006	—	(5,725,174)	—	(5,725,174)	—
Education .....	9,737,647	95,806	2,895,872	—	(6,745,969)	—	(6,745,969)	—
Aid for higher education .....	2,858,194	22,411	7,383	—	(2,828,400)	—	(2,828,400)	—
Human resources .....	4,428,523	105,090	3,629,957	—	(693,476)	—	(693,476)	—
Public safety .....	1,872,950	84	604,127	—	(1,268,739)	—	(1,268,739)	—
Transportation .....	4,991,932	604,385	715,443	1,042,974	(2,629,130)	—	(2,629,130)	—
Judicial .....	777,218	275,610	6,643	—	(494,964)	—	(494,964)	—
Labor, licensing and regulation .....	1,452,925	31,892	1,176,910	—	(244,122)	—	(244,122)	—
Natural resources and recreation .....	443,399	204,075	30,106	—	(209,218)	—	(209,218)	—
Housing and community development .....	1,534,517	38,655	751,715	—	(744,148)	—	(744,148)	—
Environment .....	104,280	37,620	22,792	—	(43,868)	—	(43,868)	—
Agriculture .....	98,739	26,518	13,149	—	(59,072)	—	(59,072)	—
Commerce .....	71,831	27,087	4,568	—	(40,177)	—	(40,177)	—
Intergovernmental grants and revenue sharing .....	666,750	—	—	—	(666,750)	—	(666,750)	—
Interest .....	140,673	308	7,864	—	(132,500)	—	(132,500)	—
Total governmental activities .....	49,689,393	4,437,169	22,018,888	1,042,974	(22,190,363)	—	(22,190,363)	—
Business-type activities:								
Economic development - insurance programs .....	1,974	2,294	375	—	—	695	695	—
Economic development - water quality loan programs .....	115,477	164,592	58,768	—	—	107,883	107,883	—
Economic development - housing loan programs .....	252,978	91,084	51	—	—	(161,843)	(161,843)	—
Unemployment insurance program .....	1,825,444	1,524,328	1,438,910	—	—	1,137,794	1,137,794	—
Maryland Lottery and Gaming Control Agency .....	3,199,446	4,728,602	—	—	—	1,529,156	1,529,156	—
Maryland Transportation Authority .....	656,267	841,965	—	—	—	185,698	185,698	—
Maryland Correctional Enterprises .....	49,370	51,040	—	—	—	1,670	1,670	—
Total business-type activities .....	6,100,957	7,403,905	1,498,104	—	—	2,801,053	2,801,053	—
Total primary government .....	55,790,349	11,841,074	23,516,992	1,042,974	(22,190,363)	2,801,053	(19,389,310)	—

**STATE OF MARYLAND**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Component Units-								
Higher education.....	\$ 6,534,202	\$ 2,626,096	\$ 2,103,586	\$ 265,036	\$ —	\$ —	\$ —	\$ (1,539,484)
Maryland Prepaid College Trust.....	79,052	42,121	—	—	—	—	—	(36,931)
Maryland Stadium Authority.....	281,226	50,568	102,952	—	—	—	—	(127,706)
Other component units.....	236,936	188,800	40,202	—	—	—	—	(7,935)
Total component units.....	\$ 7,131,416	\$ 2,907,585	\$ 2,246,740	\$ 265,036	\$ —	\$ —	\$ —	\$ (1,712,056)
General revenues:								
Income taxes.....					\$ 17,397,994	\$ —	\$ 17,397,994	\$ —
Sales and use taxes.....					6,684,540	—	6,684,540	—
Motor vehicle taxes.....					2,834,090	—	2,834,090	—
Tobacco taxes.....					479,132	—	479,132	—
Insurance company taxes.....					660,423	—	660,423	—
Property taxes.....					1,288,183	—	1,288,183	—
Estate inheritance taxes.....					271,432	—	271,432	—
Other taxes.....					411,164	—	411,164	—
Grants and contribution not restricted to specific programs.....					—	—	—	1,735,928
Unrestricted investment earnings (loss).....					(54,894)	(17,943)	(72,837)	(90,876)
Additions to permanent endowments.....					—	—	—	68,823
Transfers.....					1,367,658	(1,367,658)	—	—
Total general revenues, additions to permanent endowments, and transfers.....					31,339,721	(1,385,600)	29,954,121	1,713,875
Changes in net position.....					9,149,358	1,415,451	10,564,809	1,819
Net position (deficit), beginning of the year.....					(16,840,284)	8,827,012	(8,013,272)	10,232,611
Net position (deficit), end of the year.....					\$ (7,690,926)	\$ 10,242,463	\$ 2,551,537	\$ 10,234,429

The accompanying notes to the financial statements are an integral part of this financial statement.

**STATE OF MARYLAND**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**  
*(Expressed in Thousands)*

	General	Special Revenue Maryland Department of Transportation	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash .....	\$ 147,631	—	—	\$ 147,632
Equity in pooled invested cash .....	7,184,070	—	\$ 852,792	8,036,862
Investments .....	—	—	1,223,709	1,223,709
Prepaid items .....	591,473	—	—	591,473
Taxes receivable, net .....	4,007,969	\$ 189,375	—	4,197,344
Intergovernmental receivables .....	4,435,899	841,152	—	5,277,051
Other accounts receivable .....	2,282,955	563,221	27,627	2,873,804
Due from other funds .....	376,069	262,699	—	638,768
Due from component units .....	3,570	—	—	3,570
Inventories .....	548,799	91,629	—	640,428
Loans and notes receivable, net .....	24,347	—	—	24,347
<b>Restricted assets:</b>				
Cash .....	—	216,810	—	216,810
Cash with fiscal agent .....	—	—	44,613	44,613
Equity in pooled invested cash .....	—	—	89,912	89,912
Investments .....	135	—	29,363	29,498
Taxes receivable, net .....	—	—	29,721	29,721
Other accounts receivable .....	—	—	442	442
Loans and notes receivable, net .....	—	—	1,697	1,697
Total assets .....	<u>\$ 19,602,917</u>	<u>\$ 2,164,887</u>	<u>\$ 2,299,877</u>	<u>\$ 24,067,682</u>
<b>Liabilities:</b>				
Salaries payable .....	\$ 202,840	\$ 19,682	—	\$ 222,522
Vouchers payable .....	1,281,581	—	\$ 82,000	1,363,582
Accounts payable and accrued liabilities .....	3,105,576	643,679	82,794	3,832,049
Due to other funds .....	459,716	220,285	56,341	736,342
Due to component units .....	5,675	—	—	5,675
Accounts payable to political subdivisions .....	21,834	75,351	7,172	104,357
Unearned revenue .....	2,250,320	25,236	—	2,275,557
Accrued self-insurance costs .....	104,229	—	—	104,229
Total liabilities .....	<u>7,431,772</u>	<u>984,233</u>	<u>228,308</u>	<u>8,644,313</u>
Deferred inflows of resources .....	1,386,845	559,374	—	1,946,219
<b>Fund balances:</b>				
Nonspendable .....	\$ 1,201,141	\$ 91,629	\$ 1,077	\$ 1,293,847
Restricted .....	97,270	—	197,905	295,175
Committed .....	4,646,083	—	983,207	5,629,290
Assigned .....	—	529,650	889,380	1,419,030
Unassigned .....	4,839,807	—	—	4,839,807
Total fund balances .....	<u>10,784,301</u>	<u>621,279</u>	<u>2,071,569</u>	<u>13,477,149</u>
Total liabilities and fund balances .....	<u>\$ 19,602,917</u>	<u>\$ 2,164,887</u>	<u>\$ 2,299,877</u>	<u>\$ 24,067,682</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

**STATE OF MARYLAND**  
**Reconciliation of the Governmental Funds' Fund Balance**  
**to the Statement of Net Position, Net Position Balance June 30, 2022**  
*(Expressed in Thousands)*

Amounts reported for governmental activities in the Statement of Net Position (pages 25 - 26) differ from the amounts for the governmental funds' fund balances because of:	
Amount in governmental funds, fund balance (page 29) .....	\$ 13,477,149
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds .....	28,635,755
Taxes and other receivables that will not be available to pay for current period expenditures and, therefore, are deferred in the funds .....	1,946,219
Accrued interest payable on bonds and lease liability are not liquidated with current financial resources in the governmental .....	(226,764)
Other long-term assets not available to pay for current period expenditures .....	924
Deferred outflows of resources not recognized as current period expenditures .....	6,536,356
Deferred inflows of resources not recognized as current period revenues .....	(12,580,855)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds:	
General Obligation Bonds .....	(10,588,593)
Premiums to be amortized over the life of the debt .....	(1,732,630)
Transportation Bonds .....	(4,053,840)
Premiums to be amortized over the life of the debt .....	(416,004)
Accrued self-insurance costs .....	(256,141)
Accrued annual leave .....	(413,728)
Pension liabilities .....	(13,366,859)
Other post-employment benefits liability .....	(13,434,828)
Pollution remediation .....	(156,284)
Intergovernmental financing agreements .....	(431,782)
Obligations under lease liability .....	(555,220)
Obligations under lease liabilities with component units .....	(73,666)
Other long-term obligations .....	(135)
<b>Net Position (deficit) of governmental activities (pages 25 - 26) .....</b>	<b>\$ (7,690,926)</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

**STATE OF MARYLAND**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

	General	Special Revenue Maryland Department of Transportation	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Income taxes .....	\$ 16,909,762	\$ —	\$ —	\$ 16,909,762
Sales and use taxes .....	6,639,153	—	—	6,639,153
Motor vehicle taxes .....	—	2,834,090	—	2,834,090
Tobacco taxes .....	479,132	—	—	479,132
Insurance company taxes .....	660,423	—	—	660,423
Property taxes .....	361,051	—	927,132	1,288,183
Estate inheritance taxes .....	271,432	—	—	271,432
Other taxes .....	411,164	—	—	411,164
Other licenses and fees .....	880,413	505,605	—	1,386,019
Charges for services .....	2,494,072	49,587	—	2,543,659
Interest and other investment income .....	(275,992)	6,511	(3,048)	(272,530)
Federal revenue .....	21,334,631	1,748,741	7,880	23,091,252
Other .....	374,897	49,192	10,030	434,119
<b>Total revenues .....</b>	<b>50,540,136</b>	<b>5,193,727</b>	<b>941,993</b>	<b>56,675,856</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government .....	1,954,651	—	263	1,954,914
Health and mental hygiene .....	18,887,299	—	—	18,887,299
Education .....	10,414,686	—	337,527	10,752,213
Aid to higher education .....	2,661,629	—	197,544	2,859,173
Human resources .....	4,523,669	—	—	4,523,669
Public safety .....	2,170,739	—	—	2,170,739
Transportation .....	—	2,217,795	—	2,217,795
Judicial .....	893,343	—	—	893,343
Labor, licensing and regulation .....	1,480,476	—	—	1,480,476
Natural resources and recreation .....	427,397	—	—	427,397
Housing and community development .....	1,541,236	—	—	1,541,236
Environment .....	124,807	—	—	124,807
Agriculture .....	130,257	—	—	130,257
Commerce .....	76,076	—	5,075	81,151
Intergovernmental grants and revenue sharing .....	303,339	1,124,488	363,411	1,791,238
Capital outlays .....	153,415	1,973,797	144,053	2,271,265
<b>Debt service:</b>				
Principal retirement .....	—	—	1,245,698	1,245,698
Interest .....	—	—	581,442	581,442
Bond issuance costs .....	1,077	—	3,284	4,361
<b>Total expenditures .....</b>	<b>45,744,096</b>	<b>5,316,080</b>	<b>2,878,297</b>	<b>53,938,473</b>
<b>Excess (deficiency) of revenues over (under) expenditures .....</b>	<b>4,796,040</b>	<b>(122,353)</b>	<b>(1,936,304)</b>	<b>2,737,383</b>
<b>Other financing sources (uses):</b>				
Financing agreement proceeds .....	4,843	—	—	4,843
Bonds issued .....	—	677,095	1,623,118	2,300,213
Refunding bonds issued .....	—	—	279,007	279,007
Bond premium .....	—	116,501	384,035	500,536
Payments to refunded bond escrow agent .....	—	(219,114)	(278,493)	(497,607)
Transfers in .....	1,549,708	353,233	1,067,749	2,970,691
Transfers out .....	(1,096,802)	(452,268)	(53,964)	(1,603,034)
<b>Total other sources (uses) of financial resources .....</b>	<b>457,749</b>	<b>475,447</b>	<b>3,021,453</b>	<b>3,954,649</b>
<b>Net changes in fund balances .....</b>	<b>5,253,790</b>	<b>353,093</b>	<b>1,085,149</b>	<b>6,692,032</b>
Fund balances, beginning of year .....	5,530,511	268,185	986,420	6,785,116
<b>Fund balances, end of year .....</b>	<b>\$ 10,784,301</b>	<b>\$ 621,279</b>	<b>\$ 2,071,569</b>	<b>\$ 13,477,149</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

**STATE OF MARYLAND**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

Amounts reported for governmental activities in the Statement of Net Activities (pages 27 - 28) are different from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds because of the following:

Net change in fund balances - total governmental funds (page 31).....		\$ 6,692,032
Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceed depreciation/amortization in the current period.		
Capital outlays.....	3,274,265	
Depreciation/amortization expense.....	(1,451,762)	1,822,503
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
Net loss on disposals and trade-ins.....		(645,066)
Revenues, pension/OPEB related activities, or service concession activities in the Statement of Activities that do not provide or use current financial resources are not reported as revenues or expenditures in the governmental funds.		
Deferred inflows of resources for taxes are recognized net of revenue already recognized in the prior year.....	(995,376)	
Deferred inflows of resources for pension/OPEB activities, service concession activities or other revenues are recognized, net of activity already recognized in the prior year.....	(11,295,765)	
Revenues from deferred outflows of resources for pension/OPEB activities or service concession activities are recognized, net of activity already recognized in the prior year.....	5,583,392	(6,707,749)
The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long term debt and related items.		
Debt issued, General Obligation Bonds.....	(1,902,125)	
Debt issued, Transportation Bonds.....	(677,095)	
Premiums, discounts and deferred outflows of resources on refundings.....	—	
Proceeds from intergovernmental financing agreements.....	(4,843)	
Principal repayments:		
General Obligation Bonds.....	1,226,462	
Transportation Bonds.....	515,465	
Lease liability.....	(523,312)	(1,365,448)
Some expenses reported in the Statement of Activities (net of expenses already recognized in the prior year) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Accrued interest.....	124,172	
Compensated absences.....	2,910	
Self-insurance.....	(6,889)	
Net pension liability.....	6,982,650	
Net Other post-employment benefits liability.....	2,246,800	
Other long-term obligations.....	3,444	9,353,088
<b>Change in net position of governmental activities (pages 27 - 28)</b> .....		<b>\$ 9,149,358</b>

The accompanying notes to the financial statements are an integral part of this financial statement.





# STATE OF MARYLAND

## ENTERPRISE FUND FINANCIAL STATEMENTS

---

### Major Funds

---

#### **Economic Development Loan Programs**

This fund includes the direct loan programs of the Maryland Departments of Housing and Community Development, and Environment.

#### **Unemployment Insurance Program**

This fund reflects the transactions, assets, liabilities and net position of the Unemployment Insurance Program and is used to account for the unemployment assessments collected from employers, Federal revenue received and remittance of benefits to the unemployed.

#### **Maryland Lottery and Gaming Control Agency**

This fund accounts for the operation of the State Lottery and the regulation of the operation of the Video Lottery Terminal and table game casinos.

#### **Maryland Transportation Authority**

This fund accounts for the activity of the Maryland Transportation Authority, which is responsible for the operation and maintenance of toll roads, bridges and tunnels in the State.

---

### Non-Major Funds

---

#### **Other Enterprise Funds**

Individual non-major enterprise funds, namely, the economic development insurance programs of the Department of Housing and Community Development and Maryland Correctional Enterprises, are presented in the combining section following the footnotes.

**STATE OF MARYLAND**  
**Statement of Fund Net Position**  
**Enterprise Funds**  
**June 30, 2022**  
*(Expressed in Thousands)*

	<b>Economic Development Loan Programs</b>	<b>Unemployment Insurance Program</b>	<b>Maryland Lottery and Gaming Control Agency</b>	<b>Maryland Transportation Authority</b>	<b>Other Enterprise Funds</b>	<b>Total</b>
<b>Assets-</b>						
<b>Current assets:</b>						
Cash.....	\$ —	\$ —	\$ 5,496	\$ 176,755	\$ —	\$ 182,251
Equity in pooled invested cash.....	348,624	—	198,386	—	16,083	563,093
Investments.....	9	—	—	60,516	—	60,525
Other accounts receivable.....	15,930	—	74,321	160,186	16,004	266,441
Due from other funds.....	119,932	1,194	—	117,018	—	238,144
Inventories.....	—	—	—	5,083	11,823	16,906
Loans and notes receivable, net.....	109,364	—	—	—	—	109,364
Leases receivable, net.....	—	—	—	21,029	—	21,029
Other assets.....	—	—	86	699	532	1,317
<b>Current restricted assets:</b>						
Cash.....	638,472	4,532	5,994	361,450	—	1,010,448
Cash on deposit with U.S. Treasury.....	—	1,461,109	—	—	—	1,461,109
Equity in pooled invested cash.....	—	—	—	—	84,946	84,946
Investments.....	287,223	—	4,141	26,966	—	318,330
Loans and notes receivable, net.....	68,551	—	—	—	—	68,551
Other accounts receivable.....	30,631	232,924	—	—	—	263,555
Total current assets.....	<u>1,618,736</u>	<u>1,699,759</u>	<u>288,424</u>	<u>929,702</u>	<u>129,388</u>	<u>4,666,009</u>
<b>Non-current assets:</b>						
Investments.....	5,824	—	—	319,779	2,459	328,062
Loans and notes receivable, net.....	2,282,094	—	—	—	—	2,282,094
Leases receivable, net.....	—	—	—	206,010	—	206,010
Other assets.....	—	—	—	26,918	—	26,918
<b>Restricted non-current assets:</b>						
Investments.....	1,340,104	—	26,785	70,297	—	1,437,186
Loans and notes receivable, net.....	1,134,259	—	—	—	—	1,134,259
<b>Capital assets, net of accumulated depreciation:</b>						
Land.....	—	—	—	407,485	—	407,485
Structures and improvements.....	—	—	—	183,107	1,676	184,782
Equipment.....	9	—	—	39,341	6,524	45,874
Infrastructure.....	—	—	—	4,799,811	—	4,799,811
Right-of-Use Assets.....	—	—	4,466	1,478	—	5,944
Construction in progress.....	—	—	—	1,701,861	—	1,701,861
Total non-current assets.....	<u>4,762,290</u>	<u>—</u>	<u>31,251</u>	<u>7,756,087</u>	<u>10,659</u>	<u>12,560,286</u>
Total assets.....	<u>6,381,026</u>	<u>1,699,759</u>	<u>319,675</u>	<u>8,685,789</u>	<u>140,047</u>	<u>17,226,295</u>

**STATE OF MARYLAND**  
**Statement of Fund Net Position**  
**Enterprise Funds**  
**June 30, 2022**  
*(Expressed in Thousands)*

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Other Enterprise Funds	Total
Deferred outflows of resources .....	—	—	12,741	86,720	2,584	102,045
Liabilities-						
Current liabilities:						
Bank overdrafts .....	\$ —	\$ 11,650	\$ —	\$ —	\$ —	\$ 11,650
Accounts payable and accrued liabilities .....	95,048	105,775	87,749	240,273	1,755	530,600
Due to other funds .....	1,525	—	182,302	63,136	—	246,963
Accrued insurance on loan losses .....	—	—	—	—	9,521	9,521
Other liabilities .....	12,343	—	7,322	21,781	1,083	42,529
Unearned revenue .....	733	—	2,366	49,684	1,189	53,972
Revenue bonds and notes payable - current .....	143,804	—	—	61,024	—	204,828
Total current liabilities .....	253,453	117,425	279,739	435,898	13,548	1,100,063
Non-current liabilities:						
Other liabilities .....	37,502	—	54,997	214,393	12,589	319,481
Revenue bonds and notes payable .....	2,888,133	—	—	2,586,601	—	5,474,734
Total non-current liabilities .....	2,925,635	—	54,997	2,800,994	12,589	5,794,215
Total liabilities .....	3,179,088	117,425	334,736	3,236,892	26,137	6,894,278
Deferred inflows of resources .....	536	—	15,768	170,733	4,563	191,600
Net Position-						
Net investment in capital assets .....	9	—	—	4,609,277	8,199	4,617,485
Restricted for:						
Debt service .....	202,307	—	—	88,929	—	291,236
Unemployment compensation benefits .....	—	1,582,334	—	—	—	1,582,334
Loan programs .....	2,370,748	—	—	—	—	2,370,748
Insurance programs .....	—	—	—	—	84,935	84,935
Unrestricted .....	628,338	—	(18,088)	666,678	18,797	1,295,725
Total net position .....	\$ 3,201,402	\$ 1,582,334	\$ (18,088)	\$ 5,364,884	\$ 111,931	\$ 10,242,463

The accompanying notes to the financial statements are an integral part of this financial statement.

**STATE OF MARYLAND**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Enterprise Funds**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Other Enterprise Funds	Total
Operating revenues:						
Lottery ticket sales	\$ —	\$ —	\$ 2,662,704	\$ —	\$ —	\$ 2,662,704
Charges for services and sales	158,259	1,524,328	2,060,693	839,568	51,820	4,634,668
Unrestricted interest on loan income	24,872	—	—	—	527	25,399
Restricted interest on loan income	55,535	—	—	—	—	55,535
Other	7,422	—	5,205	2,397	987	16,011
Total operating revenues	246,088	1,524,328	4,728,602	841,965	53,334	7,394,317
Operating expenses:						
Prizes and claims	—	—	1,689,110	—	—	1,689,110
Commissions and bonuses	—	—	1,394,465	—	—	1,394,465
Cost of sales and services	—	—	61,001	—	40,031	101,032
Operation and maintenance of facilities	—	—	—	339,987	—	339,987
General and administrative	78,205	—	48,684	31,435	9,886	168,210
Benefit payments	—	1,825,444	—	—	—	1,825,444
Capital grant distributions	147,085	—	—	—	—	147,085
Depreciation and amortization	17	—	2,564	174,827	820	178,228
Provision for insurance on loan losses	10,603	—	—	—	625	11,228
Other	6,026	—	—	—	—	6,026
Total operating expenses	241,936	1,825,444	3,195,824	546,249	51,363	5,860,816
Operating income (loss)	4,152	(301,116)	1,532,778	295,716	1,971	1,533,502
Non-operating revenues (expenses):						
Unrestricted interest and other investment income (expenses)	1,214	—	—	(19,157)	—	(17,943)
Restricted interest and other investment income (expenses)	(51,472)	16,142	—	—	375	(34,955)
Interest expense	(74,995)	—	—	(85,487)	—	(160,482)
Federal grants and distributions	58,767	1,422,767	—	—	—	1,481,534
Other	9,588	—	(3,622)	(24,531)	18	(18,547)
Total non-operating revenues (expenses)	(56,898)	1,438,910	(3,622)	(129,175)	393	1,249,608
Income before transfers	(52,746)	1,137,794	1,529,156	166,541	2,364	2,783,109
Transfers in	159,451	—	—	—	—	159,451
Transfers out	—	—	(1,527,109)	—	—	(1,527,109)
Change in net position	106,705	1,137,794	2,047	166,541	2,364	1,415,451
Total net position (deficit) - beginning	\$ 3,094,697	\$ 444,540	\$ (20,135)	\$ 5,198,343	\$ 109,567	\$ 8,827,012
Total net position (deficit) - ending	\$ 3,201,402	\$ 1,582,334	\$ (18,088)	\$ 5,364,884	\$ 111,931	\$ 10,242,463

The accompanying notes to the financial statements are an integral part of this financial statement.

**STATE OF MARYLAND**  
**Statement of Cash Flows**  
**Enterprise Funds**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

	<b>Economic Development Loan Programs</b>	<b>Unemployment Insurance Program</b>	<b>Maryland Lottery and Gaming Control Agency</b>	<b>Maryland Transportation Authority</b>	<b>Other Enterprise Funds</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>						
Receipts from customers .....	\$ 35,808	\$ 1,549,350	\$ 4,715,056	\$ 895,674	\$ 52,940	\$ 7,248,828
Payments to suppliers .....	—	—	(81,646)	(172,443)	(35,455)	(289,544)
Payments to employees .....	(34,099)	—	(28,522)	(170,720)	(16,180)	(249,521)
Other receipts .....	146,551	—	—	14,405	1,605	162,561
Other payments .....	(216,382)	(1,901,619)	(1,394,551)	—	(788)	(3,513,340)
Lottery prize payments .....	—	—	(1,692,013)	—	—	(1,692,013)
Net cash provided by (used in) operating activities .....	(68,122)	(352,269)	1,518,323	566,916	2,122	1,666,970
<b>Cash flows from non-capital financing activities:</b>						
Proceeds from the sale of revenue bonds .....	696,655	—	—	—	—	696,655
Payment on revenue bonds .....	(611,747)	—	—	(20,203)	—	(631,950)
Interest payments .....	(92,702)	—	—	(14,346)	—	(107,048)
Proceeds from loans .....	—	—	—	—	—	—
Transfers in .....	128,379	—	—	—	—	128,379
Transfers out .....	—	(76,090)	(1,446,656)	—	—	(1,522,746)
Grants .....	69,163	1,422,767	—	—	—	1,491,930
Lottery installment payments .....	—	—	(5,461)	—	—	(5,461)
Net cash provided by (used in) non-capital financing activities .....	189,748	1,346,678	(1,452,117)	(34,549)	—	49,760
<b>Cash flows from capital and related financing activities:</b>						
Proceeds from notes payable and revenue bonds .....	—	—	—	39,202	—	39,202
Principal paid on notes payable and revenue bonds .....	—	—	—	(73,600)	—	(73,600)
Interest payments .....	—	—	—	(79,300)	—	(79,300)
Acquisition of capital assets .....	—	—	(2,649)	(495,639)	(729)	(499,017)
Net cash provided by (used in) capital related financing activities .....	—	—	(2,649)	(609,337)	(729)	(612,715)
<b>Cash flows from investing activities:</b>						
Receipts from collections of loans .....	356,440	—	—	33,563	—	390,003
Receipts from sales of debt instruments-other entities .....	786,229	—	5,461	30,516	—	822,206
Interest received as returns on loans .....	86,323	—	—	—	—	86,323
Interest received on debt instruments of other entities .....	4,317	16,142	—	(23,693)	375	(2,859)
Disbursements for loans .....	(388,455)	—	—	(27,876)	—	(416,331)
Disbursements for debt instruments of other entities .....	(1,079,533)	—	—	(41,440)	—	(1,120,973)
Net cash provided by (used in) investing activities .....	(234,679)	16,142	5,461	(28,930)	375	(241,631)
Net change in cash and cash equivalents .....	(113,053)	1,010,551	69,018	(105,900)	1,768	862,384
Balance - beginning of the year .....	1,100,150	455,090	140,857	644,105	99,260	2,439,462
Balance - end of the year .....	\$ 987,097	\$ 1,465,641	\$ 209,875	\$ 538,205	\$ 101,028	\$ 3,301,846

**STATE OF MARYLAND**  
**Statement of Cash Flows**  
**Enterprise Funds**  
**For the Year Ended June 30, 2022**  
(Continued)  
*(Expressed in Thousands)*

	<b>Economic Development Loan Programs</b>	<b>Unemployment Insurance Program</b>	<b>Maryland Lottery and Gaming Control Agency</b>	<b>Maryland Transportation Authority</b>	<b>Other Enterprise Funds</b>	<b>Total</b>
Reconciliation of operating income (loss) to net cash from operating activities:						
Operating income (loss) .....	\$ 4,152	\$ (301,116)	\$ 1,532,778	\$ 295,716	\$ 1,971	\$ 1,533,502
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization .....	417	—	2,564	174,827	820	178,628
Interest received as returns on loans .....	(86,955)	—	—	—	—	(86,955)
Deferred inflows of resources .....	—	—	12,229	102,537	(1,603)	113,163
Deferred outflows of resources .....	—	—	(1,212)	(18,065)	—	(19,277)
Deferred prize payments .....	—	—	—	—	—	—
Effect of changes in non-cssh operating assets and liabilities:						
Other accounts receivable .....	85	19,818	(13,814)	9,712	737	16,538
Due from other funds .....	(4,519)	5,203	—	—	225	909
Inventories .....	—	—	—	(647)	(159)	(806)
Loans and notes receivable .....	14,257	—	—	—	161	14,418
Other assets .....	—	—	(22)	—	(162)	(184)
Accounts payable and accrued liabilities .....	10,648	(76,175)	(3,916)	34,746	17	(34,679)
Due to other funds .....	(2,272)	—	—	14,582	—	12,310
Accrued insurance on loan losses .....	(1,301)	—	—	—	120	(1,181)
Other liabilities .....	(597)	—	(10,699)	(84,064)	(68)	(95,428)
Unearned revenue .....	(2,037)	—	414	37,572	62	36,011
Total adjustments .....	(72,274)	(51,153)	(14,455)	271,200	150	133,468
Net cash provided (used in) by operating activities .....	\$ (68,122)	\$ (352,269)	\$ 1,518,323	\$ 566,916	\$ 2,122	\$ 1,666,970
Noncash transactions (amounts expressed in thousands):						
Unrealized gain (loss) on investments .....	\$ (2,488)	\$ —	\$ (3,769)	\$ —	\$ —	\$ (6,257)

The accompanying notes to the financial statements are an integral part of this financial statement.

# STATE OF MARYLAND

## FIDUCIARY FUND FINANCIAL STATEMENTS

---

### **Pension and Other Post-Employment Benefits Trust Funds**

This fund includes the Maryland State Retirement and Pension System, Maryland Transit Administration Pension Plan, Deferred Compensation Plan and Post-Employment Health Benefits Trust Fund.

### **Investment Trust Fund**

This fund reflects the transactions, assets, liabilities and net position of the Maryland Local Government Investment Pool and is accounted for using the flow of economic resources measurement focus.

### **Custodial Funds**

Custodial funds account for the receipt and disbursement of patient and prisoner accounts (Litigant Patient and Prisoner Accounts), various taxes collected by the State for distribution to the Federal government and political subdivisions (Local Income and Local Transportation Funds) and amounts withheld from employee's payroll (Insurance Premium).

---

**STATE OF MARYLAND**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2022**  
*(Expressed in Thousands)*

	<b>Pension and Other Post-Employment Benefits Trust Funds</b>	<b>Investment Trust Fund</b>	<b>Custodial Funds</b>
<b>Assets:</b>			
Cash .....	\$ 2,018,161	\$ —	\$ 73,066
Equity in pooled invested cash .....	—	—	3,766,548
<b>Investments:</b>			
US Treasury and agency obligations .....	6,813,699	5,915,904	—
Repurchase agreements .....	—	494,160	—
Bonds .....	5,357,788	—	—
Corporate equity securities .....	18,545,399	—	—
Commercial paper .....	—	650,583	—
Mortgage related securities .....	1,522,925	—	—
Mutual funds .....	4,639,678	1,039,645	—
Guaranteed investment contracts .....	831,623	—	—
Real estate .....	64,647	—	—
Annuity contracts .....	59,046	—	—
Commingled funds .....	30,541,883	—	—
Investment held by borrowers .....	—	—	—
Total investments .....	<u>68,376,689</u>	<u>8,100,292</u>	<u>—</u>
Taxes receivable, net .....	—	—	347,732
Intergovernmental receivables .....	—	—	227,071
Other receivables .....	1,365,120	3,629	—
Accounts receivable from state treasury .....	—	—	264,304
Collateral for lent securities .....	4,414,793	—	—
Other assets .....	26,635	—	—
Total assets .....	<u>76,201,399</u>	<u>8,103,921</u>	<u>4,678,720</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities .....	1,054,147	8,387	5,031
Accounts payable to political subdivisions .....	—	—	579,193
Collateral obligation for lent securities .....	4,414,793	—	—
Total liabilities .....	<u>5,468,940</u>	<u>8,387</u>	<u>584,224</u>
<b>Net position:</b>			
<b>Restricted for:</b>			
Pension benefits .....	64,771,233	—	—
Deferred compensation benefits .....	5,575,866	—	—
Local Government Investment Pool participants .....	—	8,095,533	—
Postretirement health benefits .....	385,360	—	—
Individuals, organizations, other governments .....	—	—	4,094,497
Total net position .....	<u>\$ 70,732,459</u>	<u>\$ 8,095,533</u>	<u>\$ 4,094,497</u>

The accompanying notes to the financial statements are an integral part of this financial statement.



**STATE OF MARYLAND**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

	<b>Pension and Other Post-Employment Benefits Trust Funds</b>	<b>Investment Trust Fund</b>	<b>Custodial Funds</b>
<b>Additions:</b>			
<b>Contributions:</b>			
Employers	\$ 2,231,377	\$ —	\$ —
Members	1,091,317	11,504,923	—
Sponsors	793,227	—	—
Participants, individuals, and local governments	—	—	9,236,542
Total contributions	<u>4,115,922</u>	<u>11,504,923</u>	<u>9,236,542</u>
<b>Investment earnings:</b>			
Net increase (decrease) in fair value of investments	(4,412,567)	—	—
Interest	625,461	22,936	538
Dividends	3,086,502	—	—
Total investment earnings	(700,604)	22,936	538
Less: investment expense	565,264	2,881	—
Net investment earnings	(1,265,869)	20,055	538
Total additions	<u>2,850,053</u>	<u>11,524,978</u>	<u>9,237,080</u>
<b>Deductions:</b>			
Benefit payments	5,416,049	—	—
Distributions to participants, individuals and local governments	—	20,036	7,884,361
Redemptions (unit transactions at \$1.00 per unit)	—	11,045,933	—
Refunds	91,535	—	—
Administrative expenses	56,095	—	—
Total deductions	<u>5,563,679</u>	<u>11,065,969</u>	<u>7,884,362</u>
Net increase	(2,713,626)	459,009	1,352,718
Net position - beginning	73,446,086	7,636,525	2,741,779
Net position - ending	<u>\$ 70,732,459</u>	<u>\$ 8,095,533</u>	<u>\$ 4,094,497</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

# STATE OF MARYLAND

## DISCRETELY PRESENTED COMPONENT UNIT FINANCIAL STATEMENTS

---

### Major Component Units

---

#### Higher Education

Higher education consists of the University System of Maryland, Morgan State University, St. Mary's College of Maryland, Baltimore City Community College and certain of their foundations. Because the universities and colleges are similar in nature and function, they have been combined and presented as a single component unit. The financial information for certain foundations affiliated with the universities and colleges has not been included in this fund in accordance with GASB Statement No. 14 as amended by GASB Statement No. 39.

#### Maryland Prepaid College Trust

The Maryland Prepaid College Trust is a program of the Maryland 529 and directed by the Board to provide a means for payment of the cost of tuition and mandatory fees in advance of enrollment at eligible institutions of higher education.

#### Maryland Stadium Authority

The Maryland Stadium Authority was created as a body corporate and politic and as an independent unit of the Executive Department of the State of Maryland. The Authority's purpose is to acquire land and to construct, operate and/or manage various capital facilities in the State.

---

### Non-Major Component Units

---

#### Other Component Units

Non-major component units, namely, the Maryland Environmental Service, Maryland Industrial Development Financing Authority, Maryland Food Center Authority, Maryland Economic Development Assistance Authority and Fund, Maryland Small Business Development Financing Authority, and Maryland Technology Development Corporation, are presented individually in the combining section following the footnotes.

**STATE OF MARYLAND**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2022**  
*(Expressed in Thousands)*

	Higher Education	Maryland Prepaid College Trust	Maryland Stadium Authority	Other Component Units	Total
<b>Assets:</b>					
Cash .....	\$ 207,687	\$ 21,602	\$ 107	\$ 72,249	\$ 301,645
Equity in pooled invested cash .....	3,207,458	—	123,129	112,039	3,442,625
Investments .....	40,891	1,115,359	—	89,965	1,246,215
Endowment investments .....	438,445	—	—	—	438,445
Foundation investments .....	2,177,683	—	—	—	2,177,683
Tuition contracts receivable .....	142,463	112,676	—	—	255,139
Other accounts receivable .....	458,940	15,435	13,223	57,355	544,952
Due from primary government .....	—	675	—	5,000	5,675
Inventories .....	9,974	—	—	—	9,974
Prepaid items .....	21,892	—	—	114	22,006
Loans and notes receivable, net .....	17,407	—	113	47,026	64,546
Leases receivable, net .....	119,334	—	73,667	4,252	197,252
Other assets .....	14,344	—	14,597	15,556	44,498
<b>Restricted assets:</b>					
Cash .....	88,154	—	—	1,878	90,032
Investments .....	18,685	—	1,239,818	3,369	1,261,872
<b>Capital assets (net of accumulated depreciation and amortization):</b>					
Land .....	213,964	—	—	9,409	223,373
Structures and improvements .....	6,353,455	—	49,779	47,810	6,451,044
Infrastructure .....	285,652	—	—	131	285,783
Right-of-Use Assets .....	163,593	—	26	2,218	165,837
Equipment .....	433,172	28	525	7,766	441,491
Construction in progress .....	731,885	—	—	2,886	734,771
<b>Total assets</b> .....	<b>15,145,075</b>	<b>1,265,775</b>	<b>1,514,983</b>	<b>479,023</b>	<b>18,404,856</b>
Deferred outflows of resources .....	446,818	1,121	10,011	2,964	460,914
<b>Liabilities:</b>					
Salaries payable .....	230,792	—	—	—	230,792
Accounts payable and accrued liabilities .....	294,291	1,560	141,233	40,631	477,715
Due to primary government .....	—	—	—	3,570	3,570
Unearned revenue .....	557,669	—	—	8,584	566,253
Accrued insurance on loan losses .....	—	—	—	725	725
Other liabilities .....	16	—	—	310	326
<b>Bonds and notes payable:</b>					
Due within one year .....	101,229	—	39,947	1,948	143,124
Due in more than one year .....	1,293,119	—	2,236,765	19,378	3,549,262
<b>Other noncurrent liabilities:</b>					
Due within one year .....	168,673	117,869	147	25,833	312,522
Due in more than one year .....	1,480,618	778,080	17,435	20,777	2,296,910
<b>Total liabilities</b> .....	<b>4,126,407</b>	<b>897,509</b>	<b>2,435,527</b>	<b>121,756</b>	<b>7,581,199</b>
Deferred inflows of resources .....	1,003,132	1,154	22,495	23,361	1,050,143

**STATE OF MARYLAND**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2022**  
*(Expressed in Thousands)*

	Higher Education	Maryland Prepaid College Trust	Maryland Stadium Authority	Other Component Units	Total
Net position					
Net investment in capital assets .....	\$ 6,437,225	\$ —	\$ 7,421	\$ 46,352	\$ 6,490,997
Restricted:					
Debt service .....	—	—	1,239,690	—	1,239,690
Capital improvements and deposits .....	—	—	—	1,862	1,862
Nonexpendable:					
Scholarships and fellowships .....	583,377	—	—	—	583,377
Research .....	29,208	—	—	—	29,208
Other .....	966,486	—	—	—	966,486
Expendable:					
Debt service .....	1,265	—	—	—	1,265
Capital projects .....	4,633	—	—	—	4,633
Loans and notes receivable .....	28,749	—	—	—	28,749
Scholarships and fellowships .....	204,287	—	—	—	204,287
Research .....	125,119	—	—	—	125,119
Other .....	508,234	—	—	—	508,234
Unrestricted	1,573,770	368,233	(2,180,138)	288,656	50,521
<b>Total net position (deficit)</b> .....	<b>\$ 10,462,354</b>	<b>\$ 368,233</b>	<b>\$ (933,028)</b>	<b>\$ 336,870</b>	<b>\$ 10,234,429</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

**STATE OF MARYLAND**  
**Combining Statement of Activities**  
**Component Units**  
**For the Year Ended June 30, 2022**  
**(Expressed in Thousands)**

	Higher Education	Maryland Prepaid College Trust	Maryland Stadium Authority	Other Component Units	Total
<b>Expenses:</b>					
General and administrative .....	\$ —	\$ 5,396	\$ 14,023	\$ 28,374	\$ 47,793
Operation and maintenance of facilities .....	442,931	—	32,566	159,159	634,656
Provision for insurance on loan losses, net .....	—	—	—	—	—
Instruction .....	1,594,579	—	—	—	1,594,579
Research .....	1,172,223	—	—	—	1,172,223
Public service .....	572,464	—	—	—	572,464
Academic support .....	573,257	—	—	—	573,257
Student services .....	358,786	—	—	—	358,786
Institutional support .....	699,149	—	—	—	699,149
Scholarships and fellowships .....	263,049	—	—	—	263,049
Tuition benefits .....	—	—	—	—	—
Auxiliary .....	717,051	—	—	—	717,051
Interest on long-term debt .....	41,990	—	70,155	652	112,798
Depreciation and amortization .....	—	—	6,207	4,966	11,173
Foundation expenses .....	85,472	—	—	—	85,472
Other .....	13,251	73,656	158,275	43,785	288,967
Total expenses .....	6,534,202	79,052	281,226	236,936	7,131,416
<b>Program revenues:</b>					
<b>Charges for services:</b>					
Student tuition and fees (net of \$409,875) in allowances) .....	1,444,843	5,356	—	—	1,450,199
Auxiliary enterprises (net of \$22,413) in allowances) .....	709,968	—	—	—	709,968
Restricted investment earnings .....	(4,861)	—	—	—	(4,861)
Other .....	476,146	36,765	50,568	188,800	752,278
Total charges for services .....	2,626,096	42,121	50,568	188,800	2,907,584
Operating grants and contributions .....	2,103,586	—	102,952	40,202	2,246,740
Capital grants and contributions .....	265,036	—	—	—	265,036
Total program revenues .....	4,994,718	42,121	153,520	229,001	5,419,360
Net program revenue (expense) .....	(1,539,484)	(36,931)	(127,706)	(7,935)	(1,712,056)
<b>General revenues:</b>					
Grants and contributions not restricted to specific programs .....	1,735,928	—	—	—	1,735,928
Unrestricted investment earnings (losses) .....	30,758	(132,992)	—	11,357	(90,876)
Additions to permanent endowments .....	68,823	—	—	—	68,823
Total general revenues and additions to permanent endowments .....	1,835,509	(132,992)	—	11,357	1,713,874
Change in net position .....	296,025	(169,923)	(127,706)	3,422	1,818
Net position (deficit)- beginning of the year .....	10,166,329	538,156	(805,322)	333,448	10,232,611
Net position (deficit) - end of the year .....	\$ 10,462,354	\$ 368,233	\$ (933,028)	\$ 336,870	\$ 10,234,429

The accompanying notes to the financial statements are an integral part of this financial statement.

STATE OF MARYLAND  
INDEX FOR NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

## Table of Contents

Note 1 - Summary of Significant Accounting Policies .....	48
Note 2 - Summary of Significant Accounting Policies - Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity .....	51
Note 3 - Deposits with Financial Institutions and the U.S. Treasury, Equity in Pooled Invested Cash and Investments .....	57
Note 4 - Receivables .....	69
Note 5 - Deferred Outflows of Resources and Deferred Inflows of Resources .....	69
Note 6 - Loans and Notes Receivable and Leases Receivable .....	70
Note 7 - Restricted Assets .....	72
Note 8 - Interfund Receivables and Payables .....	73
Note 9 - Interfund Transfers .....	74
Note 10 - Capital Assets .....	75
Note 11 - Long-Term Obligations .....	77
Note 12 - Insurance .....	85
Note 13 - Fund Equity .....	86
Note 14 - Segment Information .....	87
Note 15 - Retirement Benefits .....	89
Note 16 - Other Postemployment Benefits, Health Benefits (OPEB) .....	96
Note 17 - Commitments .....	102
Note 18 - Contingencies .....	102
Note 19 - Tobacco Settlement .....	103
Note 20 - Landfill Closure and Postclosure Care Costs .....	103
Note 21 - Service Concession Arrangements .....	103
Note 22 - Tax Abatements .....	105
Note 23 - Asset Retirement Obligations .....	107
Note 24 - Leases .....	107

**Notes to Required Supplementary Information**

Schedule of Revenue and Expenditures and Changes in Fund Balances - Budget and Actual (General Fund) .....	109
Schedule of Revenue and Expenditures and Changes in Fund Balances - Budget and Actual (Special and Federal Funds) .....	110
Reconciliation of the Budgetary General and Special Fund, Fund Balances to the GAAP General and Special Revenue Fund, Fund Balances .....	111
Schedule of Employer Contributions for Maryland State Retirement and Pension System .....	112
Schedule of Employer Contributions for Maryland Transit Administration Pension Plan .....	115
Schedule of Changes in Net Pension Liability and Related Ratios for Maryland Transit Administration Pension Plan .....	116
Schedule of Employer Contributions for Other Post-Employment Benefit Plan .....	118
Schedule of Employer Contributions for Maryland Transit Administration Retiree Healthcare Benefits Plan .....	120
Budgeting and Budgetary Control .....	122

# STATE OF MARYLAND

## Notes to the Financial Statements

For the Year Ended June 30, 2022

### 1. Summary of Significant Accounting Policies:

#### A. Reporting Entity:

The accompanying financial statements include the various departments, agencies, and other organizational units governed by the General Assembly and/or Constitutional Officers of the State of Maryland (State).

As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the state government (primary government) and its component units (entities for which the State is considered to be financially accountable). The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability to determine the State's reporting entity. These criteria include the State appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State. There may be rounding differences between amounts reported in the MD&A section and amounts reported in other sections of the ACFR.

#### Discrete Component Units:

The discretely presented component units are those entities which are legally separate from the State, but are financially accountable to the State, or whose relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The Component Units column of the government-wide financial statements includes the financial data of the following major component units. Individual statements are presented for each component unit.

Higher Education (Proprietary Fund Type) - Higher Education consists of the University System of Maryland, Morgan State University, St. Mary's College of Maryland and Baltimore City Community College and their related foundations. Each entity is governed by its own Board of Regents, or Board of Trustees, whose members are appointed by the Governor. The universities and colleges are funded through State appropriations, tuition, federal grants, and private donations and grants. Because the universities and colleges are similar in nature and function, they have been combined and presented as a single discretely presented component unit.

The Maryland Prepaid College Trust (Proprietary Fund Type) is a program of the Maryland 529 Plans and directed by its Board. The Board consists of five State officials and five members of the public appointed by the Governor. The Maryland Prepaid College Trust provides a means for payment of the cost of tuition and mandatory fees in advance of enrollment at eligible institutions of higher education. If the Trust's contract obligations exceed the market value of Trust assets, State appropriations may be provided.

Maryland Stadium Authority (Proprietary Fund Type) - The Maryland Stadium Authority (Authority) was created as a body corporate and politic, and as an independent unit of the Executive Department of the State. The Authority's purpose is to acquire land and to construct, operate and/or manage various capital facilities in the State. The Authority's Board consists of seven members, of which, six are appointed by the Governor, with the advice and consent of the State Senate, and one whom is appointed by the Mayor of Baltimore City, with the advice and consent of the State Senate. The Maryland State Legislature and the Board of Public Works (consisting of the Governor, Comptroller and Treasurer) have approved all of the projects and bond issuances of the Authority.

The non-major component units are comprised of the following proprietary fund type entities:

The Maryland Environmental Service (Service) was created as a body corporate and politic, and is governed by a nine-member Board of Directors. The Board of Directors and the officers of the Service are appointed and/or approved by the Governor. The Service helps private industry and local governments manage liquid, solid and hazardous wastes. In accordance with direction from the Governor, the Service plans and establishes major resource recovery facilities, solid waste management plans and hazardous waste management programs.

The Maryland Industrial Development Financing Authority (MIDFA), Maryland Small Business Development Financing Authority (MSBDFA) and Maryland Economic Development Assistance Authority and Fund (MEDAAF) were established as a body corporate and politic, and both are an instrumentality of the State. The MIDFA, MSBDFA, and MEDAAF boards each consist of nine members, the Secretary of the Department of Commerce, or his designee; the State Treasurer or the State Comptroller, as designated by the Governor; and seven members appointed by the Governor and confirmed by the Senate. The MIDFA, MSBDFA and MEDAAF are subject to the authority of the Secretary and subject to State finance regulations. The MIDFA, MSBDFA and MEDAAF provide financial assistance to enterprises seeking to locate or expand operations in Maryland.

The Maryland Food Center Authority (Authority) is a body corporate and politic, the governing board of which is composed of twelve members. Four members are State officials, and eight members are appointed by the Governor. The Authority has statewide jurisdiction to promote the State's welfare by undertaking real estate development and management activities that facilitate the wholesale food industry activity in the public interest. It is subject to State regulations and approvals, and has received State subsidies.

The Maryland Technology Development Corporation (TEDCO) was established as a body corporate and politic, and a public instrumentality of the State. TEDCO's Board of Directors consists of 15 individuals; the Secretary of the Department of Commerce and 14 members appointed by the Governor with the advice and consent of the Senate. Its budget is submitted to and approved by the State, and its major revenue source is State appropriations. TEDCO was created to assist in transferring to the private sector and commercializing the results and products of scientific research

and development conducted by the colleges and universities, and to assist in the commercialization of technology developed in the private sector. TEDCO administers the Maryland Technology Incubator Program, the Maryland Stem Cell Research Fund and the Maryland Venture Fund.

Complete financial statements of the individual component units and the Maryland Local Government Investment Pool of the Investment Trust Fund may be requested from the Comptroller of Maryland, LLG Treasury Building, Annapolis, Maryland 21404.

*Related Organizations:*

The Maryland Economic Development Corporation (MEDCO), Injured Workers' Insurance Fund and the Maryland Automobile Insurance Fund are related organizations of the State. The Governor appoints a majority of the Board of Directors, but the State does not have the ability to impose its will on the organizations, and there is no financial benefit/burden relationship. As of June 30, 2022, the Economic Development Loan Programs, major enterprise funds, had transactions with MEDCO that included loans, investments and grants totaling \$6,263,000.

*B. Government-wide and Fund Financial Statements:*

The State's government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government and its component units. Inter-fund activity has been eliminated from these statements except for certain charges for services between activities that would distort the direct costs and program revenues reported for the applicable functions. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Expenses reported for functional activities include allocated indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements as those assets are not available to support government programs. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

*C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation:*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to retirement costs, other post-employment benefits, compensated absences, pollution remediation and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The State reports the following major governmental funds:

*General Fund:*

Transactions related to resources obtained and used for those services traditionally provided by a state government, which are not accounted for in other governmental funds, are accounted for in the general fund. These services include, among other items, general government, health and mental hygiene, education (other than higher education institutions), human resources, public safety, judicial, labor, licensing and regulation, natural resources and recreation, housing and community development, environment, agriculture, and commerce. Resources obtained from federal grants and used for general fund activities consistent with applicable legal requirements, are recorded in the general fund.

*Special Revenue Fund, Maryland Department of Transportation:*

Transactions related to resources obtained, the uses of which are committed for specific purposes, are accounted for in the special revenue fund. The Maryland Department of Transportation special revenue fund accounts for resources used for operations (other than debt service and pension activities) of the Maryland Department of Transportation, including construction or improvement of transportation facilities and mass transit operations. Revenue sources dedicated to transportation operations include the excise taxes on motor vehicle fuel and motor vehicle titles, a portion of the State's corporation income tax and the State's sales tax, wharfage and landing fees, fare box revenues, bond proceeds, federal grants for transportation purposes and other receipts of the Department's agencies.



#### *Enterprise Funds:*

Transactions related to commercial types of activities operated by the State are accounted for in the enterprise funds. The enterprise funds differ from governmental funds in that the focus is on the flow of economic resources, which, together with the maintenance of equity, is an important financial indicator.

The major enterprise funds are as follows:

- 1) The Economic Development Loan Programs include the direct loan programs of the Maryland Departments of Housing and Community Development, and Environment.
- 2) The Unemployment Insurance Program reflects the transactions and account balances of the Unemployment Insurance Program and is used to account for the unemployment taxes collected from employers, federal revenue received and remittance of benefits to the unemployed.
- 3) The Maryland Lottery and Gaming Control Agency operates the State Lottery and regulates the operation of video lottery terminal (VLT) and table game casinos.
- 4) The Maryland Transportation Authority is responsible for the operation and maintenance of toll roads, bridges and tunnels in the State.

#### *Fiduciary Funds:*

- 1) The Pension and Other Post-Employment Benefits Trust Funds (Pension and OPEB Trust Funds) include the Maryland State Retirement and Pension System, Maryland Transit Administration Pension Plan, Deferred Compensation Plan and Other Post-Employment Health Benefits Trust Fund. The Pension Trust Funds reflect the transactions and account balances of the plans administered by the State, and are accounted for using the flow of economic resources measurement focus. The Deferred Compensation Plan, which is reported as of and for its year ended December 31, accounts for participant earnings deferred in accordance with Internal Revenue Code Sections 457, 403(b), 401(a), and 401(k). Amounts deferred are invested and are not subject to Federal income taxes until paid to participants upon termination or retirement from employment, death or for an unforeseeable emergency. The Other Post-Employment Health Benefits Trust Fund (OPEB Trust) accumulates funds to assist the State's Employee and Retiree Health and Welfare Benefits Program finance the State's postretirement health insurance subsidy. The OPEB Trust is administered by the Board of Trustees for the Maryland State Retirement and Pension System, and its transactions and account balances are accounted for using the flow of economic resources measurement focus. The assets of the Pension and OPEB Trusts are not pooled for investment purposes, and each trust's assets may be used only for the payment of benefits to the trust's members in accordance with the terms of the trust.
- 2) Investment Trust Fund reflects the transactions and account balances of the Maryland Local Government Investment Pool and is accounted for using the flow of economic resources measurement focus.
- 3) The State uses custodial funds to account for the receipt and disbursement of litigants, patient and prisoner accounts, and various taxes collected by the State for distribution to political subdivisions.

#### *D. New Pronouncements:*

In Fiscal Year 2022, the State adopted new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 87, *Leases*, establishes a uniform approach for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. In accordance with the statement, parties to a lease agreement, the lessee and lessor, are required to recognize a lease liability and an intangible right-to-use lease asset (a capital asset hereinafter referred to as the lease asset), and a lease receivable and deferred inflow of resources, respectively. The new leases standard also requires enhanced disclosure which include a general description of the leasing arrangement, the aggregated amount of resource inflows and outflows recognized from lease contracts, including those not included in the measurement of the lease liability and receivable, and the disclosure of the long-term effect of lease arrangements on a government's resources.
- Statement No. 93, *Replacement of Interbank Offered Rates*, issued in March 2020, is generally effective for fiscal years beginning after June 15, 2021. The statement establishes accounting and reporting requirements related to the replacement of Interbank Offered Rates (IBOR) such as the London Interbank Offered Rate (LIBOR) for hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for certain hedging derivative instruments. Lease contracts that are amended solely to replace IBOR are an exception to the lease modifications guidance in Statement No. 87. Additionally, LIBOR will no longer be an appropriate benchmark interest rate for derivative instrument that hedges the interest rate of taxable debt when LIBOR ceases to exist.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. Statement No. 97 clarifies component unit criteria for a potential component unit in the absence of a governing board in determining financial accountability; limits the applicability of financial burden criteria in paragraph 7 of GASB Statement No. 84; and classifies Section 457 Deferred Compensation plans as either a pension plan or other employee benefit plan.
- Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, issued in May 2020, was issued to provide temporary relief to governments in light of the COVID-19 pandemic. It postpones the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

As a result, GASB statements that have been issued and which affect future periods are the following:

- Statement No. 91, *Conduit Debt Obligations*, issued in May 2019, is effective for fiscal years beginning after December 15, 2021.
- Statement No. 92, *Omnibus 2020*, issued in January 2020, is generally effective for fiscal years beginning after June 15, 2022.

The following additional GASB statements have been issued and affect future periods:

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued in March 2020, is effective for fiscal years beginning after June 15, 2022.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued in May 2020, is effective for fiscal years beginning after June 15, 2022.
- Statement No. 99, *Omnibus*, issued in April 2022, is effective for fiscal years beginning after June 15, 2022 through June 15, 2023.
- Statement No. 100, *Accounting Changes and Error Corrections*, issued in June 2022, is effective for fiscal years beginning after June 15, 2023.
- Statement No. 101, *Compensated Absences*, issued in June 2022, is effective for fiscal years beginning after December 15, 2023.

The State will implement these statements as of their effective dates.

*E. Basis of Presentation:*

The basic financial statements of the State of Maryland have been prepared in accordance with accounting principles generally accepted in the United States applicable to governments. The Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting requirements for governments. There may be rounding differences between amounts reported in the basic financial statements section and amounts reported in other sections of the Annual Comprehensive Financial Report (ACFR). Also, note, all amounts in the ACFR are stated in thousands unless otherwise indicated.

**2. Summary of Significant Accounting Policies- Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity:**

*A. All Funds:*

*Deposits with Financial Institutions and Investments:*

The State Treasurer's Office operates a centralized cash receipt, investment and disbursement function for the majority of the State's funds as required by statute. Certain enterprise activities, pension funds, custodial funds and component units are specifically exempt from this function by law. Individual fund equity in pooled invested cash is reported as an asset on the balance sheets of those funds participating in the centralized cash receipt and disbursement function. Investment earnings accrue to those funds reporting equity in pooled invested cash only if the law specifically provides for the fund's accrual of interest earnings.

The State Treasurer's Office invests short-term cash balances on a daily basis primarily in U.S. Government obligations and money market mutual funds. Under the State Finance and Procurement Article of the Annotated Code of Maryland, Title 6, Subtitle 2, the State Treasurer may only invest in the following:

- Any obligation for which the United States Government has pledged its faith and credit for the payment of principal and interest.
- Any obligation that a United States agency issues in accordance with an act of Congress.
- Any obligation unconditionally guaranteed by an eligible supranational issuer.
- Repurchase agreements that any of the above obligations secure.
- Certificates of deposits of Maryland financial institutions.
- Bankers acceptances.
- Money market mutual funds.
- Commercial paper.
- Maryland Local Government Investment Pool.
- Securities Lending Collateral.

In addition, bond sale proceeds may be invested in municipal securities. Collateral must be at least 102% of the book value of the repurchase agreements, and must be delivered to the State Treasurer's custodian for safekeeping. The Maryland Local Government Investment Pool is invested in accordance with the provisions of Section 6-222 and 6-223 of the State Finance and Procurement Article of the Annotated Code of Maryland and Title 17, Subtitle 3 of the Code. Investments are recorded at fair value, except for the following:

- Investments held by the Maryland Local Government Investment Pool, a qualifying investment pool, are measured at amortized cost, which approximates fair value.
- Synthetic guaranteed investment contracts that are fully benefit-responsive are measured at contract value.
- Investments in qualifying external investment pools are measured at amortized cost.

The State categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Changes in fair value are recognized as revenue. Investments with an original maturity of three months or less when purchased are reported in the financial statements as cash and cash equivalents.

The Maryland State Retirement and Pension System (System), in accordance with State Personnel and Pension Article Section 21- 123 of the Annotated Code of Maryland, is permitted to make investments subject to the terms, conditions, limitations and restrictions imposed by the Board of Trustees of the System. The law further provides that no more than 25% of the assets that are invested in common stocks may be invested in non-dividend paying common stocks. In addition, no investment in any one organization may constitute more than 5% of the total assets of the System. The System is authorized by Section 21-116 of the State Personnel and Pensions Article to establish and maintain the investment policy manual, which authorizes investing in all major sectors of the capital market in order to diversify and minimize total investment program risk. Such sectors would include, but are not limited to, common stock, preferred stock, convertible securities, warrants and similar rights of U.S. and non-U.S. companies; private equity - direct/partnership/funds; real estate investment trusts; commingled real estate funds; directly owned real estate; fixed income obligations of the U.S. government and its states and local subdivisions, non-U.S. governments and their states and local subdivisions, U.S. and non-U.S. companies, and supra-national organizations; futures and options; foreign exchange forward and future contracts and options; equity index futures; and equity options.

Investments of the System, the Post-Employment Health Benefits Trust Fund (OPEB Trust) and the Maryland Transit Administration (MTA) Pension Plan are stated at fair value, except that investments in 2a7-like external investment pools are measured at the net asset value per share determined by the pool. The investments of the OPEB Trust and the MTA Pension Plan are held and invested on their behalf by the System and are limited to those allowed for the System. In addition, State employees are offered participation in deferred compensation plans created in accordance with the Internal Revenue Code, Sections 401(a), 401(k), 403(b) and 457. The Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans (the Plans) is responsible for the implementation, maintenance and administration of the Plans. The Board has appointed a private company as the Plans' administrator. Assets of the Plans are valued at fair value, except for the following:

- Investments in synthetic guaranteed investment contracts that are fully benefit-responsive are measured at contract value.
- Investments in life insurance contracts are measurement at cash surrender value.
- Investments in qualifying external investment pools are measured at amortized cost.

#### *Retirement Costs:*

Substantially all State employees participate in one of several State retirement systems (See Note 15). The State also provides retirement benefits to teachers and certain other employees of its political subdivisions. Retirement costs have been provided on the accrual basis, based upon actuarial valuations, except that retirement expenditures for governmental funds represent amounts contributed by the State for the fiscal year.

#### *Other Post-Employment Benefit Costs:*

Substantially all State retirees may participate in the various health care plans offered by the State (See Note 16). Post-employment health care costs have been provided on the accrual basis, based upon actuarial valuations, except that other post-employment expenditures for governmental funds represent amounts contributed by the State for the fiscal year.

#### *Accrued Self-Insurance Costs:*

The accrued self-insurance costs represent the State's liability for its various self-insurance programs. The State is self-insured for general liability, property and casualty, workers' compensation, environmental and anti-trust liabilities and certain employee health benefits. The State records self-insurance expenses in the proprietary funds and discretely presented component units on an accrual basis and the modified accrual basis for the governmental funds. The long-term accrued self-insurance costs of the governmental funds, which are not expected to be funded with current resources, are reported in the government-wide financial statements.

#### *Annual Leave Costs:*

Principally all full-time employees accrue annual leave based on the number of years employed up to a maximum of 25 days per calendar year. Earned annual leave may be accumulated up to a maximum of 75 days as of the end of each calendar year. Accumulated earned but unused annual leave for general government employees is accounted for in the government-wide financial statements. Liabilities for accumulated earned but unused annual leave applicable to proprietary funds and component units are reported in the respective funds.

*Capital Assets:*

Capital assets, which include property, plant, art and historical treasures, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure acquired prior to June 30, 1980, is not reported. Capital assets are defined by the government as assets with an initial, individual cost of more than \$50,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art; historical treasures, and similar assets; and capital assets received in a service concession arrangement are recorded at acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Leased assets are amortized over the lease term or the life of the asset, whichever is less.

Capital assets of the primary government, as well as the component units, are generally depreciated or amortized using the straight line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Buildings	5-75
Building improvements	5-75
Vehicles	3-25
Office equipment	2-10
Computer equipment	2-10
Other machinery and equipment	3-20
Computer software	5-10
Infrastructure	10-75
Right to use leased assets	Lease Term

*Right-to-use Assets:*

GASB Statement No. 87 requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognizes an inflow or outflow of resources based on the payment provisions of the contract. The lease liability is measured at the present value of payments expected to be made during the lease term and reduced as payments are made. Lease assets are measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized over the short of the lease term or useful life of the underlying assets. The lease receivable is measured at the present value of lease payments expected to be received during the lease term.

*Deferred Outflows and Deferred Inflows of Resources:*

Deferred outflows of resources are consumption of net assets that applies to future reporting periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources are presented separately after "Total Assets" in the State's financial statements.

Deferred inflows of resources are acquisition of net assets that applies to future reporting periods and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are presented separately after "Total Liabilities" in the State's financial statements.

*Long-term Obligations:*

In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts adjust the carrying value of the bonds and are amortized over the life of the bonds. Issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuances costs are reported as debt service expenditures.

*Restricted Resources:*

When both restricted and unrestricted resources are available for use, it is the State's policy to use restricted resources first, and then unrestricted resources as they are needed.

*Debt Refinancing:*

The gain or loss associated with debt refinanced is deferred and amortized as interest expense over the shorter of the remaining life of the old debt or the life of the new debt.

*Net Position:*

Net position is divided into three categories. Net investment in capital assets is the capital assets less accumulated depreciation or amortization and outstanding principal of the related debt on the assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of capital assets or related debt also are included in this category. Restricted net position reflects restrictions on assets and deferred outflows imposed by parties outside the State or imposed by the State by constitutional provisions or enabling legislation, net of related liabilities and deferred inflows. Unrestricted net position is total net position of the State less net investment in capital assets and restricted net position. Unrestricted net position is comprised mainly of cash, investments, loans and receivables.

*B. Government Funds:*

*Inventories and Prepaid Items:*

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements under the consumption method.

*Grants:*

Revenues from federal reimbursement type grants are recognized when the related expenditures are incurred and the revenues are both measurable and available. The State considers all grant revenues to be available if they are collected within 60 days of the current fiscal period or where eligibility requirements are met. Distributions of food stamp benefits are recognized as revenues and expenditures when the benefits are distributed to individual recipients.

*Income Taxes:*

The State accrues the net income tax receivable or records unearned revenue based on estimated income tax revenues and refunds due relating to the fiscal year, that will not be collected or paid until after the fiscal year end. This accrual is computed based on projected calendar year net tax collections, tax laws in effect, future projections and historical experience.

*Sales and Use Taxes:*

The State accrues June sales taxes that are not remitted at year end as a receivable. These taxes are considered measurable and available since they represent June collections that are remitted to the State in July by merchants who collect the related sales tax.

*Property Taxes:*

The State levies an annual tax for the fiscal year beginning July 1 and ending June 30 on all real property subject to taxation, due and payable each July 1 and December 1 (lien dates), based on assessed values as of the previous January 1, established by the State Department of Assessments and Taxation at 100% of estimated market value. Each of the counties, Baltimore City and incorporated municipalities establish rates and levy their own tax on such assessed values. The State tax rate in fiscal year 2022 was 11.2¢ per \$100 of assessed value. Unpaid property taxes are considered in arrears on October 1 and January 1, respectively, and penalty and interest of 1% is assessed for each month or fraction of a month that the taxes remain unpaid. Property taxes are accrued to the extent they are collected within 60 days of year end.

*Escheat Property:*

Escheat property is property that reverts to the State's general fund in the absence of legal claimants or heirs. The escheat activity is reported in the general fund. An asset is recognized in the period when the legal claim to the assets arises or when the resources are received, whichever occurs first, and a liability is recognized for the estimated amount that ultimately will be reclaimed and paid.

*Intergovernmental Expenditures:*

General, special revenue and capital projects fund revenues paid to political subdivisions, and bond proceeds granted to political subdivisions, are recorded as intergovernmental expenditures if such payments do not require mandatory use for specific functions. Direct grants and other payments to, or on behalf of, political subdivisions are recorded as current expenditures.

*Capital Assets:*

Expenditures for capital assets are reported as capital outlays in the governmental funds.

*Compensated Absences:*

It is the State's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the State does not have a policy to pay any amounts when employees separate from service with the government. A liability for vacation pay amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

*Fund Equity:*

Fund balance for governmental funds is reported in categories and classifications that are presented in order of constraints on the specific purposes for which amounts in that fund can be spent. The non-spendable fund balance represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Otherwise, fund balance is classified as restricted, committed, assigned, or unassigned. Amounts are reported as restricted when spending constraints are (a) externally imposed or (b) imposed by the government by constitutional provisions or enabling legislation. The committed fund balance includes amounts committed for specific purposes by formal action of the government's highest level of decision-making authority. In Maryland, the uses of these funds are established in statute after appropriate action by the General Assembly and the Governor. The assigned fund balance is intended spending expressed by (a) the governing body or (b) a body or official to which the governing body has delegated the authority to assign amounts. The Governor is authorized to assign current year funds for appropriation in the subsequent year's budget pursuant to budgetary policies adopted by the General Assembly. The unassigned fund balance is the residual classification for the general fund.

Encumbrances are commitments related to unperformed contracts for goods or services. The State utilizes encumbrance accounting as part of the budgetary integration for the general, special revenue, and capital projects funds. Certain amounts which were available for specific purposes have been encumbered as either restricted, committed or assigned fund balance depending on the constraints and approval in place at year end. In addition, where existing resources are not sufficient to liquidate encumbrances, the encumbrances are reported within committed or assigned fund balance, as appropriate. Encumbrances outstanding at year-end are reported as committed fund balance in the general, special revenue, and capital projects funds. Encumbrances are not displayed on the face of the financial statements but are disclosed in Note 17.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the State considers restricted resources to have been spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the State considers committed, assigned, and unassigned amounts to have been spent in that order.

*C. Enterprise Funds, Fiduciary Funds and Component Units:*

*Basis of Accounting:*

The accounts of the enterprise funds, fiduciary funds and component units are maintained and reported using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Enterprise funds and component units distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Cash and Cash Equivalents:*

The enterprise funds consider all highly liquid investments within original maturity of three months or less when purchased to be cash and cash equivalents for reporting on the statement of cash flows.

*Grants:*

Revenues from federal reimbursement type-grants are recorded when the related eligible expenses are incurred.

*Capital Assets:*

Capital assets are stated at cost. Depreciation of the cost of capital assets is provided on the straight-line basis over estimated useful lives of 5 to 75 years for depreciable real property and building improvements, and 2 to 20 years for equipment. Construction period interest is capitalized. Repairs and maintenance are charged to operations in the period incurred. Replacements, additions and betterments are capitalized over the useful life of the applicable asset class. Right-to-use assets are amortized over the lease term or the life of the asset, whichever is less.

*MLGCA Revenues, Prizes and Related Transfers:*

Revenues and prizes of the Maryland Lottery and Gaming Control Agency (MLGCA) are primarily recognized when drawings are held. Certain prizes are payable in deferred installments. Such liabilities are recorded at the present value of amounts payable in the future. State law requires the MLGCA to transfer to the State revenues in excess of amounts allocated to prize awards, operating expenses and capital expenditures. The excess revenues from certain select games are transferred to the State's general fund, which then transfers the amounts to the Maryland Stadium Authority for operations and to cover the State's capital lease payments to the Maryland Stadium Authority.

Video lottery terminals (VLTs) are a self-activated video version of lottery games. The MLGCA recognizes VLT revenue as gross terminal revenue equivalent to all wagers, net of related prizes. The casino operators' share is recorded as commissions and bonuses. The six casino operators receive between 39% and 60% of the gross terminal revenue to operate their casinos. After deducting operating costs, State law requires the MLGCA to transfer the remainder of the gross terminal revenue to various general fund agencies, which are responsible for making further distributions.

The casinos also operate table games. Table games include blackjack, roulette, craps and various poker games, among others. Table game revenue is equivalent to all wagers, net of related prizes. Casino operators receive 80% of the table game revenue to operate their casinos and these costs are recorded as commissions. The remainder is remitted to the MLGCA which transfers 15% to public education programs in the general fund and 5% to local jurisdictions in accordance with the enabling legislation.

*Provisions for Insurance and Loan Losses:*

Current provisions are made for estimated losses resulting from insuring loans and uncollectible loans. Loss provisions are based on the current status of insured and direct loans, including delinquencies, economic conditions, loss experience, estimated value of collateral and other factors which may affect their realization.

*Inventories:*

Inventories of supplies are stated at cost.

### 3. Deposits with Financial Institutions and the U.S. Treasury, Equity in Pooled Invested Cash and Investments:

Cash and cash equivalents, equity in pooled invested cash and investments as shown on the basic financial statements as of June 30, 2022, reconcile to cash deposit and investment disclosures as follows (amounts expressed in thousands):

Government-wide statement of net position:	
Cash .....	\$ 631,527
Equity in pooled invested cash .....	12,042,580
Investments .....	5,474,639
Restricted cash .....	2,823,012
Restricted equity in pooled invested cash .....	174,858
Restricted investments .....	3,046,886
Statement of fiduciary net position:	
Cash .....	2,091,227
Equity in pooled invested cash .....	3,766,548
Investments .....	76,476,981
Collateral for lent securities .....	4,414,793
Total cash and investments per basic financial statements .....	110,943,052
Less: cash and investments of higher education foundations not subject to disclosure .....	2,316,424
Total cash and investments per Note 3 .....	<u>\$ 108,626,627</u>
Cash deposit:	
Governmental funds .....	\$ 493,412
Enterprise funds .....	1,555,360
Fiduciary funds .....	177,049
Component units .....	147,331
Investments:	
Governmental funds .....	17,152,830
Enterprise funds .....	3,242,552
Fiduciary funds .....	82,805,955
Component units .....	3,052,138
Total cash deposits and investments .....	<u>\$ 108,626,627</u>

Cash and equity in pooled invested cash for financial statement presentation includes short-term investments with a maturity of three months or less when purchased. Investments for financial statement presentation include certificates of deposit with a maturity of three months or less when purchased.

#### A. Cash Deposits:

As of June 30, 2022, the carrying value for the bank deposits of the governmental funds, enterprise funds, fiduciary funds and component units were \$493,412, \$1,555,360, \$177,049, and \$147,331, respectively. The bank balances were \$493,413, \$1,544,774, \$177,049 and \$126,194, respectively.

**Custodial Risk.** Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name. State law permits the Treasurer to deposit in a financial institution in the State, unexpended or surplus money in which the Treasurer has custody if (a) the deposit is interest-bearing; (b) the financial institution provides collateral that has a fair value that exceeds the amount by which a deposit exceeds the deposit insurance; and (c) a custodian holds the collateral.

The Economic Development Loan Programs and higher education component unit do not have a deposit policy for custodial credit risk. As of June 30, 2022, \$43,000, and \$16,104,798, respectively, of their bank balances were exposed to custodial credit risk as uninsured and uncollateralized.

#### B. Investments:

The State discloses investment risks as follows:

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.



*Custodial Credit Risk.* Custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name.

*Foreign Currency Risk.* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

*1. Investments-Governmental Funds:*

The State Treasurer's Office is authorized to make investments as stated in Note 2.A.

The governmental funds investments' fair value measurements and the valuation techniques used to categorize the investments in the hierarchy level as of June 30, 2022, are as follows:

- U.S. agency securities (\$6,154,196) are comprised of agency issued debt. Agency issued debt securities are valued at the closing price reported in the active market in which the individual security is traded as Level 1 securities.
- Supranationals (\$1,324,183) are comprised of international development institutions that provide financing for economic development. Supranational issued debt securities are valued by consensus of international financial institutions based on observable inputs as Level 2 securities.
- Repurchase agreements (\$3,646,226) are valued based on a model that incorporates market observable pricing information and are categorized as Level 2.
- Investment in the Local Government Investment Pool (\$1,571,016) and money market mutual funds (\$2,362,092) are valued at amortized cost.
- Commercial Paper (\$2,095,116) is valued at amortized cost, which approximates fair value.

The investments and maturities as of June 30, 2022, for the governmental funds of the primary government were as follows (amounts expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-3	More than 3
U.S. Agencies <sup>(1)</sup>	\$ 6,154,196	\$ 1,840,879	\$ 335,846	\$ 3,933,196 <sup>(1)</sup>
Supranationals	1,324,183	1,324,183	—	—
Repurchase Agreements	3,646,226	3,601,613	4,757	39,856
Commercial Paper	2,095,116	2,095,116	—	—
Money Market Mutual Funds	2,362,092	2,362,092	—	—
Local Government Investment Pool	1,571,016	1,571,016	—	—
<b>Total Investments</b>	<b>\$ 17,152,830</b>	<b>\$ 12,794,900</b>	<b>\$ 340,603</b>	<b>\$ 3,973,052</b>

(1) Bonds in the amount of \$189,932,000 mature December 2025, but are callable October 2022.

*Interest Rate Risk.* The State Treasurer's Office's investment policy states that to the extent possible, it will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Treasurer's Office will not directly invest in securities maturing more than five years from the date of purchase. Sinking fund investments with guaranteed earnings to redeem term bonds beginning in fiscal year 2022 were \$44,613,000.

*Credit Risk.* State law requires that the governmental funds' repurchase agreements be collateralized by U.S. Treasury and agency obligations. In addition, investments are made directly in U.S. agency obligations. Obligations of the Federal National Mortgage Association, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Tennessee Valley Authority are rated Aaa by Moody's, AA by Standard Poor's, and AAA by Fitch. Obligations of the Federal Home Loan Bank are rated Aaa by Moody's and AA by Standard Poor's. Obligations of the Federal Agricultural Mortgage Corporation and Overseas Private Investment Corporation are not rated.

Supranational obligations are required to be rated in the highest credit rating category by a nationally recognized statistical rating organization. World Bank bonds and African Development Bank bonds are rated Aaa by Moody's and AAA by Standard Poor's and Fitch. Asian Development Bank bonds are Aaa by Moody's and AAA by Standard Poor's.

The Local Government Investment Pool is rated AAAM by Standard Poor's. Money market mutual funds are not rated.

*Concentration of Credit Risk.* The State Treasurer's Office's investment policy limits the amount of repurchase agreements to be invested with a particular institution to 30% of the portfolio. There is no other limit on the amount that may be invested in any one issuer. More than 5% of the governmental funds' investments are in the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and African Development Bank. These investments are 15.6%, 5.7%, and 5.4% of the governmental funds' total investments, respectively.

2. Investments – Enterprise Funds:

The enterprise funds' bond indentures and investment policies, with the exception of the Economic Development Loan Programs, authorize the investment of assets related to the indentures and other funds in obligations in which the State Treasurer may invest. The Economic Development Loan Programs are authorized to invest in obligations of the U.S. Treasury, U.S. government agencies, obligations of U.S. political subdivisions, bankers acceptances, commercial paper, repurchase agreements, guaranteed investment contracts, corporate debt securities and mutual funds in accordance with bond indentures, and in direct equity investments in accordance with the statute establishing the program.

The investments and maturities as of June 30, 2022, for the enterprise funds of the primary government were as follows (amounts expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)				
		Less than 1	1-5	6-10	11-15	More than 15
U.S. Treasury obligations	\$ 290,977	\$ 91,138	\$ 178,987	\$ 10,788	\$ 10,035	\$ 29
U.S. Government agency obligations	1,752,830	172,981	207,693	3,463	18,664	1,350,029
Repurchase agreements	2,408	—	—	—	2,408	—
Commercial Paper	26,797	26,797	—	—	—	—
Guaranteed investment contracts	2,931	5	2,917	9	—	—
Money market mutual funds	1,101,782	1,101,782	—	—	—	—
Municipal bonds	56,509	17,479	31,974	3,172	3,884	—
Supranationals	8,317	—	8,317	—	—	—
<b>Total</b>	<b>\$ 3,242,552</b>	<b>\$ 1,410,182</b>	<b>\$ 429,889</b>	<b>\$ 17,432</b>	<b>\$ 34,991</b>	<b>\$ 1,350,058</b>

The MLGCA, a major enterprise fund, invests in U.S. Treasury obligations that provide for guaranteed payouts to jackpot prize winners, and therefore have no interest rate risk to the MLGCA. As of June 30, 2022, the fair value of these investments was \$30,888,000.

The enterprise funds have the following fair value measurements as of June 30, 2022 (amounts expressed in thousands):

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Debt securities</b>				
U.S. Treasury Obligations	\$ 290,977	\$ 290,977	\$ —	\$ —
U.S. Government agency obligations	1,752,830	270,876	1,481,954	—
Commercial paper	26,797	26,797	—	—
Guaranteed investment contracts	2,931	—	2,931	—
Municipal bonds	56,509	56,509	—	—
Supranationals	8,317	8,317	—	—
Total debt securities	2,138,362	653,476	1,484,885	—
Total investments by fair value level	2,138,362	\$ 653,476	\$ 1,484,885	\$ —
<b>Investments measured at contract value</b>				
Repurchase agreements	2,408			
<b>Investments measured at amortized cost</b>				
Money market mutual funds	1,101,782			
Total investments	\$ 3,242,552			

- Level 1 investments are valued at the closing price reported in the active market in which the individual security is traded. Supranational issued debt securities (\$8,317,000) are valued by consensus of international financial institutions based on observable inputs.
- Level 2 investments are valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. GNMA direct U.S. Government obligations (\$0) and FNMA U.S. Government agency obligations (\$1,481,954,000) are valued using the matrix pricing technique.
- Direct equity investments classified as Level 3 are assessed by management for impairment based on financial condition, operating results and other factors on an annual basis.

Investments measured at net asset value per share (or its equivalent) are not material for reporting redemption frequency and notice period.

*Interest Rate Risk.* The enterprise funds' policy for managing their exposure to fair value loss arising from increasing interest rates is to manage investment maturities so that they precede or coincide with the expected need for funds.

*Credit Risk.* The investment policies of the enterprise funds require that repurchase agreements are collateralized by U.S. Treasury and agency obligations. The policies also require that money market mutual funds contain only U.S. Treasuries or agencies or repurchase agreements secured by these, or that they receive the highest possible rating from at least one nationally recognized securities rating organization and that commercial paper be rated A-1, P-1. According to the indenture and investment policy of the Economic Development Loan Programs, investments must be rated no lower than the rating on the Loan Programs' bonds or F1/P1 for the issuer's short-term accounts or securities. The ratings on the Loan Programs' bonds as of June 30, 2022, were Aa by Moody's and AA by Fitch, or higher.

As of June 30, 2022, the enterprise funds had the following investments and quality ratings (amounts expressed in thousands):

Investment Type	Fair Value	Quality Rating	Rating Organization	Percentage of Total Investments
U.S. government agency obligations	\$ 1,525,948	Aaa	Moody's	47.06 %
U.S. government agency obligation	517,859	AA	S&P	15.97
Money market mutual funds	1,101,782	AAAm/Aaa	S&P/Moody's	33.98
Repurchase agreements	2,408	Aaa	Moody's	0.07
Commercial paper	26,797	A-1/ P-1	S&P/Moody's	0.83
Guaranteed investment contracts	2,893	Aaa	Moody's	0.09
Municipal bonds	56,509	AAA	S&P	1.74
Supranationals	8,317	AAA	S&P	0.26
Unrated	\$ 38	Unrated		—
<b>Total</b>	<b>\$ 3,242,552</b>			<b>100.00 %</b>

*Concentration of Credit Risk.* The enterprise funds place no limit on the amount they may invest in any one issuer of U.S. government agency obligations. More than 5% of the enterprise funds' investments are in obligations of the Federal Home Loan Bank and Federal National Mortgage Association. These investments are 2.8% and 47.8%, of the enterprise funds' total investments, respectively.

### 3. Investments – Fiduciary Funds:

The Pension Trust Funds, Post-Employment Health Benefits Trust Fund, and Maryland Local Government Investment Pool are authorized to make investments as stated in Note 2.A.

The investments and maturities as of June 30, 2022, for the fiduciary funds of the primary government were as follows (amounts expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More than 10
U.S. Treasury notes and bonds	\$ 7,919,038	\$ 1,256,764	\$ 1,039,501	\$ 1,519,562	\$ 4,103,211
U.S. Treasury strips	66,437	—	—	—	66,437
U.S. Government agency obligations	4,744,688	4,250,755	414,987	23,677	55,269
Repurchase agreements	494,160	494,160	—	—	—
Commercial paper	650,583	650,583	—	—	—
Guaranteed investment contracts	834,641	—	831,623	3,018	—
Corporate bonds	3,826,479	44,123	1,287,097	1,981,065	514,195
International bonds	270,973	—	62,065	120,346	88,562
Other government bonds	1,131,478	20,605	335,950	431,704	343,219
Mortgage-backed securities	1,544,563	239	23,559	53,175	1,467,590
Asset-backed securities	134,251	83	20,489	32,509	81,170
Bond mutual funds	923,429	39,083	566,201	301,609	16,536
Swaps	(6,560)	(502)	(11,420)	(2,171)	7,533
Money market mutual funds	2,472,135	1,205,740	1,266,395	—	—
Total investments	25,006,295	7,961,632	5,836,447	4,464,494	6,743,722
Collateral for lent securities	4,414,793	4,414,793	—	—	—
Total investments and collateral for lent securities	\$ 29,421,088	\$ 12,376,425	\$ 5,836,447	\$ 4,464,494	\$ 6,743,722

In addition to the investments scheduled above, as of June 30, 2022, the fiduciary funds' investments also include the fair value of corporate equity securities of \$18,273,756,407, commingled investments of \$9,714,992,168, private equity of \$13,760,314,000, real estate of \$7,112,969,098, stock mutual funds of \$4,457,229,000, annuity contracts of \$56,271,000 and insurance contracts of \$2,775,000.

The fiduciary funds have the following fair value measurements as of June 30, 2022 (amounts expressed in thousands):

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Debt securities</b>				
U.S. Treasury notes and bonds	\$ 6,663,803	\$ 6,663,803	\$ —	\$ —
U.S. Treasury strips	66,437	66,437	—	—
U.S. Government agency obligations	84,019	84,019	—	—
Repurchase agreements	494,160	—	494,160	—
Corporate bonds	3,826,479	—	3,826,479	—
International bonds	270,973	—	270,973	—
Other government bonds	1,131,478	—	1,131,478	—
Mortgage-backed securities	1,544,563	—	11,695	1,532,868
Bond mutual funds	179,431	179,431	—	—
Money market mutual fund	1,432,490	1,432,490	—	—
Collateral for lent securities	4,414,793	—	4,414,793	—
Total debt securities	20,108,626	8,426,180	10,149,578	1,532,868
<b>Equity securities</b>				
Corporate equities	18,273,756	18,273,756	—	—
Stock mutual funds	4,457,229	4,457,229	—	—
Total equity securities	22,730,985	22,730,985	—	—
Real estate	37,317	—	—	37,317
Total investments by fair value level	42,876,929	\$ 31,157,166	\$ 10,149,578	\$ 1,570,185
<b>Investments measured at net asset value</b>				
Asset-backed securities funds	134,251			
Bond mutual funds	743,998			
Real estate funds	7,075,652			
Private equity funds	13,760,314			
Commingled investments	9,714,992			
Total investments measured at net asset value	31,429,207			
<b>Investments measured at amortized cost</b>				
U S Treasury notes and bonds	1,255,235			
U S Government agency obligations	4,660,669			
Commercial paper	650,583			
Money market mutual funds	1,039,645			
Total investments measured at amortized cost	7,606,132			
<b>Investments measured at contract value</b>				
Guaranteed investment contracts	834,641			
Annuity contracts	56,271			
Total investments measured at contract value	890,912			
<b>Investments measured at cash surrender value</b>				
Insurance contracts	2,775			
Total investments	\$ 82,805,955			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Level 2 investments include the following:

- Debt securities valued using a combination of prevailing market prices and interest payments that are discounted at prevailing interest rates for similar instruments.
- Mortgage-backed securities issued as U.S. agency securities categorized as mortgage pass-through. Mortgage pass-through includes to-be-announced (TBA) securities and mortgage pass-through certificates. TBA securities and mortgage pass-throughs are generally valued on the basis of their fortune principal and interest payments discounted at prevailing interest rates for similar investments.
- Collateral for lent securities invested in the lending agent's short term investment pool operating as an open-end money market mutual fund, together with the related obligation.
- Commingled investments whose valuation methodology and valuation frequency of the pooled investment vehicles may not be able to appraise whether the net asset value represents the exit value of the fund.

Level 3 investments include the following:

- Commercial and residential mortgage-backed securities valued using discounted cash flow techniques.
- Real estate valued on the basis of a discounted cash flow approach, which includes the future rental receipts, expenses, and residual values as the highest and best use of the real estate from a market participant view as rental property.

The valuation method for investments measured at net asset value per share (or its equivalent) is presented on the following table (in millions):

<b>June 30, 2022</b>				
	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Private funds (includes equity, credit, energy, infrastructure, and timber) .....	\$ 18,297	\$ 9,965	—	—
Real estate-open ended .....	5,956	—	Quarterly	45-90 days
Equity open-end fund .....	3,285	—	Daily	1 day
	2,387	—	Monthly	7 - 30 days
	566	—	Triennially	150 days
Multi-asset .....	238	—	Monthly	30-45 days
<b>Hedge Funds</b>				
Equity long/short .....	775	—	Monthly	30-45 days
	397	—	N/A	Liquidating
Event-driven .....	12	—	Monthly	15 days
	336	—	Quarterly	60-65 days
	137	—	Quarterly	90 days
	141	—	Quarterly	120+ days
	41	—	N/A	Liquidating
Global macro .....	—	—	Monthly	5-30 days
	515	—	Monthly	5-30 days
	505	—	Monthly	60 days
	226	—	Quarterly	60-90 days
Relative value .....	209	—	Monthly	30 days
	437	—	Quarterly	30 days
	1,511	—	Quarterly	60-90 days
Opportunistic .....	203	—	Quarterly	90 days
	—	—	Semi Annual	90-120 days
	<u>\$ 36,174</u>	<u>\$ 9,965</u>		

*Information included in the MSRPS financial statements:*

Other information regarding fair value measurements for investments measured at net asset value per share (or its equivalent) is available at [https://sra.maryland.gov/annual\\_financial\\_reports](https://sra.maryland.gov/annual_financial_reports).

*Interest Rate Risk.* As of June 30, 2022, the System had \$1,056,455,000 invested in mortgage pass-through securities. These investments are moderately sensitive to changes in interest rates because they are backed by mortgage loans in which the borrowers have the option of prepaying.

The Deferred Compensation Plans (Plans) invest in annuity contracts and insurance contracts that provide for guaranteed payouts to participants, and therefore have no interest rate risk to the Plans. As of June 30, 2022, the carrying value of these investments was \$56,271,000, and \$2,775,000, respectively.

The State Treasurer's Office manages the Local Government Investment Pool. The State Treasurer's investment policies state that no direct investment by the Pool may have a maturity date of more than 13 months after its acquisition.

*Credit Risk.* The investment policy of the System regarding credit risk is determined by each investment manager's mandate. The Local Government Investment Pool may invest in bankers acceptances and commercial paper subject to certain credit rating guarantee and/or collateral requirements. As of June 30, 2022, the fiduciary funds' investments were rated by Standard and Poor's and/or an equivalent national rating organization, and the ratings are presented below using the Standard and Poor's rating scale (amounts expressed in thousands):

Investment Type	Fair Value	Quality Rating	Percentage of Total Investments
U.S. Government agency obligations	\$ 59,573	AAA	0.08%
U.S. Government agency obligations	4,724,298	AA	6.03
U.S. Government agency obligations	—	A	0.00
U.S. Government agency obligations	20,441	Unrated	0.03
Money market mutual funds	1,039,645	AAA	1.33
Money market mutual funds	227	A	0.00
Money market mutual funds	1,432,262	Unrated	1.83
Commercial paper	650,583	AAA	0.83
Guaranteed investment contracts	831,623	AA	1.06
Guaranteed investment contracts	3,018	Unrated	0.00
Corporate bonds	28,043	AAA	0.04
Corporate bonds	76,740	AA	0.10
Corporate bonds	331,943	A	0.42
Corporate bonds	5,680	BAA	0.01
Corporate bonds	—	BA	0.00
Corporate bonds	884,411	BBB	1.13
Corporate bonds	934,226	BB	1.19
Corporate bonds	567,586	B	0.72
Corporate bonds	69,662	CCC	0.09
Corporate bonds	—	CC	0.00
Corporate bonds	919,782	Unrated	1.17
International bonds	41,894	AAA	0.05
International bonds	10,671	AA	0.01
International bonds	19,359	A	0.02
International bonds	1,711	BAA	0.00
International bonds	894	BA	0.00
International bonds	54,775	BBB	0.07
International bonds	49,696	BB	0.06
International bonds	39,770	B	0.05
International bonds	3,194	CCC	0.00
International bonds	48,932	Unrated	0.06
Other government bonds	4,712	AAA	0.01
Other government bonds	94,929	AA	0.12
Other government bonds	107,535	A	0.14
Other government bonds	319,029	BBB	0.41
Other government bonds	198,691	BB	0.25
Other government bonds	174,494	B	0.22
Other government bonds	27,719	CCC	0.04
Other government bonds	77	CC	0.00
Other government bonds	1,852	D	0.00
Other government bonds	202,440	Unrated	0.26
Mortgage-backed securities	34,859	AAA	0.04
Mortgage-backed securities	10,843	AA	0.01
Mortgage-backed securities	11,829	A	0.02
Mortgage-backed securities	25,821	BBB	0.03
Mortgage-backed securities	863	BB	0.00
Mortgage-backed securities	—	BA	0.00
Mortgage-backed securities	2,794	B	0.00
Mortgage-backed securities	2,282	CCC	0.00
Mortgage-backed securities	831	CC	0.00
Mortgage-backed securities	8,315	D	0.01
Mortgage-backed securities	1,434,430	Unrated	1.83
Asset-backed securities-Other	18,626	AAA	0.02
Asset-backed securities-Other	14,669	AA	0.02
Asset-backed securities-Other	7,954	A	0.01
Asset-backed securities-Other	8	BAA	0.00
Asset-backed securities-Other	6,428	BBB	0.01
Asset-backed securities-Other	2,367	BB	0.00
Asset-backed securities-Other	3,478	B	0.00
Asset-backed securities-Other	4,076	CCC	0.01
Asset-backed securities-Other	1,128	CC	0.00
Asset-backed securities-Other	—	D	0.00
Asset-backed securities-Other	75,522	Unrated	0.10
Repurchase agreements	494,160	A	0.63
Bond mutual funds	179,431	Unrated	0.23
<b>Total</b>	<b>\$ 16,263,259</b>		<b>20.82%</b>

*Foreign Currency Risk.*

The majority of the System's foreign currency-denominated investments are in equities. The System has an overlay program to minimize its currency risk.

The System's exposure to foreign currency risk as of June 30, 2022, was as follows (amounts expressed in thousands):

Currency	Equity	Fixed Income	Cash	Alternative Investments	Total
Australian Dollar	\$ 197,174	\$ —	\$ 21,772	\$ 150,064	\$ 369,010
Brazilian Real	75,066	(2,004)	1,628	—	74,690
Canadian Dollar	372,460	(4,211)	6,772	193,381	568,402
Chilean Peso	—	—	—	—	—
Colombian Peso	—	—	—	—	—
Czech Koruna	—	—	16	—	16
Danish Krone	104,830	17,555	1,085	—	123,470
Egyptian Pound	11,753	—	—	—	11,753
Euro Currency	1,310,886	74,026	5,895	1,407,968	2,798,775
Hong Kong Dollar	321,890	—	832	51,860	374,582
Hungarian Forint	545	—	22	—	567
Indonesian Rupiah	37,400	9,020	1,219	—	47,639
Japanese Yen	717,050	(673)	4,658	14,476	735,511
Malaysian Ringgit	5,712	—	—	—	5,712
Mexican Peso	67,955	10,552	3,006	—	81,513
New Israeli Sheqel	34,694	—	7	—	34,701
New Taiwan Dollar	101,065	—	450	—	101,515
New Zealand Dollar	9,657	10,105	2,125	3,927	25,814
Norwegian Krone	50,986	—	531	—	51,517
Philippine Peso	89	—	17	—	106
Polish Zloty	3,243	—	26	—	3,269
Pound Sterling	585,340	45,830	2,536	299,646	933,352
Qatari Rial	10,566	—	855	—	11,421
Romanian an Leu	—	—	—	—	—
Russian Ruble	—	—	—	—	—
Singapore Dollar	37,182	—	613	—	37,795
Peruvian Sol	—	5,097	504	—	5,601
South African Rand	87,544	1,971	875	—	90,390
South Korean Won	221,047	(288)	53	—	220,812
Swedish Krona	102,974	—	(27)	—	102,947
Swiss Franc	311,258	—	187	2,853	314,298
Thailand Baht	14,389	528	163	—	15,080
Turkish Lira	18,899	—	142	—	19,041
UAE Dirham	36,262	—	—	—	36,262
Yuan Renminbi	71,592	—	754	—	72,346
Other holdings with potential exposure to foreign currency risk	5,532,758	1,559,219	—	2,459,314	9,551,291
<b>Total</b>	<b>\$ 10,452,266</b>	<b>\$ 1,726,727</b>	<b>\$ 56,716</b>	<b>\$ 4,583,489</b>	<b>\$ 16,819,198</b>

(1) This line includes American Depository Receipts and international obligations valued in U.S. dollars; however, they are considered to have exposure to multiple foreign currencies.

*Derivatives:*

The System investment manager's guidelines determine the extent to which derivatives are permissible. Futures and other derivatives are permitted to the extent that they are used in a manner that does not materially increase total portfolio volatility or relate to speculative activities. Unleveraged derivatives are permitted for the purpose of hedging investment risk, to replicate an investment that would otherwise be made directly in the cash market or to modify asset exposure in tactical portfolio shifts. Use of derivatives is not permitted to materially alter the characteristics, including the investment risk, of each manager's account. The investment managers are to have in place, and use, procedures that subject derivative based strategies to rigorous scenario and volatility analysis. Futures and short option positions must be hedged with cash, cash equivalents or current portfolio security holdings.

A list of derivatives aggregated by investment type is as follows (amounts expressed in thousands):

	Changes in Fair Value		Fair Value as of June 30, 2022		
	Classification	Amount	Classification	Amount	Notional <sup>(1)</sup>
Commodity Futures Long	Investment Revenue	\$ 18,151	Futures	—	\$ —
Commodity Futures Short	Investment Revenue	785	Futures	\$ —	\$ —
Credit default swaps bought	Investment revenue	5	Swaps	—	\$ 300
Credit default swaps written	Investment revenue	(9,428)	Swaps	(467)	359,175
Fixed income futures long	Investment revenue	(557,552)	Futures	—	1,749,818
Fixed income futures short	Investment revenue	28,571	Futures	—	(272,300)
Fixed income options bought	Investment revenue	1,901	Options	3,257	31,100
Fixed income options written	Investment revenue	(1,334)	Options	(12,244)	(818,049)
Foreign currency futures long	Investment revenue	—	Futures	—	(35,000)
Foreign currency futures short	Investment revenue	2,640	Futures	—	—
Foreign currency futures bought	Investment revenue	(156)	Options	—	—
Foreign currency options written	Investment revenue	201	Options	—	—
Futures options bought	Investment revenue	(3)	Options	—	—
Futures options written	Investment revenue	1,312	Options	(429)	(983)
FX forwards	Investment revenue	122,738	Long term instruments	72,598	11,610,431
Index futures long	Investment revenue	(271,809)	Futures	—	734
Index futures short	Investment revenue	362,283	Futures	—	(587)
Pay fixed interest rate swaps	Investment revenue	30,727	Swaps	20,699	242,794
Receive fixed interest rate swaps	Investment revenue	(35,023)	Swaps	(26,839)	577,120
Rights	Investment revenue	(1,687)	Common stock	83	139
Total return swaps bond	Investment revenue	—	Swaps	—	—
Warrants	Investment revenue	(20,650)	Common stock	68,080	\$ 18,450
<b>Grand Totals</b>		<b>\$ (328,328)</b>		<b>\$ 124,738</b>	<b>13,463,142</b>

(1) Notional may be a dollar amount or size of underlying for futures and options, negative values refer to short positions.

*Credit Risk.*

The System is exposed to credit risk on derivative instruments that are in asset positions. To minimize its exposure to losses related to credit risk, the investment managers use counterparty collateral in their non-exchange-traded derivative instruments. Netting arrangements are also used when entering into more than one derivative instrument transaction with a counterparty. At the present time, the System does not have a formal policy relating to counterparty collateral or netting arrangements.

The aggregate fair value of derivative instruments in asset positions as of June 30, 2022, was \$429,537,000. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform. The maximum loss would, however, be reduced by the counterparty collateral and the liabilities included in netting arrangements with counterparties.



The following tables list the fair value of credit exposure per ratings of Standard Poor's (S&P), Moody's and Fitch for the counterparties (amounts expressed in thousands):

Fair Value	S&P Rating	Fair Value	Moody's Rating	Fair Value	Fitch Rating
\$ 173,240	AA-	\$ 98,309	Aa2	\$ 98,308	AA
129,262	A+	95,191	Aa3	107,327	AA-
43,619	A	168,777	A1	216,059	A+
69,025	A-	1,653	A2	3,167	A
14,391	BBB+	62,451	A3	1,266	A-
		3,156	NR	254	BBB+
				3,156	NR
<u>\$ 429,537</u>		<u>\$ 429,537</u>		<u>\$ 429,537</u>	

Risk concentrations are presented in the table below:

Counterparty Name	Percentage of Net Exposure	S&P Rating	Fitch Rating	Moody's Rating
Bank of New York Mellon	19.5	AA-	AA	Aa2
HSBC Bank Plc	14.5	A-	A+	A3
Standard Chartered Bank	13.6	A+	A+	A1
State Street Bank London	9.9	A	AA-	A1
BNP Paribas SA	9.1	A+	A+	Aa3
Westpac Banking Corporation	9.0	AA-	A+	A1
Royal Bank of Canada (UK)	6.6	AA-	AA	A2
Toronto Dominion Bank	4.8	AA-	AA-	Aa3
UBS AG	3.4	A+	AA-	Aa3
JP Morgan Chase Bank NA London	3.0	A+	AA	Aa2
Wells Fargo LCH	2.2	BBB+	A+	A2
Wells Fargo CME	1.0	BBB+	A+	A2
Citibank N.A.	0.7	A+	A+	Aa3
Nomura Global Financial Products INC	0.7	A-	NR	NR
Morgan Stanley CME	0.3	A-	A	A1
Northern Trust Company, THE	0.3	AA-	AA-	A2
Bank of America, N.A.	0.3	A+	AA	Aa2
Credit Suisse FOB LCH	0.3	A	A-	A1
Wells Fargo ICE	0.2	BBB+	A+	A1
Morgan Stanley and Co International PLC	0.2	A-	A	A1
Morgan Stanley LCH	0.2	A-	A	A1
JP Morgan Chase Bank NA	0.1	A+	AA	Aa2
Deutsche Bank AG	0.1	A-	BBB+	A2

#### 4. Investments – Component Units:

Investment accounts established by higher education institutions relate principally to endowments and trust accounts required by debt instruments and are invested in accordance with the investment policies adopted by the Board of Trustees. In general, endowment resources can be invested in debt and equity securities, and trust accounts can be invested only in debt securities. These investments include U.S. Treasury and agency obligations, corporate debt and equity securities, asset-backed securities and mutual funds that invest in government securities. The investments of the higher education foundations are not included in the disclosures below.

One of the institutions, the University System of Maryland, transferred title to its endowment investments to its foundation in exchange for an equivalent proportionate interest in the long-term investment portfolio managed by the foundation. In June 2011, the institution entered into a new agreement with the foundation. The agreement is for a term of five years, with renewable two-year extensions at the option of the institution, unless notice of intent to terminate the arrangement is provided prior to the expiration of the term. If the agreement is terminated, funds invested with individual investment managers that have commitments from the foundation to maintain investments for certain minimum time periods may not be returned to the institution until those constraints have been satisfied. For reporting purposes, the foundation's investments have been reduced by the amount of the institution's investments with the foundation.

The Maryland Prepaid College Trust's Statement of Investment Policy (Investment Policy), adopted by the Board as required by the enabling legislation, allows the Trust to purchase investments including domestic, international and private equities; domestic, foreign and high yield bonds; global real estate equities; private real estate; commodities and other governmental agency instruments, as well as money market deposits based on the Investment Policy's specified portfolio allocation.

The investments and maturities as of June 30, 2022, for the component units were as follows (amounts expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)				
		Less than 1	1-5	6-10	11-15	More than 15
U.S. Treasury obligations	\$ 253,655	\$ 11,330	\$ 201,862	\$ 40,335	\$ 15	\$ 112
U.S. government agency obligations	22,588	20,122	2,399	16	16	35
Bond mutual funds	115,138	5,066	52,503	34,196	23,373	—
Corporate debt securities	319,569	65	318,832	385	171	116
Money market mutual funds	1,112,574	1,112,574	—	—	—	—
<b>Total</b>	<b>\$ 1,823,525</b>	<b>\$ 1,149,157</b>	<b>\$ 575,596</b>	<b>\$ 74,932</b>	<b>\$ 23,576</b>	<b>\$ 263</b>

In addition to the investments scheduled above, as of June 30, 2022, the component units' investments include the fair value of stock mutual funds of \$18,147,192, corporate equity securities of \$541,098,479, real estate of \$235,002,043, and the share of assets invested with the foundation of \$434,364,389.

The component units had the following fair value measurements as of June 30, 2022 (amounts expressed in thousands):

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Debt securities</b>				
U.S. Treasury obligations	\$ 253,655	\$ 253,655	\$ —	\$ —
U.S. Government agency obligations	22,588	22,588	—	—
Bond mutual funds	115,138	115,138	—	—
Corporate debt securities	163,710	161,119	7	2,584
Money market mutual funds	1,108,281	1,108,281	—	—
<b>Total debt securities</b>	<b>1,663,373</b>	<b>1,660,782</b>	<b>7</b>	<b>2,584</b>
<b>Equity securities</b>				
Corporate equities - publicly held	313,979	313,979	—	—
Equity investments in privately-held companies and venture capital partnerships:				
Not publicly traded	227,119	—	—	227,119
Stock mutual funds	18,147	18,147	—	—
<b>Total equity securities</b>	<b>559,246</b>	<b>332,127</b>	<b>—</b>	<b>227,119</b>
Real estate	22,685	—	—	22,685
The share of the USM's investment in the open-end mutual fund investment of the University System of Maryland Foundations, Inc	434,364	—	434,364	—
<b>Total investments by fair value level</b>	<b>2,679,668</b>	<b>\$ 1,992,908</b>	<b>\$ 434,371</b>	<b>\$ 252,388</b>
<b>Investments measured at net asset value</b>				
Corporate debt securities	155,859			
Real estate	212,317			
<b>Total investments measured at NAV</b>	<b>368,176</b>			
<b>Investments measured at amortized cost</b>				
Money market mutual funds	4,293			
<b>Total investments</b>	<b>\$ 3,052,137</b>			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Corporate bonds are categorized as Level 2 investments based on yields currently available on comparable securities of issuers with similar credit ratings. The share of the University System of Maryland's (USM) investment in the open-end mutual fund investment of the USM Foundation, Inc is considered a common trust fund whose valuation methodology and valuation frequency of the pooled investment vehicles may not be able to appraise whether the net asset value represents the exit value of the fund and is classified as Level 2.

Level 3 investments include the investments in not publicly traded, privately-held companies and venture capital partnerships which are valued by management after consideration of, among other factors, the financial condition, operating results, significant recent events, and other security offerings of the investors. Also, interest in private real estate is valued based on discounted cash flows, including future rental receipts, expenses, and residual values as the highest and best use of the real estate from a market participant view as rental property as a Level 3 investment.

Investments measured at net asset value per share (or its equivalent) are not material for reporting redemption frequency and notice period.

*Interest Rate Risk.* The policy of the higher education institutions for managing their exposure to fair value loss arising from increasing interest rates is to comply with their investment policy, which sets maximum maturities for various fixed income securities. It is the practice of the Maryland Prepaid College Trust to have no investments with maturities longer than required to fund tuition obligations based on actuarial projections.

*Credit Risk.* The policy of the higher education institutions for reducing their exposure to credit risk is to require minimum quality ratings for fixed income securities. The Investment Policy of the Maryland Prepaid College Trust details the minimum quality standards for the Trust's bond portfolios.

As of June 30, 2022, the component units had the following investments and quality ratings (amounts expressed in thousands):

Investment Type	Fair Value	Quality Rating	Rating Organization	Percentage of Total Investments
U.S. agencies	\$ 276,090	AAA/Aaa	S&P & Moody's	9.05%
U.S. agencies	154	AA/Aaa	S&P & Moody's	0.01
Money market mutual funds	1,108,281	Aaa	Moody's	36.31
Money market mutual funds	4,293	Not rated		0.14
Bond mutual funds	75,750	AAA	S&P	2.48
Bond mutual funds	4,203	AA	S&P	0.14
Bond mutual funds	15,406	A	S&P	0.50
Bond mutual funds	19,309	BBB	S&P	0.63
Bond mutual funds	470	BB	S&P	0.02
Corporate debt securities	36	AAA	S&P	0.00
Corporate debt securities	94	AA	S&P	0.00
Corporate debt securities	705	A	S&P	0.02
Corporate debt securities	631	BBB	S&P	0.02
Corporate debt securities	62	Not rated		0.00
<b>Total</b>	<b>\$ 1,505,483</b>			<b>49.33%</b>

*Concentration of Credit Risk.* The higher education component units place no limit on the amount they may invest in U.S. government issuers. The Prepaid College Trust's guidelines limit a single investment to 5% of each bond portfolio's fair value, except U.S. Treasury notes and bonds.

In addition to the Maryland Prepaid College Trust, the Maryland 529 Plans consist of the Maryland Senator Edward J. Kasemeyer College Investment Plan, a fiduciary component unit. As of June 30, 2022, the Plan has \$7,868,594, of investments held in trust for individuals and organizations.

*C. Securities Lending Transactions:*

*Fiduciary Funds:*

The Pension Trust Funds (Funds) participate in a securities lending program as permitted by the investment policies as approved by the Board of Trustees. The Fund's custodian lends specified securities to independent brokers in return for collateral of greater value. The preceding Investments-Fiduciary Funds Schedule in Note 3.B.3 includes securities lent at year-end for cash collateral and collateral received from lent securities.

Borrowing brokers must transfer in the form of cash or other securities, collateral valued at a minimum of 102% of the fair value of domestic securities and international fixed income securities, or 105% of the fair value of international equity securities on loan. Collateral is marked to market daily. If the fair value of the pledged collateral falls below the specified levels, additional collateral is required to be pledged by the close of the next business day. In the event of default by a borrowing broker, the Funds' custodial bank is obligated to indemnify the Funds if, and to the extent that, the fair value of collateral is insufficient to replace the lent securities. The Funds have not experienced any loss due to credit or interest rate risk on securities lending activity since inception of the program. As of June 30, 2022, the Funds had no credit risk exposure to borrowers because the fair value of collateral held for securities lent exceeded the fair value of the related securities, as follows (amounts expressed in thousands):

	Fair Value		Percent Collateralized
	Lent Securities	Collateral Received	
Lent for cash collateral:			
U.S. government and agency securities	\$ 2,863,595	\$ 2,961,969	103.44%
U.S. corporate bond and equity securities	1,367,546	1,413,222	103.34
International fixed income securities	6,655	6,820	102.48
International equities	30,668	32,782	106.89
<b>Total securities lent</b>	<b>\$ 4,268,464</b>	<b>\$ 4,414,793</b>	<b>103.43%</b>

During fiscal year 2022, the Funds maintained the right to terminate securities lending transactions upon notice. The lending agent reinvests the cash collateral received on each loan utilizing indemnified repurchase agreements (repos). As of June 30, 2022, such repos had average days to maturity of 11.77 days.

#### 4. Receivables:

Taxes receivable, as of June 30, 2022, consisted of the following (amounts expressed in thousands):

	Major Governmental Funds		Non-Major Governmental Funds	Total Governmental Funds
	General	Special Revenue		
Income taxes .....	\$ 3,306,191	\$ —	\$ —	\$ 3,306,191
Sales and use taxes .....	702,824	—	—	702,824
Transportation taxes, primarily motor vehicle fuel and excise .....	—	189,375	—	189,375
Other taxes, principally alcohol, tobacco and property .....	22,902	—	29,721	52,623
Less: Allowance for uncollectibles .....	23,949	—	—	23,949
<b>Taxes receivable, net .....</b>	<b>\$ 4,007,968</b>	<b>\$ 189,375</b>	<b>\$ 29,721</b>	<b>\$ 4,227,064</b>

Tax revenues are reported net of uncollectible amounts. Total uncollectible amounts related to tax revenues of the current period were \$2,906,000.

Other accounts receivable in the governmental funds of \$2.9 billion, including \$262,780,000, due in excess of one year, consisted of various miscellaneous receivables for transportation costs, collection of bills owed to the State's collection unit, Medicaid reimbursements, child support and public assistance overpayments and the tobacco settlement.

Other accounts receivable for the enterprise funds of \$529,995,555, primarily consisted of \$232,924,000, due to the Unemployment Insurance Program from employers and for benefit overpayments, \$157,954,000 due to the Maryland Transportation Authority from toll revenue receivable, \$29,003,000, due to the Community Development Administration from accrued interest and claims receivable on foreclosed and other loans and \$74,321,000, due to the Maryland Lottery and Gaming Control Agency from lottery retailers for ticket sale proceeds and from casino operators for gross terminal revenue and table game revenue.

#### 5. Deferred Outflows of Resources and Deferred Inflows of Resources:

Deferred outflows of resources and deferred inflows of resources are reported when a given item that otherwise meets the definition of a revenue or expenditure/expense relates to a future period. These deferred amounts apply to governmental activities, business-type activities, proprietary funds, and fiduciary funds, except that deferred inflows apply to governmental funds for revenues that are not considered to be available to liquidate liabilities of the current period.

As of June 30, 2022, the State's deferred outflows of resources and deferred inflows of resources consist of the following components (amounts expressed in thousands):

	Governmental Funds		Governmental Activities	Business-Type Activities	Component Units
	General Fund	Special Revenue Fund			
<b>Deferred Outflows of Resources:</b>					
Loss on refunding of debt – Refunding of some previously outstanding general obligation bonds and revenue bonds resulted in losses .....	\$ —	\$ —	\$ —	\$ —	\$ 7,445
Interest Rate Exchange Agreements (Swaps) - with a variable rate bond issue .....	—	—	—	—	1,775
Pension-related deferred outflows .....	—	—	4,434,256	102,045	438,280
Other post-employment benefit-related deferred outflows .....	—	—	2,102,100	—	1,672
Asset retirement obligations .....	—	—	—	—	11,742
<b>Total for Deferred Outflows of Resources .....</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 6,536,356</b>	<b>\$ 102,045</b>	<b>\$ 460,914</b>
<b>Deferred Inflows of Resources:</b>					
Governmental fund receivables for revenues that are not considered to be available to liquidate liabilities of the current period .....	\$ 1,386,845	\$ 559,374	\$ —	\$ —	\$ —
Gain on refunding of debt -Refunding of some previously outstanding residential revenue bonds - deferred bond premiums .....	—	—	38,284	2,426	418
Service Concession Arrangement receipts of the:					
Maryland Department of Transportation .....	—	—	226,379	—	—
Maryland Transportation Authority .....	—	—	—	42,612	—
University System of Maryland .....	—	—	—	—	282,535
Leases .....	—	—	225,002	13,440	148,918
Pension-related deferred inflows .....	—	—	7,532,092	133,122	616,288
Other post-employment benefit-related deferred inflows .....	—	—	4,559,098	—	1,983
<b>Total for Deferred Inflows of Resources .....</b>	<b>\$ 1,386,845</b>	<b>\$ 559,374</b>	<b>\$ 12,580,855</b>	<b>\$ 191,600</b>	<b>\$ 1,050,142</b>

**6. Loans and Notes Receivable and Leases Receivable:**

*A. Loans and Notes Receivable:*

Loans and notes receivable, as of June 30, 2022, consisted of the following (amounts expressed in thousands):

	Primary Government			Component Units		
	General	Non – major Governmental Funds	Enterprise	Higher Education	Maryland Stadium Authority	Other
Notes receivable:						
Political subdivisions:						
Water quality projects .....	—	\$ 984	\$ 1,771,504	—	—	—
Public school construction .....	—	—	—	—	—	—
Other .....	—	—	171,761	—	—	—
Volunteer fire & rescue companies .....	\$ 19,379	—	—	—	—	—
Permanent mortgage loans .....	—	727	2,039,317	—	—	—
Student and health profession loans .....	—	—	—	\$ 23,873	—	—
Shore erosion loans .....	4,961	—	—	—	—	—
Other .....	7	—	—	5,086	\$ 113	\$ 54,246
Total .....	24,347	1,711	3,982,582	28,959	113	54,246
Less: Allowance for possible loan losses .....	—	14	388,314	11,551	—	7,221
Loans and notes receivable, net .....	24,347	1,697	3,594,268	17,408	113	47,025
Due within one year .....	589	120	177,915	4,363	113	4,629
Due in more than one year .....	\$ 23,758	\$ 1,577	\$ 3,416,353	\$ 13,045	\$ —	\$ 42,396

Certain notes receivable for advances of general obligation bond proceeds bear interest at rates ranging from 4.4% to 5.8% and mature within 12 years.

Water quality project loans consist of loans to various local governments and other governmental entities in the State for wastewater and drinking water projects under the United States Environmental Protection Agency's (EPA) Capitalization Grants for State Revolving Funds' Federal assistance program.

The permanent mortgage loans consist of financing for single and multi-family projects, rental projects, small businesses, industrial sites and various other purposes. Substantially all of the loans are secured by first liens on the related property and are insured or credit enhanced by the Federal Housing Administration mortgage insurance programs, the Veterans Administration and USDA/RD guarantee programs, Federal Home Loan Mortgage Corporation (Freddie Mac), FNMA, GNMA, Maryland Housing Fund or by private mortgage insurance policies.

Student and health profession loans are made pursuant to student loan programs funded through the U.S. Government.

*B. Leases Receivable:*

*Enterprise Funds:*

As of June 30, 2022, the Maryland Transportation Authority (Authority) has leases receivable with the State's Department of Transportation, the Washington Metropolitan Area Transit Authority (WMATA), and the general fund. The present value of leases receivable as of June 30, 2022, was \$227,039,000. As of June 30, 2022, the Authority held 117,972,000 to be spent to complete assets under these leases receivable. Lease payments receivable, including unearned interest for each of the five succeeding fiscal years and thereafter, including repayment of amounts to be spent, consist of the following (amounts expressed in thousands):

2023 .....	\$ 21,029
2024 .....	21,920
2025 .....	22,835
2026 .....	23,798
2027 .....	24,831
2028-2032 .....	142,948
2033-2037 .....	49,955
2038-2042 .....	15,975
Total .....	323,291
Unearned interest income .....	21,720
Total lease payments .....	345,011
Restricted investments related to unexpended bond proceeds .....	117,972
Leases receivable, net .....	\$ 227,039

*Component Units:*

As of June 30, 2022, the Maryland Stadium Authority (Authority) has leases receivable with the State. The present value of the leases receivable as of June 30, 2022, is \$73,666,000. As of June 30, 2022, the Authority held 79,703,000, to be spent to complete assets under these leases receivable. Lease payments receivable, including unearned interest for each of the five succeeding fiscal years and thereafter, including repayment of amounts to be spent, consist of the following (amounts expressed in thousands):

2023 .....	\$	19,023
2024 .....		19,030
2025 .....		17,693
2026 .....		16,688
2027 .....		8,755
2028-2032 .....		43,791
2033-2037 .....		43,788
2038-2042 .....		30,407
2043-2047 .....		18,735
2048-2052 .....		18,738
Total .....		236,648
Less: unearned interest income .....		83,279
Net lease payments .....		153,369
Less: restricted investments related to unexpended bond proceeds .....		79,703
Leases receivable, net .....	\$	73,666

## 7. Restricted Assets:

Certain assets of the governmental activities, business-type activities and component units are classified as restricted assets on the Statement of Net Position. The purpose and amount of restricted assets as of June 30, 2022, are as follows (amounts expressed in thousands):

Amount	Purpose
Governmental Activities:	
\$ 216,810	Represents money restricted for construction retainages related to highway and airport projects
713	Represents Economic Development loans and grants to promote and encourage the development of new and existing businesses within the State of Maryland.
195,035	Represents State property taxes restricted to pay debt service on general obligations debt.
135	Represents certificates of deposit restricted for Agricultural Land Preservation easement purchases (\$135).
<u>\$ 412,692</u>	
Business-type Activities:	
\$ 3,410,730	Assets of the Community Development Administration are restricted for various mortgage loans for low-income housing.
88,510	The purpose of the restricted assets is to secure the revenue bonds of the Maryland Water Infrastructure Financing Administration made for waste-water treatment systems and bay restoration
1,698,564	Restricted assets represent deposits with the U.S. Treasury and amounts due from employers to pay unemployment compensation benefits in accordance with federal statute.
36,920	Restricted assets include cash held in separate annuity contracts and coupon bonds for winning lottery ticket payouts; escrow deposits from lottery agents, casino operator license applicants and other gaming license applicants prior to being recognized as revenue; and prize fund reserves for multi-state lotteries.
458,713	Cash and investments have been restricted in accordance with revenue bond debt covenants of the Maryland Transportation Authority for completion of capital projects and debt service.
84,946	Assets have been restricted by the Maryland Housing Fund to pay possible future claims under insurance for losses on mortgage loans.
<u>\$ 5,778,383</u>	
Component Units:	
\$ 106,839	Restricted assets of higher education include funds held by the trustee for future specific construction projects and to pay debt service and cash restricted for endowment purposes
1,239,818	Restricted assets of Maryland Stadium Authority include cash and investments that relate to revenue bond indentures.
3,479	Restricted assets include cash and investments that relate to revenue bond indentures and to restricted project funds for the provision of water supply, wastewater treatment, and solid waste management by Maryland Environmental Service.
1,436	Cash has been restricted to fulfill funding commitments of certain investments of Maryland Technology Development Corporation.
332	Cash has been restricted to fulfill funding commitments for COVID-19 grants and loans of Maryland Economic Development Assistance Authority and Fund.
<u>\$ 1,351,904</u>	

## 8. Interfund Receivables and Payables:

Interfund balances, as of June 30, 2022 consisted of the following (amounts expressed in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue	\$ 192,242 <sup>(1)</sup>
	Fund Enterprise Funds -	
	Economic Development Loan Programs	1,525 <sup>(2)</sup>
	Maryland Lottery and Gaming Control Agency	182,302 <sup>(3)</sup>
		<u>\$ 376,069</u>
Special Revenue Fund	General Fund	\$ 199,563 <sup>(4)</sup>
	Enterprise Funds -	
	Maryland Transportation Authority	63,136 <sup>(5)</sup>
		<u>\$ 262,699</u>
Enterprise Funds - Economic Development Loan Programs	General Fund	\$ 63,591 <sup>(6)</sup>
	Non-major governmental funds	56,341 <sup>(7)</sup>
	Unemployment Insurance Program	1,194 <sup>(6)</sup>
	Maryland Transportation Authority	28,043 <sup>(8)</sup>
		<u>\$ 149,169</u>
Custodial Fund - Local Income Taxes	General Fund	\$ 195,368 <sup>(9)</sup>

The receivable and payable transactions between the governmental funds and the enterprise funds are reported as due from and due to other funds. The receivable and payable transactions between the custodial fund and the general fund are reported as accounts receivable from the State treasury by the custodial fund and due to other funds by the general fund.

The receivable and payable transactions between the Primary Government and Component Units, as of June 30, 2022, consist of the following (amounts expressed in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Higher Education Fund	\$ —
	Non-major component units	3,570
		<u>\$ 3,570</u>
Component Units - Maryland Stadium Authority Maryland Prepaid College Trust Maryland Economic Development Assistance Authority and Fund	Custodial Fund -	
	Local Transportation Funds and Other Taxes	\$ —
	General Fund	675
	General Fund	5,000
		<u>\$ 5,675</u>

The receivable and payable transactions between the general fund and component unit are reported as due from/due to component units and due to/due from primary government. The receivable and payable transactions between the component unit and custodial fund are reported as due from primary government by the component unit and accounts payable and accrued liabilities by the custodial fund.

- (1) The amount represents Transportation Trust Fund revenues transferred back to the general fund in July and August, 2022.
- (2) This amount represents payable balances for economic development loan program transfers.
- (3) This amount represents monies collected by the Maryland Lottery and Gaming Control Agency in June, 2022, and paid to the general fund in July, 2022.
- (4) The amount represents income and sales tax subsidies and return of health insurance costs from the general fund.
- (5) The Maryland Transportation Authority collects fees for the special revenue fund. The money will be used to build and maintain special revenue fund infrastructure, structures and other improvements.
- (6) These amounts represent receivable balances from general fund subsidies.
- (7) Bond funds collected by the capital projects fund on behalf of the economic development loan programs.
- (8) The Maryland Transportation Authority receives rent, interest income and fees for services from the special revenue fund.
- (9) The estimated refunds were made in accordance with Section 2-606 of Tax-General Article of the Annotated Code of Maryland from the reserve of unallocated tax revenue that the Comptroller estimates will be claimed and refunded to taxpayers within 3 years of the date that the income tax return was filed. The money will be used to provide funding for public elementary and secondary education and the Maryland Medicaid Program among other uses.



All Interfund balances except for (9) above, are expected to be repaid by June 30, 2022. For (9) above, the General Fund is required to pay to the custodial fund \$33,333,000, a year in each of fiscal years 2021 through 2026 and \$10,000,000, a year in each of fiscal years 2021 through 2025. The remaining balance is due to pay local income taxes at unspecified dates in the future.

**9. Interfund Transfers:**

Interfund transfers, for the year ended June 30, 2022, consisted of the following (amounts expressed in thousands):

Transfers In	Transfers Out	Amount
General Fund	Non-major Governmental Funds	\$ 22,599
	Enterprise Funds -	
	Maryland Lottery and Gaming Control Agency	1,527,109
		<u>\$ 1,549,708</u>
Special Revenue Fund	General Fund	<u>\$ 353,233</u>
Non-major Governmental Funds	General Fund	\$ 615,482
	Special Revenue Fund	452,268
		<u>\$ 1,067,750</u>
Enterprise Funds -	General Fund	\$ 128,087
Loan Programs	Non-major Governmental Funds - CP	31,364
	Non-major Governmental Funds - Other	
		<u>\$ 159,451</u>

Transfers are primarily used to 1) transfer revenues from the fund required by statute or budget to collect the revenue to the fund required by statute or budget to expend them, 2) transfer receipts restricted to debt service from the funds collecting the receipts to the non-major governmental funds as debt service payments become due, and 3) provide unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In addition, the non-major governmental funds transferred \$33,668, of Program Open Space funds, \$571, of interest earned on bonds and \$1,125, for expenses for bond sales to the general fund.

The Maryland Lottery and Gaming Control Agency transferred revenue in excess of funds allocated to prize awards, casino operators, operating expenses and capital expenditure payments in the amount of \$1,527,109, to the general fund. The general fund transferred \$128,087, to support the operations of Enterprise Funds - Loan Programs. Expenditures for capital projects of \$147,694, were transferred to Enterprise Funds - Loan Programs.

During the year, the general fund and other governmental funds had expenditures of \$186,885, and \$61,976, respectively, that were for funds provided to supplement revenues and construction costs, respectively, of the higher education component units. The general fund also had net expenditures of \$36,499, that were for funds provided to supplement revenues of the Maryland Stadium Authority. The general fund transferred appropriations to economic component units Maryland Small Business Development Financing Authority and Maryland Economic Development Assistance Authority and Fund of \$1,500 and \$0 respectively. The general fund transferred \$24,442, to the non-major component unit, the Maryland Technology Development Corporation, TEDCO, for Maryland Stem Cell Research and other operating grants. TEDCO transferred to the general fund \$14,803, as distributions/returns from Venture Capital Limited Partnerships. These expenditures are recorded as grants and contributions on component unit financial statements.

## 10. Capital Assets:

### A. Capital Assets, Primary Government:

Capital assets activity by asset classification net of accumulated depreciation, for the year ended June 30, 2022, was as follows (amounts expressed in thousands):

#### Governmental activities:

Classification	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets, not depreciated or amortized				
Land and improvements	\$ 3,965,178	\$ 46,592	\$ 70	\$ 4,011,700
Art and historical treasures	22,639	—	—	22,639
Construction in progress	7,826,145	1,513,196	646,646	8,692,695
Total capital assets, not depreciated or amortized	11,813,962	1,559,788	646,716	12,727,034
Capital assets, being depreciated or amortized				
Structures and improvements	8,465,100	114,617	84	8,579,633
Right-of-Use leased structures and improvements	—	637,478	—	637,478
Equipment	3,871,336	151,462	21,037	4,001,761
Infrastructure	28,796,404	911,207	—	29,707,611
Right-of-Use infrastructure	—	7,789	—	7,789
Total capital assets, being depreciated or amortized	41,132,840	1,822,554	21,121	42,934,273
Less: accumulated depreciation and amortization				
Structures and improvements	3,998,603	185,481	2,967	4,181,117
Right-of-Use leased structures and improvements	—	105,499	—	105,499
Equipment	2,917,292	145,577	16,894	3,045,975
Infrastructure	18,680,665	1,013,279	2,909	19,691,035
Right-of-Use infrastructure	—	1,926	—	1,926
Total accumulated depreciation and amortization	25,596,560	1,451,762	22,770	27,025,552
Total capital assets, net	\$ 27,350,242	\$ 1,930,580	\$ 645,067	\$ 28,635,755

#### Business-type activities:

Classification	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets, not depreciated or amortized				
Land and land improvements	\$ 402,847	\$ 4,638	\$ —	\$ 407,485
Construction in progress	1,613,183	483,118	394,440	1,701,861
Total capital assets, not depreciated or amortized	2,016,030	487,756	394,440	2,109,346
Capital assets, being depreciated or amortized				
Structures and improvements	223,254	7,122	906	229,470
Equipment	111,906	9,712	1,199	120,419
Infrastructure	6,747,783	387,318	67,285	7,067,816
Right-of-Use Asset	—	8,637	—	8,637
Total capital assets, being depreciated or amortized	7,082,943	412,789	69,390	7,426,342
Less: accumulated depreciation and amortization				
Structures and improvements	40,512	4,439	263	44,688
Equipment	67,509	7,696	660	74,545
Infrastructure	2,146,832	163,401	42,228	2,268,005
Right-of-Use Asset	—	2,692	—	2,692
Total accumulated depreciation and amortization	2,254,853	178,228	43,151	2,389,930
Total capital assets, net	\$ 6,844,120	\$ 722,317	\$ 420,679	\$ 7,145,758

*B. Depreciation Expense, Primary Government:*

The depreciation and amortization expense for the year ended June 30, 2022, for the primary government was charged as follows (amounts expressed in thousands):

**Governmental activities:**

Function	Amount
General government .....	\$ 118,378
Education .....	2,796
Human resources .....	16,880
Health and mental hygiene .....	13,247
Environment .....	305
Public safety .....	47,137
Natural resources and recreation .....	27,756
Transportation .....	1,199,913
Agriculture .....	23,283
Labor, licensing and regulation .....	455
Judicial .....	1,610
Total depreciation and amortization expense – governmental activities	\$ 1,451,762

**Business-type activities:**

Function	Amount
MLGCA .....	\$ 2,564
Transportation Authority .....	174,827
Maryland Correctional Enterprises .....	820
Economic Development Loan Programs .....	17
Total depreciation and amortization expense – business-type activities	\$ 178,228

## 11. Long-Term Obligations:

### A. Governmental Activities:

Changes in governmental activities' long term debt, for the year ended June 30, 2022, were as follows (amounts expressed in thousands):

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
<b>Bonds and Notes Payable:</b>					
General obligation bonds	\$ 9,912,930	\$ 1,902,125	\$ 1,226,462	\$ 10,588,593	\$ 987,355
Transportation bonds	3,892,210	677,095	515,465	4,053,840	328,120
Add: Issuance premiums, net	1,955,725	500,536	307,627	2,148,634	67,068
<b>Total bonds and notes payable</b>	<b>15,760,865</b>	<b>3,079,756</b>	<b>2,049,554</b>	<b>16,791,067</b>	<b>1,382,543</b>
<b>Other Liabilities:</b>					
Compensated absences	392,214	223,408	201,894	413,728	229,796
Self insurance costs	353,481	1,912,413	1,905,525	360,370	120,189
Net pension liability	20,349,509	—	6,982,650	13,366,859	—
Net other post employment benefits liability	15,681,628	106,921	2,353,721	13,434,828	—
Intergovernmental financing agreements	468,245	4,843	41,306	431,782	52,936
Obligations under lease liability	—	555,220	—	555,220	—
Obligations under lease liabilities with component units	69,111	4,555	—	73,666	19,023
Pollution remediation	159,446	—	3,162	156,284	1,021
Other long-term liabilities	417	—	282	135	67
<b>Total other liabilities</b>	<b>37,474,051</b>	<b>2,807,360</b>	<b>11,488,540</b>	<b>28,792,871</b>	<b>423,032</b>
<b>Total long-term liabilities – governmental activities</b>	<b>\$ 53,234,916</b>	<b>\$ 5,887,116</b>	<b>\$ 13,538,094</b>	<b>\$ 45,583,938</b>	<b>\$ 1,805,575</b>

### General Obligation Bonds –

General obligation bonds are authorized and issued primarily to provide funds for State owned capital improvements, facilities for institutions of higher education and the construction of public schools in political subdivisions. Bonds have also been issued for local government improvements, including grants and loans for water quality improvement projects and correctional facilities, and to provide funds for loans or outright grants to private, not-for-profit cultural or educational institutions. Under constitutional requirements and practice, the Maryland General Assembly, by a separate enabling act, authorizes loans for particular objects or purposes. Thereafter, the Board of Public Works, a constitutional body comprised of the Governor, the Comptroller and the State Treasurer, by resolution, authorizes the issuance of bonds in specified amounts. Bonds are issued and accounted for on a “cash flow” basis rather than a “project” basis and are not sold to specifically fund an enabling act. General obligation bonds are subject to arbitrage regulations. However, there are no major outstanding liabilities in connection with these regulations as of June 30, 2022. Bonds are subject to redemption provisions at the option of the State.

General obligation bonds, which are paid from the general obligation debt service fund, are backed by the full faith and credit of the State and, pursuant to the State Constitution, must be fully paid within 15 years from the date of issue. Property taxes, bond premiums, interest subsidy payments from the Federal government, debt service fund loan repayments and general fund and capital projects fund appropriations provide the resources for repayment of general obligation bonds. During fiscal year 2022, the State issued \$1,902,125,000, of general obligations at a premium of \$384,035,000, with related issuance costs of \$4,323,000.

Included in bond issuances were \$237,125,000, to refund certain outstanding general obligation bonds issued between 2009 and 2012. From the refunding bonds and related premium of \$21,474,000, \$278,485,000, was transferred to an escrow account and used to purchase U.S. Government securities. These securities will be used to secure the principal and interest related to the refunded bonds. The interest rates on the refunded bonds range from 2.0% to 5.0%. The purpose of the refunding was to realize savings on debt service costs. The aggregate difference in debt service between the refunded debt and the refunding debt was \$38,605,000.

Previously refunded bonds of \$561,315,000, maturing in fiscal years 2023-2028 and callable in fiscal years 2023-2024 were considered defeased as of June 30, 2022. Accordingly, the trust account assets and the liability for the defeased bonds are not included in these financial statements.

General obligation bonds issued and outstanding, as of June 30, 2022, were as follows (amounts expressed in thousands):

Issue	Fund	Interest Rates	Annual Principal Installments	Principal Issued	Principal Outstanding
3/1/2008 (a)	2073	-	—	4,986	4,986
12/15/2009 (a)	2090	3.0-9.0	371	5,563	1,113
12/15/2009 (g)	2190	—	50,320	50,320	50,320
3/1/2010 (f)	2101	3.0-6.0	60,370-62,170	400,000	181,200
8/1/10 (f)	2105	3.0-5.0	18,465-19,000	75,000	75,000
8/1/10 (g)	2106	3.5	45	45,175	45,175
12/8/10 (b)	2107	3.5	5	4,543	4,543
8/5/2011 (b)	2027	4.5	—	15,900	15,900
8/5/2011 (j)	2118	450.0	—	6,500	6,500
3/20/2012 (b)	2128	0	—	138,380	40,005
3/15/2013 (b)	2126	5.5	15,230	15,230	15,230
12/19/2013 (a)	2130	0	303	4,549	2,123
8/5/14 (i)	2142b	3.0-5.0	28,095-34,645	449,615	36,425
8/5/14 (a)	2148	3.5-25.0	35,500-184,385	649,715	381,555
12/18/14 (a)	2143	-	308	4,625	2,467
3/17/15 (i)	2151	7	—	518,000	187,500
3/17/15 (b)	2157	3.0-6.8	46,390-170,850	365,360	299,585
8/3/15 (i)	2152	6.0-6.5	36,125-32,685	450,000	339,020
12/17/15 (a)	2153	-	308	4,625	2,775
6/22/16 (i)	2161	5.6-6	74,645-78,380	1,036,000	783,910
12/15/16 (a)	2163	-	312	4,680	3,120
3/22/17 (i)	2171	6.0-6.8	46,400-48,720	575,000	549,655
3/22/17 (b)	2177	3.7-13.0	34,875-84,360	465,685	245,335
8/30/17 (i)	2172	6.0-7.0	35,955-37,795	550,000	486,525
8/30/17 (b)	2178	3.6-4.0	203,995-5,260	785,340	778,930
12/15/17 (a)	2173	-	322	4,823	3,537
3/21/18 (i)	2181	6.7-7.0	34,325-36,040	47,500	462,665
8/15/18 (i)	2182	4.5-5.0	31,715-33,345	275,295	246,600
8/15/18 (i)	2182b	950.0	42,815-45,010	234,705	234,705
4/09/19 (i)	2191	5	30,600-32,130	265,040	237,285
4/09/19 (i)	2191b	9.80	41,005-43,060	224,960	224,960
8/28/20 (i)	2192	5	34,260-14,890	248,675	248,675
8/28/20 (i)	2192b	10.00	—	251,325	251,325
8/28/20 (c)	2195	5	17975-32,025	50,000	50,000
3/18/20 (i)	2201	5	14,985-33,825	245,055	245,055
3/18/20 (i)	2201b	1,100.0	45,330-47,595	249,945	249,945
3/18/20 (c)	2205	3.6	17,780-32,220	50,000	50,000
3/18/20 (b)	2207	3.0-5.0	67,075-14,360	232,230	162,985
8/5/20 (i)	2202	5.0-6.0	30,240-31,790	290,080	290,080
8/5/20 (i)	2202b	11.6	45,115-47,425	249,920	249,920
8/5/20 (b)	2208	5.9	69,230-46,540	115,770	115,770
8/5/20 (b)	2209	4.0-5.0	51,625-96,560	355,620	349,065
3/10/21 (i)	2211	6.5	7,630-29,380	207,460	207,460
3/10/21 (i)	2211b	1210.0	39,370-41,335	217,540	217,540
3/10/21 (c)	2215	3.0-5.0	28,765-21,235	50,000	50,000
8/25/21 (i)	2212	715.0	37,945-39,895	258,950	258,950
8/25/21 (i)	2212b	12.45	51,225-53,855	281,050	281,050
8/25/21 (c)	2216	3.0-4.0	37,340-37,660	75,000	75,000
3/1/22 (b)	2217	560.0	35,500-38,595	113,840	113,840
5/1/22 (b)	2217b	6.36	39,280-40,920	123,285	123,285
6/22/22 (i)	2221	7.19	40,730-68,315	335,180	335,180
6/22/22 (i)	2221b	1100%	83,040-87,190	261,780	261,780
6/22/22 (i)	2221c	14	96,125-100,935	303,040	303,040
6/22/22 (c)	2225	3.71	61,735-63,510	150,000	150,000
				\$ 12,392,859	\$ 10,588,594

(1) Includes refunding debt

(2) Includes Qualified Zone Academy Bonds for which the purchaser may receive Federal tax credits each year the bonds are outstanding

(3) Includes federally taxable Build America Bonds for which the State receives a subsidy payment from the Federal Government equal to 35% of interest payments

(4) Qualified School Construction Bonds for which the purchaser receives Federal tax credits each year the bonds are outstanding

(5) Taxable bond sale

(6) Institutional bond sale

(7) Negotiated bond sale

(8) Competitive bond sale

(9) Qualified Energy Construction bond sale

General obligation bonds authorized, but unissued, as of June 30, 2022, totaled \$2,332,418,000.

As of June 30, 2022, general obligation debt service requirements for principal and interest in future years were as follows (amounts expressed in thousands):

Years Ending June 30,	Principal	Interest
2023	\$ 987,355	\$ 441,580
2024	1,005,999	401,227
2025	1,112,034	359,599
2026	1,026,836	317,319
2027	952,903	274,219
2028-2032	3,741,538	821,236
2033-2037	1,761,927	179,813
Total	\$ 10,588,593	\$ 2,794,993

**Transportation Bonds –**

Transportation bonds outstanding as of June 30, 2022, were as follows (amount expressed in thousands):

	Outstanding
Consolidated Transportation Bonds – 2.0% to 5.0%, due serially through 2036 for State transportation activity	\$ 3,252,440
Consolidated Transportation Bonds, Refunding – 4.0% to 5.0%, due serially through 2028 for State transportation activity	391,035
Special Transportation Project Revenue Bonds - 0.36% - 1.69%, due serially through 2031 for for State transportation activity	219,880
Special Transportation Project Revenue Bonds - 4.0% - 5.0%, due serially through 2051 for for State transportation activity	190,485
Total	\$ 4,053,840

Consolidated Transportation Bonds are limited obligations issued by the Maryland Department of Transportation (Department) for highway, port, airport, rail, or mass transit facilities, or any combination of such facilities. The principal must be paid within 15 years from the date of issue.

As provided by law, the General Assembly shall establish in the budget for any fiscal year a maximum outstanding aggregate amount of these Consolidated Transportation Bonds as of June 30 of the respective fiscal year that does not exceed \$4,500,000,000, June 30, 2022, and thereafter. The aggregate principal amount of those bonds that was allowed to be outstanding as of June 30, 2022, was \$3,675,580,000. The aggregate principal amount of Consolidated Transportation Bonds outstanding as of June 30, 2022, was 3,643,475,000. Consolidated Transportation Bonds are payable from the proceeds of certain excise taxes levied by statute, a portion of the corporate income tax and a portion of the State sales tax credited to the Department. These amounts are available to the extent necessary for that exclusive purpose before being available for other uses by the Department. If those tax proceeds become insufficient to meet debt service requirements, other receipts of the Department are available for that purpose. The holders of such bonds are not entitled to look to other State resources for payments.

Under the terms of the authorizing bond resolutions, additional Consolidated Transportation Bonds may be issued, provided, among other conditions, that (1) total receipts (excluding Federal funds for capital projects, bond and note proceeds, and other receipts not available for debt service), less administration, operation and maintenance expenses for the preceding fiscal year, equal at least two times the maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued, and that (2) total proceeds from pledged taxes equal at least two times the maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued.

The 2021 session of the General Assembly established a maximum outstanding principal amount of \$951,000,000, as of June 30, 2022, for all nontraditional debt of the Department. Nontraditional debt outstanding is defined as any debt instrument that is not a Consolidated Transportation Bond or GARVEE bond (tax-exempt debt backed by annual federal appropriations for federal-aid transportation projects). This debt includes certificates of participation, debt backed by customer facility charges, passenger facility charges, or other revenues, and debt issued by the Maryland Economic Development Corporation or any other third party on behalf of the Department. As of June 30, 2022, the Department’s nontraditional debt outstanding was \$248,065,000, and was reported as Intergovernmental financing agreement obligations and includes funds held by the bond trustee under these agreements.

Arbitrage regulations are applicable to the transportation bonds payable. The Department estimates there are no material liabilities for arbitrage rebates as of June 30, 2022.

During the year, the Department issued Consolidated Transportation Bonds in the amount of \$486,610,000, with net premiums of \$73,881,000, with maturities ranging from 2023 to 2036, and with interest rates ranging from 2.0% to 5.0%. As of June 30, 2022, the Department has no defeased debt outstanding.

As of June 30, 2022, Department bond debt service requirements for principal and interest in future years were as follows (amounts expressed in thousands):

Years Ending June 30,	Consolidated Transportation Bonds	
	Principal	Interest
2023	\$ 328,120	\$ 151,390
2024	294,970	133,987
2025	312,830	119,380
2026	309,350	104,124
2027	324,040	89,707
2028-2032	1,517,910	238,034
2033-2037	556,255	31,446
Total	\$ 3,643,475	\$ 868,068

County Transportation Bonds are issued by the Department and the proceeds are used by participating counties and Baltimore City to fund local road construction, reconstruction and other transportation projects and facilities and to provide local participating funds for Federally-aided highway projects. Debt service on these bonds is payable from the participating counties' and Baltimore City's share of highway user revenues. County transportation debt is the obligation of the participating counties rather than the Department. Unexpended bond proceeds in the amount of \$10,609,000, and certain debt service sinking fund amounts aggregating \$14,479,000, were invested in money market accounts as of June 30, 2022. These funds are restricted for project funds and county bond debt service, respectively, and are reported as cash and cash equivalents in the custodial funds. As of year end, \$87,195,000, in County Transportation Revenue Bonds were outstanding.

In July 2021, Special Transportation Project Refunding Revenue Bonds series 2021B were issued in the amount of \$190,485,000 to finance the construction of the Concourse A/B Connector and Baggage Handling System Replacement project. The Series 2021B are dated with maturities ranging from 2026 to 2051, at annual interest rates ranging from 4.0%-5.0%. At the end of the current fiscal year the Department had total Special Transportation Project Revenue Bonds outstanding of \$410,365,000.

Subsequent to June 30, 2022, the Department issued \$143,585,000 of 2022 Series B Consolidated Transportation Bonds, with net premiums of \$21,740,000 with maturities ranging from 2023 to 2029, at an annual interest rate of 5.0%, to fund transportation projects.

*Obligations under Intergovernmental Financing Agreements –*

Intergovernmental Financing Agreements as of June 30, 2022, bore interest at annual rates ranging from 0.1% to 6.7%. Intergovernmental financing agreements with third parties in fiscal year 2022 increased by \$4,843,000, for master equipment leases entered into by the general fund. The intergovernmental financing with component units include the general fund's intergovernmental financing with the Maryland Stadium Authority, which are being paid with the net proceeds transferred from certain lottery games. Following is a schedule of annual future minimum payments under these obligations, along with the present value of the related net minimum payments as of June 30, 2022, (amounts expressed in thousands):

Years Ending June 30,	Intergovernmental Financing Agreements	
	Third Parties	Component Units
2023	\$ 73,725	\$ 19,023
2024	70,095	19,030
2025	64,694	17,693
2026	60,624	16,688
2027	54,754	8,755
2028-2032	255,826	43,791
2033-2037	61,546	43,788
2038-2043	16,940	30,407
2044-2048	—	18,735
2049-2052	—	18,738
Total future minimum payments	658,204	236,648
Less: Amount representing interest	131,208	83,279
Less: Restricted cash and investments	95,110	79,703
Present value of net minimum payments	\$ 431,781	\$ 73,666

The reduction shown for restricted cash and investments in the amounts of \$95,110, and \$79,703,000, is monies held by the bond trustee to be used primarily for construction expenditures.

*Pollution Remediation Obligations –*

The State has recognized a pollution remediation obligation on the statement of net position for governmental activities. A pollution remediation obligation is a liability which addresses the current or potential detrimental effects of existing pollution and may include pre-cleanup activities (site assessment, feasibility study), cleanup activities (neutralization, containment, removal and disposal, site restoration), oversight and enforcement and post remediation monitoring.

Obligating events initiate the recognition of a pollution remediation liability. These events include any of the following:

- (a) There is an imminent danger to the public.
- (b) The State is in violation of a related permit or license.
- (c) The State is identified as a responsible party or potentially responsible party (PRP) by a regulator.
- (d) The State is named or has evidence that it will be named in a lawsuit.
- (e) The State commences, or legally obligates itself to commence, pollution remediation activities.

The pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. The liability is recognized as it becomes estimable. In some cases, this may be at inception. In other cases, components of a liability (for example, legal services, site investigation or required post remediation monitoring) are recognized as they become reasonably estimable. At a minimum, the liability is reviewed for sufficiency when various benchmarks occur, such as receipt of an administrative order, participation as a responsible party or PRP in a site assessment, completion of a corrective measures feasibility study, issuance of an authorization to proceed, and as remediation is implemented and monitored.

Measurement of the liability is based on the current value of outlays expected to be incurred using the expected cash flow technique. This technique measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts – the estimated mean or average. Expected recoveries reduce the pollution remediation expense.

The pollution remediation estimated liability is \$156,283,000, with no estimated recoveries from third parties to reduce the liability. Included in this liability are cost estimates for site monitoring and repair, excavation of road and infrastructure and replacement of buildings as a result of site contamination by hazardous materials under Federal and State law in the amount of \$155,262,000. In these cases, either the State has been named in a lawsuit by a State regulator or the State legally obligated itself under the Environmental Article, Section 7-201, of the Annotated Code of Maryland.

The estimated liability also includes \$1,021,000, for the clean-up of illegal tire dumps for which the State is legally obligated under the Environmental Article, Section 9-2 of the Annotated Code of Maryland.

The cost estimates and assumptions for the pollution remediation due to site contamination from hazardous materials are based on engineering design estimates. The cost estimates and assumptions for the tire dump clean-up are based on estimated unit cost of \$830/ ton based on historical data, fuel costs, specific site factors and oversight costs.

*Agricultural Land Preservation Installment Purchase Obligation—*

Under the Maryland Agricultural Land Preservation Program, the State purchases agricultural preservation easements restricting development on prime farmland and woodland.

Landowners have the option to choose a lump-sum payment option or installment payment option. The installment payment option is available by taking payments in equal amounts over two to ten years. The landowner may elect to take a certain amount in cash at the time of settlement and divide the remainder of the offer amount equally to be paid annually over the subsequent years. For the installment payments, the funds are invested by the State Treasurer in certificates of deposit at the interest rate in effect on the day of deposit in order to mature in accordance with the schedule of installments indicated by the landowners. Interest rates currently range from 0.15% to 1.24%. Each installment includes interest minus one-quarter of one percent of the interest earned. All installments are paid either April 1 or October 1 beginning the calendar year after the year settlement has occurred. Installment obligations mature through April 2024.

A summary of long-term debt outstanding for the agricultural land preservation installment purchase obligation as of June 30, 2022 is as follows (amounts expressed in thousands):

Years Ending June 30,	Principal	Interest
2023 .....	67	—
2024 .....	67	—
Total .....	\$ 135	\$ —

For the governmental activities, compensated absences, self insurance, net pension liability, net other post-employment benefits liability, obligations under lease liability, pollution remediation obligations, claims and judgments, and agricultural land preservation installment purchase obligations are generally liquidated by the general or special revenue fund as applicable.



*B. Long Term Obligations – Business-type Activities:*

Changes in long-term obligations for business-type activities as of June 30, 2022, were as follows (amounts expressed in thousands):

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
<b>Bonds Payable:</b>					
Revenue bonds payable and notes payable .....	\$ 5,751,419	\$ 719,518	\$ 791,375	\$ 5,679,562	\$ 204,828
<b>Other Liabilities:</b>					
Lottery prizes .....	36,523	1,037	5,461	32,099	4,102
Escrow deposits .....	74,194	33,778	32,045	75,927	29,832
Compensated absences .....	19,930	8,216	7,868	20,278	3,362
Self-insurance costs .....	19,650	550	117	20,083	3,013
Net Pension liability .....	314,010	—	106,366	207,644	—
Lease liability .....	—	5,979	—	5,979	2,221
Total other liabilities .....	464,307	49,560	151,857	362,010	42,530
<b>Total long-term liabilities - business type activities .....</b>	<b>\$ 6,215,726</b>	<b>\$ 769,078</b>	<b>\$ 943,232</b>	<b>\$ 6,041,572</b>	<b>\$ 247,358</b>

Debt service requirements for business-type activities' notes payable and revenue bonds to maturity were as follows (amounts expressed in thousands):

Year Ending June 30,	Community Development		Maryland Water Infrastructure		Maryland Transportation	
	Administration		Financing Administration		Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2023 .....	\$ 116,199	\$ 78,247	\$ 27,605	\$ 7,660	\$ 61,024	\$ 109,798
2024 .....	87,898	79,375	24,355	6,298	77,420	106,837
2025 .....	85,504	77,570	25,725	5,080	80,967	103,150
2026 .....	83,155	75,837	23,340	3,794	84,331	99,222
2027 .....	89,417	73,699	24,340	2,957	87,921	95,093
2028-2032 .....	469,881	328,949	70,375	4,168	501,726	407,803
2033-2037 .....	433,381	263,505	—	—	491,005	288,445
2038-2042 .....	468,954	198,609	—	—	521,450	168,231
2043-2047 .....	484,022	124,106	—	—	325,345	70,598
2048-2052 .....	348,744	47,449	—	—	193,675	18,524
2053-2057 .....	57,129	12,746	—	—	—	—
2058-2062 .....	36,294	3,532	—	—	—	—
2063-2067 .....	3,905	109	—	—	—	—
Subtotals .....	2,764,483	1,363,733	195,740	29,957	2,424,864	1,467,701
Discounts and premiums .....	65,774	—	4,355	—	222,761	—
Totals .....	\$ 2,830,257	\$ 1,363,733	\$ 200,095	\$ 29,957	\$ 2,647,625	\$ 1,467,701

*Community Development Administration (Administration) – Revenue Bonds*

The Administration, an agency of the Department of Housing and Community Development, has issued revenue bonds, proceeds of which were used for various mortgage loan programs. Assets aggregating approximately \$3,410,337,000 and revenues of each mortgage loan program are pledged as collateral for the revenue bonds. Interest rates range from 0.2% to 5.4%, with the bonds maturing serially through 2060. The principal amount outstanding as of June 30, 2022, was \$2,830,257,000. Substantially all bonds are subject to redemption provisions at the option of the Administration. Redemptions are permitted at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans. During fiscal year 2022, the Administration issued \$680,316,000, of revenue bonds with interest rates ranging from 0.1% to 5.0% and maturing serially through 2064.

There were no economic refundings for the year ended June 30, 2022. The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred inflow of resources at its unamortized balance of \$696,655, as of June 30, 2022.

Subsequent to June 30, 2022, the Administration issued a total of \$98,720,000, and redeemed a total of \$36,310,000, revenue bonds.

*Maryland Water Infrastructure Financing Administration (Administration) – Revenue Bonds*

The Administration, an agency of the Department of Environment, has issued revenue bonds for providing loans and grants. Interest rates range from 1.5% to 4.1%, payable semiannually, with annual installments from \$2,965,000, to \$24,640,000, to March 1, 2030. The principal amount outstanding as of June 30, 2022, was \$195,740. These bonds are payable solely from the revenue, money or property of the Administration.

*Maryland Transportation Authority Bonds:*

**Bonds outstanding as of June 30, 2022, are as follows (amounts expressed in thousands):**

BWI Consolidated Car Rental Facility Revenue Bonds, Series 2002, maturing in annual installments ranging from \$4,475 to \$8,505 from July 1, 2022, to July 1, 2032, with interest rates ranging from 2.7% to 6.7%, payable semiannually	\$ 69,230
Lease Revenue Refunding Bonds, Series 2015, maturing in annual installments ranging from \$1,139 to \$1,422 from July 1, 2022 to July 1, 2032, with an interest rate of 2.6% payable semiannually	13,491
Series 2017 Revenue Refunding Bonds maturing in annual installments of \$5,230 to \$11,030, from July 1, 2022 to July 1, 2040, with interest rates ranging from 3.0% to 5.0% payable semiannually	151,470
Series 2009 Revenue Bonds, for construction and improvements of Authority's Transportation Facilities projects, maturing from July 1, 2024 to July 1, 2043, with interest rates ranging from 5.8% to 5.9% payable semiannually	450,515
Series 2010 Revenue Bonds, for construction and improvements of the Authority's Transportation Facilities projects, maturing from July 1, 2022 to July 1, 2041, with interest rates ranging from 5.2% to 5.8% payable semiannually	288,275
Passenger Facility Charge Revenue Bonds, Series 2012A, maturing in annual installments of \$2,440 to \$2,965 from June 1, 2022 to June 1, 2032, with interest rates ranging from 4.0% to 5.0% payable semiannually	30,660
Passenger Facility Charge Revenue Bonds, Series 2012B, maturing in annual installments of \$7,060 to \$7,765 from June 1, 2023 to June 1, 2027, with interest rates ranging from 2.2% to 2.6% payable semiannually	37,010
Variable Passenger Facility Charge Revenue Bonds, Series 2012C, via sinking fund payments of \$43,400 through June 1, 2032, with a current variable rate of 0.87%	43,400
Passenger Facility Charge Revenue Bonds BWI Thurgood Marshall Airport, Series 2014, maturing in annual installments of \$1,925 to \$2,215 from June 1, 2022 to June 1, 2034, with interest rates ranging from 3.0% to 5.0% payable semiannually	28,215
Series 2019 Revenue Refunding Bonds maturing in annual installments of \$12,735 to \$13,375, from July 1, 2022 to July 1, 2023, with an interest rate of 5.0% payable semiannually	26,110
Passenger Facility Charge Revenue Bonds, Series 2019, maturing in annual installments of \$3,990 to \$8,145 from June 1, 2022 to June 1, 2039, with interest rates ranging from 1.5% to 2.8% payable semiannually	101,285
Series 2020 Revenue Bonds maturing in annual installments of \$6,735 to \$21,565, from July 1, 2022 to July 1, 2050, with an interest rate of 4.0% to 5% payable semiannually	400,000
Series 2021 Revenue Bonds maturing in annual installments of \$6,625 to \$39,510, from July 1, 2022 to July 1, 2051, with an interest rate of 2.0% to 5% payable semiannually	746,005
Series 2022 Principal payments ranging from \$5,155 to \$5,967 from July 1, 2023 to July 1, 2029, with coupons of 2.06%, payable semiannually	39,198
Unamortized premium	222,761
<b>Total</b>	<b>\$ 2,647,625</b>

Revenue bonds are payable solely from the revenues of the transportation facilities projects. Capital assets constructed for BWI facilities and the Calvert Street Parking Project are not capital assets of the Authority.

Grant and Revenue Anticipation Bonds (GARVEE Bonds) are payable from a portion of Maryland's future Federal highway aid and other pledged monies. These bonds are not general obligations of the Authority or legal obligations of the Maryland Department of Transportation or the State.

*Department of Housing and Community Development (DHCD) State Funded Loan Programs – Note Payable*

In April 2010, the DHCD obtained a loan from the John D. and Catherine T. MacArthur Foundation to preserve affordable housing for low-income persons and families near military bases in counties in Maryland impacted by the Base Realignment and Closure initiative (BRAC). In fiscal year 2012, several Maryland counties committed matching funds for participation in the BRAC. As of June 30, 2022, total notes payable for BRAC are \$1,585,000. This balance includes the loans received from the MacArthur Foundation as well as several Maryland counties. The loans bear interest at the rate of 2.0%, and are committed for no less than 10 years.

*C. Notes and Revenue Bonds Payable – Component Units*

*Higher Education –*

Certain State higher education institutions have issued revenue bonds for the acquisition, renovation, and construction of student housing and other facilities. Student fees and other user revenues collateralize the revenue bonds. Interest rates range from 2.0% to 6.1% on the revenue bonds.

Debt service requirements to maturity were as follows (amounts expressed in thousands):

Year Ending June 30,	Notes Payable and Other Long-Term Debt		Revenue Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 6,095	\$ 560	\$ 95,134	\$ 48,808
2024	4,274	479	93,190	43,797
2025	1,723	412	85,675	39,459
2026	1,435	389	85,665	35,527
2027	1,447	366	89,375	31,644
2028-2032	6,799	1,460	368,595	106,785
2033-2037	7,457	802	223,980	52,990
2038-2042	4,817	139	89,275	22,892
2043-2047	—	—	38,620	12,172
2048-2052	—	—	41,095	4,085
Total	34,048	4,607	1,210,604	398,158
Accumulated accreted interest, premiums and discounts	—	—	149,697	—
Total	\$ 34,048	\$ 4,607	\$ 1,360,300	\$ 398,158

The bonds issued are the debt and obligation of the issuing higher education institutions and are not a debt and obligation of, or pledge of, the faith and credit of the State.

As of June 30, 2022, higher education institutions have defeased debt outstanding of \$107,490,000, resulting from the refunding of previously issued debt. Accordingly, the trust account assets and the liability for the defeased bonds were not included in these financial statements.

As of June 30, 2022, cash and investments were held by the trustees for the higher education institutions in the amount of \$88,107,000, for the University System of Maryland (System), \$16,106,000, for St. Mary's College of Maryland, and \$1,265,000, for Morgan State University.

On February 24, 2022, University System of Maryland issued \$102,865,000, of 2022 Series A at interest rates ranging from 3.0% to 5.0% maturing from 2023-2052.

On February 24, 2022, University System of Maryland issued \$23,525,000, of 2022 Series B Bonds at interest rates ranging from 5.00% maturing from 2023-2026 for refinancing \$25,565,000, of previously issued bonds for construction and university facilities renewal. The reduction in future debt service between the refunding debt and the refunded debt was \$575,289. The economic gain on the transaction was \$550,273.

Obligations under lease liability of \$144,959 existed as of June 30, 2022, and bore interest at annual rates ranging from 1.53% to 6.8%.

*Maryland Stadium Authority (Authority) – Revenue Bonds:*

Debt service requirements to maturity for Maryland Stadium Authority revenue bonds and notes payable were as follows (amounts expressed in thousands):

Years Ending June 30,	Principal	Interest
2023	\$ 39,947	\$ 86,625
2024	44,860	84,229
2025	44,395	82,377
2026	44,525	80,138
2027	38,710	78,018
2028-2032	221,585	362,080
2033-2037	310,800	305,441
2038-2042	395,135	233,355
2043-2047	495,530	146,319
2048-2050	343,095	38,259
Total	1,978,582	1,496,840
Unamortized premium net of unamortized discount	298,130	—
Total	\$ 2,276,712	\$ 1,496,840

The Authority has issued various lease revenue bonds and notes to finance the construction of the baseball and football stadiums, Baltimore City Public Schools (BCPS), and certain other facilities. Except for BCPS, the outstanding debt is to be repaid through lease payments from the State, as the State has entered into lease arrangements for the use of the facilities financed with the debt proceeds.

In April 2013, the BCPS Construction and Revitalization Act was passed. The General Assembly authorized the Authority to issue up to \$1.1 billion in debt as limited obligations of the Authority, payable solely from the BCPS Financing Fund, established under the Act. As of June 30, 2022, the Authority has issued BCPS Construction and Revitalization Program Revenue Bonds totaling \$746,440,000. In support of the bonds, the Authority will receive \$60,000,000, annually, \$20,000,000, each from the State of Maryland, Baltimore City, and Baltimore City Board of School Commissioners (BCBSC). Sources of revenues include a portion of State lottery revenues, a portion of state education aid currently committed to Baltimore City Public Schools, and other taxes collected by or payable to Baltimore City.

Expenditures for Baltimore City Public School Construction are projected to be spent over an eight-year period while the revenues will be collected for at least thirty (30) years, which will decrease unrestricted net position until the revenues are fully received.

On October 19, 2021, the Authority issued the Series 2021 Maryland Stadium Authority Built to Learn Revenue Bonds, Series 2021 of \$257.0 million. The proceeds will be used for issuance costs, capitalized interest and construction costs related to the Built to Learn statewide public schools program. Interest is payable semiannually at varying rates from 2.75% to 5% per annum. This bond will mature June 1, 2051.

On March 2, 2022, the Maryland Stadium Authority issued series 2022A Maryland Stadium Authority Hagerstown Multi-Use Stadium and Events Facility Lease Revenue Bonds, Series 2022A of \$57.6 million. The proceeds will be used for issuance costs and construction costs related to the Hagerstown Multi-Use Stadium and Events Facility located in Hagerstown, Maryland. Interest is payable semiannually at varying rates from 4% to 5% per annum. This bond will mature June 1, 2052

On February 23, 2022, the Authority issued the Series 2022A Maryland Stadium Authority Built to Learn Revenue Bonds, Series 2022A of \$373.1 million. The proceeds will be used for issuance costs, capitalized interest and construction costs related to the Built to Learn statewide public schools program. Interest is payable semiannually at varying rates from 4.0% to 5% per annum. This bond will mature June 1, 2052.

As of June 30, 2022, the Authority had outstanding revenue bonds for the construction, renovation and expansion of certain facilities as follows (amounts expressed in thousands):

Facility	Outstanding Amount	Interest Rates	Maturity Date
Baseball Stadium	\$ 2,263	1.0% to 6.1%	12/15/2023
Football Stadium	36,447	Variable	3/1/2026
Montgomery County Conference Center	3,033	4.0% to 5.0%	6/15/2024
Camden Station	2,220	3.0% to 5.2%	12/15/2024
Camden Yards Complex	37,570	2.8% to 3.7%	3/1/2039
Baltimore City Public Schools Construction	1,392,055	5%	5/1/2047
Ocean City Convention Facility	93,499	3.0% to 5.0%	12/15/2039
Built to Learn	709,625	2.7% to 5.0%	6/1/2052
<b>Total</b>	<b>\$ 2,276,712</b>		

**12. Insurance:**

The self-insurance liabilities represent the State's liability for its various self-insurance programs. The State is self-insured for general liability, property and casualty, worker's compensation, environmental and anti-trust liabilities and certain employee health benefits. Commercial insurance coverage is purchased for specialized exposures such as aviation hull and liability, steam boiler coverage and certain transportation risks. There were no significant reductions or changes in the commercial insurance coverage from the prior year, and the amount of settlements have not exceeded insurance coverage for any of the past three fiscal years.

All funds, agencies and authorities of the State participate in the self-insurance program (Program). The Program, which is accounted for in the general fund, allocates the cost of providing claims servicing and claims payment by charging a "premium" to each fund, agency or public authority, based on a percentage of each organization's estimated current-year payroll or based on an average loss experienced by each organization. This charge considers recent trends in actual claims experience of the State as a whole and makes provision for catastrophic losses.

The Program's liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, actual claims paid could differ from these estimates. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Non-incremental claims adjustment expenses have been included as part of the liability for claims and adjustments for the general liability, property and casualty, workers' compensation, environmental and anti-trust liabilities. Liabilities for incurred workers' compensation losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a 4% discount rate. The worker's compensation and property and casualty costs are based upon separately determined actuarial valuations for the following fiscal years ending. The employee health benefits liability is calculated based on claims subsequently reported and claims trends.

Changes in the self-insurance liabilities during the fiscal year 2022 were as follows (amounts expressed in thousands):

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability	Amounts Due Within One Year
Property, casualty and general liability .....	\$ 21,397	\$ 10,878	\$ 10,255	\$ 22,020	\$ 8,520
Employee health benefits .....	73,033	1,837,286	1,828,110	82,209	82,209
Workers' compensation .....	259,051	64,249	67,159	256,141	29,460
Governmental activities self-insurance costs .....	353,481	1,912,413	1,905,525	360,370	120,189
Business-type activities workers' compensation .....	19,650	3,887	3,454	20,083	3,012
Component units workers' compensation .....	40,827	3,442	6,264	38,005	5,701
Total self-insurance costs .....	\$ 413,958	\$ 1,919,743	\$ 1,915,243	\$ 418,458	\$ 128,902

As of June 30, 2022, the Program held \$62,488,000, in cash and investments designated for payments of these claims.

Changes in the self-insurance liabilities during fiscal year 2021 were as follows (amounts expressed in thousands):

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability	Amounts Due Within One Year
Property, casualty and general liability .....	\$ 18,706	\$ 14,761	\$ 12,070	\$ 21,397	\$ 11,800
Employee health benefits .....	71,900	1,768,013	1,766,880	73,033	73,033
Workers' compensation .....	254,023	62,171	57,143	259,051	29,978
Governmental activities self-insurance costs .....	344,629	1,844,945	1,836,093	353,481	114,811
Business-type activities workers' compensation .....	19,764	2,951	3,065	19,650	2,948
Component units workers' compensation .....	40,599	3,200	2,972	40,827	6,124
Total self-insurance costs .....	\$ 404,992	\$ 1,851,096	\$ 1,842,130	\$ 413,958	\$ 123,882

As of June 30, 2021, the Program held \$90,764,000, in cash and investments designated for payments of these claims.

### 13. Fund Equity:

The unrestricted deficit for governmental activities on the government-wide statement of net position is \$27,701,748,562. A portion of the deficit results from the State incurring a debt for the purposes of capital acquisition and construction on behalf of local governments and private organizations. Since the incurrence of this debt does not result in capital assets of the State, the debt is not reflected in the net position category, net investment in capital assets, but rather in the unrestricted net position category. As of June 30, 2022, the State had reported outstanding general obligation bonds and lease liability applicable to these non-State projects of \$4,624,817,687. Without State financing for these capital assets, the State would have reported an unrestricted deficit for governmental activities in the amount of \$23,076,930,875.

The statement of net position for the primary government reported \$4,621,557,192, of restricted net position, including \$197,905,000, restricted by enabling legislation. Detail of the fund balance categories and classification shown in the aggregate on the governmental funds balance sheet is as follows (amounts in thousands):

	Special Revenue			
	General	Maryland Department of Transportation	Other Governmental Funds	Total Governmental Funds
Fund balances:				
Nonspendable - Prepaid items, inventories and long-term loans and notes receivable	\$ 1,201,141	\$ 91,629	\$ 1,077	\$ 1,293,847
Restricted:				
Debt service	—	—	197,905	197,905
Other purposes	97,270	—	—	97,270
Committed:				
State Reserve Fund	1,782,294	—	—	1,782,294
Hospital Uncompensated Care	—	—	—	—
Other health and mental hygiene	201,284	—	—	201,284
Education	1,378,771	—	—	1,378,771
Aid for higher education	39,948	—	—	39,948
Human resources	33,111	—	—	33,111
Public safety	80,415	—	—	80,415
Mortgage Services Settlement Fund	373	—	—	373
Public Utility Customer Investment Fund	7,183	—	—	7,183
Other judicial	60,127	—	—	60,127
Labor, licensing and regulation	70,309	—	—	70,309
Other natural resources and recreation	200,728	—	—	200,728
Housing and community development	35,269	—	—	35,269
Environment	402,897	—	—	402,897
Agriculture	86,261	—	—	86,261
Commerce	174,148	—	—	174,148
Capital projects	—	—	983,207	983,207
Intergovernmental	1,107	—	—	1,107
Other purposes	91,857	—	—	91,857
Assigned	—	529,650	—	529,650
Unassigned	4,839,807	—	889,380	5,729,187
<b>Total fund balances</b>	<b>\$ 10,784,301</b>	<b>\$ 621,279</b>	<b>\$ 2,071,569</b>	<b>\$ 13,477,149</b>

A portion of the general fund's committed fund balance, in the amount of \$1,782,294,000 as of June 30, 2022, includes the State Reserve Fund, which consists primarily of the Revenue Stabilization Account with a balance of \$1,662,340,000. The Revenue Stabilization Account is authorized in Section 7-311 of the State Finance and Procurement Article, Annotated Code of Maryland. Appropriations are required to be transferred to the Revenue Stabilization Account in years when the account balance is less than 7.5% of estimated general fund revenues. If the account balance is at least 3% but less than 7.5%, an appropriation of \$50,000,000, or whatever lesser amount is necessary to bring the account balance to 7.5% of estimated general fund revenues is required; if the account balance is less than 3%, the required appropriation is \$100,000,000.

Transfer of funds from the Revenue Stabilization Account may occur only to support the operation of State government on a temporary basis and only in amounts that are not otherwise offset by reductions made by the General Assembly in the general fund appropriations. These circumstances are not expected to occur routinely.

Transfer of funds from the account that does not result in a balance below 5% of estimated general fund revenues must be authorized by (1) an act of the General Assembly or (2) a specific provision of the State budget bill as enacted. Transfers resulting in a balance below 5% must be authorized by an act of the General Assembly other than the budget bill. The use of a budget amendment for fund transfer is prohibited.

#### 14. Segment Information:

The State's Economic Development Loan Program contains two separately identifiable activities that have separately issued revenue bonds outstanding: housing loans of the Community Development Administration and water quality loans and grants of the Maryland Water Infrastructure Financing Administration.

The Community Development Administration (CDA) has issued revenue bonds, the proceeds of which were used for various mortgage loan programs. The assets of the loan program and revenues of each mortgage loan program are pledged as collateral for the revenue bonds. The bond indentures require the CDA to separately account for the identifiable activity's revenues, expenses, gains and losses, assets and liabilities.

The Maryland Water Infrastructure Financing Administration has issued revenue bonds to encourage capital investment for wastewater treatment systems and bay restoration. These bonds are payable solely from, and secured by, the revenue, money or property of the Maryland Water Infrastructure Financing Administration. The bond indentures require separate accounting for the identifiable activity's revenues, expenses, gains and losses, assets and liabilities.

Summary financial information for the two loan programs is presented below:

**As of Condensed Statement of Net Position**  
**As of June 30, 2022**  
*(Expressed in Thousands)*

	<b>Community Development Administration</b>	<b>Maryland Water Infrastructure Financing Administration</b>
Assets:		
Current restricted assets .....	\$ 1,000,160	\$ 24,324
Non-current restricted assets .....	2,410,177	64,186
Total assets .....	3,410,337	88,510
Liabilities:		
Current liabilities .....	211,860	31,532
Non-current liabilities .....	2,751,924	170,428
Total liabilities .....	2,963,784	201,960
Net position:		
Restricted .....	446,553	—
Unrestricted .....	—	(113,450)
Total net position (deficit) .....	\$ 446,553	\$ (113,450)

**Condensed Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

	<b>Community Development Administration</b>	<b>Maryland Water Infrastructure Financing Administration</b>
Operating income (expenses):		
Interest on loan income .....	\$ 54,570	\$ 965
Other operating revenues .....	13,602	—
Other operating expenses .....	(45,700)	—
Operating income (loss) .....	22,472	965
Non-operating revenues (expenses) .....	(121,046)	(61)
Change in net position .....	(98,574)	904
Total net position - beginning .....	545,127	(114,354)
Total net position - ending .....	\$ 446,553	\$ (113,450)

**Condensed Statement of Cash Flows**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

	<b>Community Development Administration</b>	<b>Maryland Water Infrastructure Financing Administration</b>
Net cash from:		
Operating activities .....	\$ (29,602)	\$ —
Non-capital financing activities .....	27,467	(29,320)
Investing activities .....	(111,880)	29,320
Beginning cash and cash equivalents .....	752,487	—
Ending cash and cash equivalents .....	\$ 638,472	\$ —

**15. Retirement Benefits:**

*Maryland State Retirement and Pension System (System):*

The State is an employer in the cost-sharing multiple-employer public employee retirement system established by the State to provide pension benefits for all State employees and employees of 154 participating political subdivision or other entities within the State. The Maryland Transit Administration Pension Plan described below) is a separate plan established for 1) Certain management employees and, 2) Employees covered by a collective bargaining agreement.

The State Retirement Agency (the "Agency") is the administrator of the Maryland State Retirement and Pension System (the "System"). The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. The System is made up of two cost-sharing employer pools: the "State Pool" and the "Municipal Pool". The "State Pool" consists of the State agencies, boards of education, community colleges, and libraries. The "Municipal Pool" consists of the participating governmental units that elected to join the System. Neither pool shares in each other's actuarial liabilities, thus participating governmental units that elect to join the System (the "Municipal Pool") share in the liabilities of the Municipal Pool only.

The State of Maryland is the statutory guarantor for the payment of all pensions, annuities, retirement allowances, refunds, reserves, and other benefits of the System. The State is obligated to annually pay into the accumulation fund of each State system at least an amount that, when combined with the System's accumulation funds, is sufficient to provide benefits payable under each plan during that fiscal year. The System is accounted for as one defined benefit plan as defined in accounting principles generally accepted in the United States. Additionally, the System is fiscally dependent on the State by virtue of the legislative and executive controls exercised with respect to its operations, policies, and administrative budget. Accordingly, the System is included in the State's reporting entity and disclosed in its financial statements as a pension trust fund.

The System prepares a separately audited Annual Comprehensive Financial Report, which can be obtained from the Maryland State Retirement and Pension System, 120 E. Baltimore Street, Suite 1600, Baltimore, Maryland 21202-1600 or located at <http://www.sra.state.md.us/Agency/Downloads/ACFR/>.



**Total Net Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources and Net Pension Expense - MSRPS & MTA**

Below is an aggregation of the total net pension liabilities, deferred outflows of resources, deferred inflow of resources, and net pension expense for both the MSRPS and MTA pension plans. *(Expressed in Thousands)*

	<b>MSRPS</b>	<b>MTA</b>	<b>Total</b>
Net Pension Liability.....	\$ 13,934,828	\$ 731,672	\$ 14,666,500
Deferred outflows of resources.....	4,827,002	147,579	4,974,581
Deferred inflows of resources.....	7,840,463	441,039	8,281,502
Net Pension expense.....	354,882	32,809	387,691

*Plan Description:*

The System is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland and consists of several plans which are managed by the System's Board of Trustees. All State employees and employees of participating entities are covered by the plans.

"Retirement System" – retirement programs for substantially all State employees, teachers, State Police and judges who are not members of the State Pension System.

"Pension System" – retirement programs for employees and teachers hired after January 1, 1980, and prior employees who elected to transfer from the Retirement System.

The System provides retirement, death and disability benefits in accordance with State statutes. For participants enrolled prior to July 1, 2011, vesting occurs after five years of service. A member terminating employment before attaining retirement age, but after completing five years of service becomes eligible for a vested retirement allowance provided the member does not withdraw his or her accumulated contributions. Members of the Retirement System may retire with full benefits after attaining the age of 60, or completing 30 years of service credit, regardless of age. Members of the Pension Systems may retire with full benefits after attaining the age of 62 with five years of service, or after completing 30 years of service credit, regardless of age. State Police members enrolled prior to July 1, 2011, may retire with full benefits after attaining age 50, or completing 22 years of service credit, regardless of age. Members of the Law Enforcement Officers System may retire with full benefits at age 50, or completing 25 years of service credit, regardless of age.

The annual benefit for Retirement System members is equal to 1/55 (1.8%) of the member's highest three-year average final salary multiplied by the number of years of service credit. A member may retire with reduced benefits after completing 25 years of service, regardless of age. A member of the Pension System enrolled prior to July 1, 2011, will generally receive, upon retirement, an annual service retirement allowance equal to 1.2% of the member's highest three-consecutive year average final salary multiplied by the number of years of service credit on or before June 30, 1998, plus 1.8% of the highest three-consecutive year average final salary multiplied by the number of years of service credit after June 30, 1998. The annual benefit for a Pension System member who is employed by a participating governmental unit that does not provide enhanced pension benefits is equal to 0.8% of the member's highest three-consecutive year average final salary multiplied by the number of years of service credit, with a provision for additional benefits for compensation earned in excess of the Social Security Integration Level base. A member of either type of pension system enrolled prior to July 1, 2011, may retire with reduced benefits after attaining age 55 and completing 15 years of service.

For new Pension System members hired on or after July 1, 2011, benefit reforms enacted during the 2011 Legislative Session establish the pension benefit multiplier at 1.5% rather than 1.8%, calculate average final compensation based on the five highest consecutive years of service rather than the three highest, and allow vesting after ten years of eligible service rather than five years.

The annual retirement allowance for a State Police member is equal to 2.55% of the member's highest three-year average final salary multiplied by each year of service and may not exceed 71.4% of member's three years average final compensation. The annual retirement allowance for a member of the Law Enforcement Officers Pension System (LEOPS) is 2.0% of the member's highest three-consecutive year average final salary (AFC) multiplied by each year of service up to a maximum of 30 years plus 1.0% AFC of accumulated credible service in excess of 30 years. Neither the State Police Retirement System nor Law Enforcement Officers Pension System provide for an early retirement. Other reforms similar to those enacted for System employees and teachers were enacted for other systems in the State Pool.

*Funding Policy:*

In accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland, employer contribution rates are established by annual actuarial valuations using the entry age normal cost method and other actuarial assumptions adopted by the Board of Trustees. In accordance with the law governing the Systems, all benefits of the System are funded in advance. The entry age normal cost method is the actuarial cost method used to determine the employers' contribution rates. Members of the Retirement system are required to contribute to the System a fixed percentage of their regular salaries and wages, 7% or 5%, depending on the retirement plan selected. Under the 2011 Pension Reforms, members of the Pension System are required to contribute to the System 7% of their regular salaries and wages. Members of the Pension System who are employed by a participating government that does not provide enhanced pension benefits are required to contribute to the System 5% of the regular salaries and wages that exceed the Social Security wage base. State Police members are required to contribute 8% of their regular salaries and wages to the System. Members of the Law Enforcement Officers Pension System are required to contribute 7% of earnable compensation. All contributions are deducted from each member's salary, and the resulting payments are remitted to the System on a regular and periodic basis.

The contribution requirements of the System members, as well as the State and participating governmental employers, are established and may be amended by the General Assembly of the State of Maryland. Contribution rates for employer and other nonemployer contributing entities are established by annual actuarial valuations using the Individual Entry Age Normal Cost method with projection and other actuarial assumptions adopted by the Board of Trustees. These contribution rates have been established as the rates necessary to fully fund normal costs and amortize the unfunded actuarial accrued liability.

The unfunded actuarial liability was being amortized in distinct layers. The unfunded actuarial liability which existed as of the June 30, 2000, actuarial valuation was being amortized over a 40-year period (as provided by law) from July 1, 1980 and as provided by law, any new unfunded liabilities or surpluses arising during the fiscal year ended June 30, 2001, or any fiscal year thereafter, was being amortized over a 25-year period from the end of the fiscal year in which the liability or surplus arose. However, in the 2014 legislative session, the Legislature changed the method used to fund the System. The unfunded liability for each System is being amortized over a single closed 25-year period.

During fiscal year 2022, for the State Pool, the State paid \$2,128,770,000 of the required contribution totaling \$2,128,770,000, which was 18.0% of covered payroll and 100.0% of the required payment. The State makes non-employer contributions to the System for local school system teachers for retirement costs other than normal costs. The covered payroll amount includes amounts for employees for whom the State pays retirement benefits, but does not pay the payroll. As of June 30, 2022, the State's membership includes 168,797 active members, 41,340 vested former members, and 151,978 retirees and beneficiaries.

*Assumptions and Other Inputs:*

The significant actuarial assumptions and other inputs listed below were used to measure the total pension liability as of the measurement date of June 30, 2022:

Valuation method	Individual Entry Age Normal Cost Method
Salary increases	0 to 8.50% per year (excludes wage inflation), varies by plan
Inflation	2.25% price; 2.75% wage
Rate of return on investments	6.80%
Discount rate	6.80%
Post-retirement benefit increase	1.96% - 2.75% for service prior to July 1, 2011 1.30% - 2.75% for service after July 1, 2011 (depending on system and provisions)
Mortality	Pub-2010 Healthy Retiree Mortality Tables

*System's Fiduciary Net Position:*

The System's fiduciary net position has been determined on the same basis used by the system. The System's financial statements are prepared on the accrual basis of accounting. Accordingly, investment purchases and sales are recorded as of their respective trade dates. Employer and member contributions are recognized in the period when due, pursuant to statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans. Investments are reported at fair value.

*Long-term contributions receivable:*

In addition to actuarially determined contributions, certain withdrawn employers also make annual installment payments, including interest at the actuarially assumed rate of return in effect at the time of withdrawal (7% or 7.5% per year), for liabilities associated with employees that have elected to stay in the System when their employer elected to withdraw. As of June 30, 2022, the outstanding balance was \$0.

*Discount rate:*

A single discount rate of 6.80% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:*

As of June 30, 2022, the State reported a liability of \$13,934,828,000, \$12,635,187,000 for Governmental Activities, \$207,644,000, for Business-Type Activities and \$1,091,997,000, for Component Units), for its proportionate share of the net pension liability (NPL). The NPL was measured as of June 30, 2022, and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022. The State's proportion of the NPL was based on adjusted contributions to the System in fiscal year 2021 relative to adjusted contributions of the State and all participating local governments, actuarially determined. As of June 30, 2022, the State's proportion was 92.88%, compared to 93.32% in the prior year.

During the year ended June 30, 2012, the State passed legislation that required local school boards of education to fund the current service cost for teachers included in the Teachers Retirement and Pension System (TRS) which is included in the State of Maryland Retirement and Pension System. The intent of the legislation was for the State to be responsible for past service costs, actuarial gains and losses, and the unfunded liability. As a result, the State has determined that the NPL of TRS qualifies as a special funding situation and as such the entire liability associated with TRS and the related deferred outflows and inflows is included in the State's financial statements. The NPL for the TRS is \$7,462,669,000, and for the other State systems is \$6,472,159,000, as of June 30, 2022.

The State recognized pension expense of \$354,882,000 consisting of \$190,054,000, applicable to the TRS and \$164,828,000, applicable to the other State systems, for the year ended June 30, 2022, (\$321,784,000 for Governmental Activities, \$5,288,000 for Business-Type Activities and \$27,810,000 for Component Units). At that date, the State reported deferred outflows and deferred inflows of resources related to the State systems from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions .....	\$ 2,697,863	\$ 300,654
Difference between projected and actual earnings on pension plan investment .....		6,357,445
Contributions made subsequent to the measurement date .....	2,128,770	—
Change in proportion and difference between employer contributions and proportionate share of contributions .....	369	109,286
Difference between expected and actual experience .....	—	1,073,078
<b>Total .....</b>	<b>\$ 4,827,002</b>	<b>\$ 7,840,463</b>
TRIS .....	\$ 2,585,056	\$ 4,198,888
Other State Systems .....	2,241,946	3,641,575
<b>Total .....</b>	<b>\$ 4,827,002</b>	<b>\$ 7,840,463</b>

	Year ending June 30,	
	2023	\$ (1,439,843)
	2024	(1,222,241)
	2025	(1,211,401)
The net amount reported as deferred outflows of resources related to pensions (non-contributions) will be recognized in pension expense as shown to the right (amounts expressed in thousands): .....	2026	(1,484,533)
	2027	215,788
	<b>Total</b>	<b>\$ (5,142,230)</b>

*Contributions:*

Deferred outflows of resources related to MSRPS of \$2,128,770,000, resulting from State contributions subsequent to the measurement date, will be recognized as a reduction of the NPL in the year ended June 30, 2023.

*Rate of Return on Investments:*

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 6.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Sensitivity of the net pension liability to changes in the discount rate:*

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.80%, as well as what the plan's net pension liability would be if it were using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher (amounts expressed in thousands):

	1% Decrease 5.80%	Discount Rate 6.80%	1 % Increase 7.80%
State's proportionate share of the NPL	\$ 23,732,965	\$ 13,934,828	\$ 5,807,338

*Information included in the MSRPS financial statements:*

Actuarial assumptions, long-term expected rate of return on pension plan investments, discount rate, and pension plan fiduciary net position are available at <https://sra.maryland.gov/annual-financial-reports>.

*Maryland Transit Administration Pension Plan (Plan):*

The Plan is a single-employer defined benefit contributory plan, which covers all Maryland Transit Administration (Administration) employees covered by a collective bargaining agreement and all those management employees who were employed by the Baltimore Transit Company. In addition, employees who enter the management group as a result of a transfer from a position covered by a collective bargaining agreement maintain their participation. The Maryland Transit Administration was given authority to establish and maintain the Plan under Transportation Article, Section 7-206(b)2(ii), of the Annotated Code of Maryland. The Plan is administered and funded in compliance with the collective bargaining agreements. The Plan prepares separately audited financial statements, which can be obtained from the Maryland Transit Administration Pension Plan, William Donald Schaefer Tower, 8 Saint Paul Street, Baltimore, Maryland 21202 or located at <http://www.mdot.maryland.gov/newMDOT/Finance/index.html>.

*Plan Description:*

The Plan provides retirement, normal and early, death and disability benefits. Members may retire with full benefits at age 65 with five years of credited service or age 52 with 30 years of credited service. The annual normal retirement benefit is 1.4% - 1.6% (1.3% prior to September 8, 2002) of final average compensation multiplied by credited service, with minimum and maximum benefit limitations. Participants are fully vested after five years of credited service (seven years for participants hired after May 18, 2013).

As of June 30, 2022, membership in the Plan includes 2,496 active members, 559 vested former members, and 2,079 retirees and beneficiaries. There were no investments in, loans to, or leases with parties related to the Plan. There were no Plan investments representing 5 percent or more of total Plan assets. For the year ended June 30, 2022, the Administration's covered and total payroll was \$163,102,000.

*Funding Policy:*

The Administration's required contributions are based on actuarial valuations. The entry age normal cost method is the actuarial cost method used to determine the employer's contribution rates and the total pension liability. All administrative costs of the Plan are paid by the Plan.

During fiscal year 2022, the Administration paid \$68,606,000, of the required contribution totaling \$53,638,723, which was 42.1% of covered payroll and 127.9% of the required payment.

*Assumptions and other inputs:*

The significant actuarial assumptions and other inputs listed below were used to measure the total pension liability as of the measurement date of June 30, 2022:

Method of funding .....	Level Dollar Entry Age Normal
Discount rate .....	5.29%
Post-retirement benefit increase .....	2.0% COLAs
Salary increase .....	3.10% to 9.10% including inflation
Inflation .....	3.10%
Investment rate of return .....	6.80%
Mortality .....	RP 2014 Blue collar Tables with MP-2018.
Cost of living adjustments .....	2.0% per year

*Plan Fiduciary Net Position:*

The Plan's fiduciary net position has been determined on the same basis used by the pension plan. The Plan's financial statements are prepared on the accrual basis of accounting. Accordingly, investment purchases and sales are recorded as of their respective trade dates and all contributions and benefits including refunds of employee contributions are recorded in the period when they become due. Investments are reported at fair value.

*Net Pension Liability of the Plan:*

The total pension liability of the Plans was determined by an actuarial valuation as of July 1, 2021, rolled forward to June 30, 2022, and the adjustment to the roll-forward liabilities were made to reflect the following assumptions change in the 2022 valuation:

Local 2 Union active employees went from contributing 2% of pay to 3% of pay effective July 1, 2020 and 4% of pay effective July 1, 2021. Pensionable earnings were limited to 2,392 hours per year and employee contributions increased to 2%.

Change of assumptions: Discount rate increased from 3.26% to 5.29% and the COLA assumption changed remained at 2.0%.

The components of the net pension liability as of June 30, 2022, are as follows (amounts expressed in thousands):

Total pension liability .....	\$	1,191,914
Less Plan fiduciary net position .....		460,242
Employer net pension liability .....	\$	731,672
Plan fiduciary net position as a percentage of the total pension liability .....		38.6 %

*Investments:*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best- estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the Plan's investment consultant(s) and actuary(s). For each major asset class that is included in the Plan's target asset allocation as of June 30, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity .....	34%	6.0%
Credit/Debt Related Strategies .....	16%	8.4%
Rate sensitive .....	21%	1.2%
Absolute return .....	8%	4.9%
Private equity .....	15%	5.2%
Real Assets .....	6%	3.5%
Total .....	100%	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2022.

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 6.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount rate:*

A single discount rate of 5.29% was used to measure the total pension liability. The plan's expected net rate of investment return of 6.8% has been blended with the 3.69% yield corresponding to the 20-year maturity on a municipal general obligation AA bond yield curve published on Fidelity's Fixed Income Market Data webpage as of June 30, 2022. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made based on MTA's actual contributions over the prior three fiscal years. The projected benefits include expected cost-of-living adjustments (COLAs) to benefits for pensioners and beneficiaries. Based on these assumptions, the Plan's fiduciary net position is not expected to be available to make all future benefit payments of current plan members.

*Sensitivity of the net pension liability to changes in the discount rate:*

The net pension liability of the MTA calculated using the discount rate of 5.29% as well as what the MTA's net pension liability would be if it were calculated using a discount rate that is 1% lower (4.29%) or 1% higher (6.29%) than the current rate, is as follows (amount expressed in thousands):

	1% Decrease 4.29%	Discount Rate 5.29%	1% Increase 6.29%
Net pension liability	\$ 897,542	\$ 731,672	\$ 594,429

*Pension expense, deferred outflows of resources and deferred inflows of resources and changes in net pension liability:*

The components of the pension expense for the Plan as of June 30, 2022, are as follows (amounts expressed in thousands):

	Amount
Service cost	\$ 50,802
Interest on the total pension liability	51,485
Projected investment earnings	(31,233)
Employee contributions	(6,833)
Administrative expenses and other	4,135
Subtotal	68,357
Amortization - changes of assumptions	(15,324)
Amortization- actual investment earnings different than assumed	(3,422)
Amortization-differences between actual and expected experience	(16,802)
Subtotal	(35,548)
<b>Total components recorded as pension expense</b>	<b>\$ 32,809</b>

For the year ended June 30, 2022, the MTA recognized pension expense \$32,809. As of June 30, 2022, the MTA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 2,898	\$ 63,967
Changes of assumptions	144,681	374,163
Net difference between projected and actual earnings on pension plan investments		2,909
<b>Total</b>	<b>\$ 147,579</b>	<b>\$ 441,039</b>

	Year ending June 30,	
	2023	\$ (82,230)
	2024	(51,387)
The net amount reported as deferred inflows of resources related to pensions will be recognized in pension expense as shown to the right (amounts expressed in thousands):	2025	(42,931)
	2026	(43,491)
	2027	(73,422)
	Total	\$ (293,460)

The changes in employer's net pension liability as of June 30, 2022 are as follows (amounts expressed in thousands):

Total pension liability		
Service cost	\$	50,802
Interest		51,485
Differences between expected and actual experience		(50,063)
Change of assumptions or other inputs		(390,469)
Benefit payments, including refunds of member contributions		(47,453)
Net changes in total pension liability		(385,698)
Total pension liability- beginning		1,577,613
Total pension liability- ending <sup>(a)</sup>		1,191,915
Plan fiduciary net position		
Contributions-employer	\$	68,606
Contributions-member		6,833
Net investment income		(10,986)
Benefit payments, including refunds of member contributions		(47,453)
Administrative expenses		(4,135)
Net change in plan fiduciary net position		12,864
Plan fiduciary net position-beginning		447,378
Plan fiduciary net position-ending <sup>(b)</sup>		460,242
Net pension liability-ending <sup>(a)-(b)</sup>	\$	731,672

*Deferred Compensation Plan (Plan):*

The State offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Sections 457, 403(b), 401(a) and 401(k). The Plan, available to eligible State employees, permits participants to defer a portion of their salary until future years. Participation in the Plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. State law provides that the Governor appoint the nine member Board of Trustees of the State's Supplemental Retirement Systems. The Board is responsible for the implementation, maintenance and administration of the Plan. The Plan prepares separately audited financial statements, which can be obtained from the Maryland Teachers State Employees Supplemental Retirement Plans, William Donald Schaefer Tower, Suite 200, 6 Saint Paul Street, Baltimore, Maryland 21202 or located at <http://msrp.maryland.gov/agency.htm>.

The State of Maryland Match Plan and Trust was established by the State on July 1, 1999. The plan is designed to be a tax-qualified 401(a) defined contribution matching plan under Internal Revenue Code section 401(a). Under plan provision, the State contributes to each participant's account an amount equal to each participant's contributions to the State's Supplemental Retirement Plan during the same plan year. By statute, the maximum amount contributed to this plan for each participant is \$600 for each State fiscal year. An employee's interest in his/her account is fully vested at all times. The match program continues to be established and funded in statute. For the plan year ended December 31, 2021, the State contributed \$20,673, to the 401(a) plan and participants contributed \$91,858,000, \$2,552,000, and \$95,787,000, to the 457, 403(b), and 401(k) plans, respectively.

**16. Other Postemployment Benefits, Health Benefits (OPEB):**

*State Employee and Retiree Health and Welfare Benefits Program:*

**Total Net OPEB Liability, Deferred Outflows of Resources, Deferred Inflows of Resources and OPEB Expense - State Employee and Retiree Health and Welfare Benefits Program (SERHWBP) & MTA**

Below is an aggregation of total net opeb liabilities, deferred outflows of resources, deferred inflows of resources, and net OPEB expense for both the SERHWBP and MTA OPEB Plans.

	SERHWBP	MTA	Total
Total Net OPEB Liability.....	\$ 12,444,913	\$ 989,915	\$ 13,434,828
Deferred outflow of resources.....	1,988,860	113,241	2,102,101
Deferred inflows of resources.....	4,412,643	146,455	4,559,098
Net OPEB expense.....	266,266	44,689	310,955

*Plan Description:*

The State Employee and Retiree Health and Welfare Benefits Program (Plan) is a single-employer defined benefit healthcare plan established by State Personnel and Pensions Article, Sections 2-501-2-516, of the Annotated Code of Maryland. The Plan is self-insured to provide medical, hospitalization, prescription drug and dental insurance benefits to eligible state employees, retirees and their dependents. State law grants authority to establish and amend benefit provisions to the Secretary of the Department of Budget and Management (DBM). In addition, the Secretary shall specify by regulation the types or categories of State employees who are eligible to enroll, with or without State subsidies, or who are not eligible to enroll.

The Postretirement Health Benefits Trust Fund (OPEB Trust) is established as an irrevocable trust under Section 34-101 of the State Personnel and Pensions Article to receive appropriated funds and contributions which will be used to assist the Plan in financing the State's postretirement health insurance subsidy. The oversight of the OPEB funds is the same Board of Trustees that oversees the Maryland State Retirement and Pension Systems. The Board of Trustees consists of 15 members. The Maryland State Retirement and Pension System prepares separately audited financial statements for the OPEB Trust Fund. The report may be obtained from the Office of the Comptroller, Attention: Plan Administrator, P.O. Box 746, Annapolis, Maryland 21404.

*Funding Policy:*

The contribution requirements of Plan members and the State are established by the Secretary. Each year the Secretary recommends to the Governor the State's share of the costs of the Plan. Funds may be separately appropriated in the State's budget for transfer to the OPEB Trust. Applicable administrative expenses are payable from the OPEB Trust, but may not exceed \$100,000, annually.

Generally, a retiree may enroll and participate in the health benefit options if the retiree retired directly from State service with at least five years of creditable service, ended State service with at least ten years of creditable service and within five years before the age at which a vested retirement allowance normally would begin, or ended State service with at least 16 years of creditable service. For members hired on or after July 1, 2011, they are required to have completed at least 25 years of creditable service, retired directly from State service with at least ten years of creditable service, or ended State service with at least ten years of creditable service and within five years before the age at which a vested retirement allowance normally would begin. As of July 1, 2021, the State's Plan membership includes 79,452 active employees, 2,467 vested former employees, and 53,989 retirees and beneficiaries. Based on current practice, the State subsidizes approximately 50% to 85% of retiree premiums to cover medical, dental, prescription and hospitalization costs, depending on the type of insurance plan. The Plan assesses a charge to retirees for post-employment health care benefits, which is based on health care insurance charges for active employees. During fiscal year 2022, the State did not appropriate funds to the OPEB Trust to prefund future OPEB costs.

*Assumptions and Other Inputs:*

The significant actuarial assumptions and other inputs listed below were used to measure the total OPEB liability as of the measurement date of June 30, 2022:

---

Valuation cost method .....	Entry Age Normal Cost Method
Asset valuation method .....	Market Value
Rate of return on investments .....	6.8%
Inflation Rate .....	2.25%
Mortality .....	RP-2014 Healthy Retiree Mortality Rates with Generational Projection Using Scale MP-2018 for healthy retirees. RP-2014 Disability Mortality Rates with Generational Projection Using Scale MP-2018 for disabled retirees. RP-2014 Pre-Retirement Mortality Rates with Generational Projection Using Scale MP-2018 for pre-retirement.
Aggregate salary growth .....	2.75% including inflation
Method to determine blended rate .....	3.54% represents an unblended pay-go rate
Healthcare cost trend rate .....	Medical: Under 65 - 7.50% graded to 4.50% over 12 years Over 65 - 6.50% graded to 4.50% over 9 years Prescription drugs: Under 65 - 9.0% graded to 4.5% over 18 years Over 65 - N/A- benefit not offered after December 31, 2018 Dental: 3.0%
Individual salary increase .....	Vary by group, and years of service

---

---

*OPEB Plan's Fiduciary Net Position:*

The Plan's fiduciary net position has been determined on the same basis used by the plan. The Plan's financial statements are prepared on the accrual basis of accounting. Accordingly, investment purchases and sales are recorded as of their respective trade dates. Employer contributions are recognized in the period when due, pursuant to statutory or contractual requirements. Benefit and refunds are recognized when due and payable in accordance with the terms of the Plans. Investments are reported at fair value.

*Net OPEB Liability of the Plan:*

The Net OPEB Liability was measured as of June 30, 2022. Plan Fiduciary Net Position was valued as of the measurement date and the Total OPEB Liability was determined from an actuarial valuation as of June 30, 2022.



The components of the net OPEB liability are as follows (amounts expressed in thousands):

Total OPEB liability	\$ 12,830,273
Less: Plan fiduciary net position	385,361
Employer net OPEB liability	\$ 12,444,913
Plan fiduciary net position as a percentage of the total OPEB liability	3.00%

*Investments:*

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the Plan's investment consultant(s) and actuary(s). For each major asset class that is included in the Plan's target asset allocation as of June 30, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	37%	4.7%
Private equity	13	6.5
Rate Sensitive	19	(0.4)
Credit opportunity	9	2.6
Real Assets	14	4.2
Absolute return	8	2.0
Total	100.0%	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2022.

The annual money-weighted rate of return, net of investment expenses, on Plan investments for the year ended June 30, 2022, was -15.1%. A money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

*Discount rate:*

The Discount rate used to measure the total OPEB liability was 3.54% as of June 30, 2022. The projection of cash flow used to determine the discount rate assumed that the State would not make additional contributions to the OPEB Trust and continue to fund the Plan on a pay-as-you-go basis. Based on those assumptions, the OPEB Plan's fiduciary net position was not projected to cover a full year of projected future benefit payments. Therefore, all future benefit payments are discounted at the current index rate for 20 year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.54%).

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate:*

Regarding the sensitivity of the net OPEB liability to change in the healthcare cost trend rates, the following presents the plan's net OPEB liability, calculated using current rates, as well as what the plan's net OPEB liability would be if it were calculated using rates that are 1-percentage-point lower or 1-percentage-point higher (amounts expressed in thousands):

	1% Decrease in Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Trend Rates
Net OPEB Liability	\$ 10,547,837	\$ 12,444,913	\$ 14,872,047

*Sensitivity of the net OPEB liability to changes in the discount rate:*

Regarding the sensitivity of the net OPEB liability to change in the single discount rate, the following presents the plan's net OPEB liability, calculated using a single discount rate of 3.54%, as well as what the plan's net OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher (amounts expressed in thousands):

	1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
Net OPEB Liability	\$ 14,587,007	\$ 12,444,913	\$ 10,737,244

*OPEB Expense, Liabilities and Deferred Outflows of Resources and Deferred inflows of Resources related to OPEB:*

The components of the OPEB expense for the Plan as of June 30, 2022, are as follows (amounts expressed in thousands):

Service Cost .....	\$ 503,008
Interest on the total OPEB liability .....	333,082
Current period benefit changes .....	106,421
Expensed portion of current-period difference between expected and actual experience in the Total OPEB liability .....	16,890
Sub Total .....	<u>959,401</u>
Expensed portion of current-period changes of assumptions or other inputs .....	(424,005)
Projected earnings on plan investments .....	(33,585)
Expensed portion of current-period differences between actual and projected earnings on plan investments .....	20,415
Recognition of beginning of year deferred inflows of resources as OPEB expense .....	(782,560)
Recognition of beginning of year deferred outflows of resources as OPEB expense .....	526,600
Sub Total .....	<u>(693,135)</u>
Total components recorded as OPEB expense .....	<u>\$ 266,266</u>

The State recognized OPEB expense of \$266,266,300, for the year ended June 30, 2022. At that date, the State reported deferred outflows and deferred inflows of resources related to the State plan from the following sources (amounts expressed in thousands):

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes in actuarial assumptions .....	\$ 1,046,524	\$ 4,369,161
Difference between projected and actual earnings on OPEB plan investments .....	90,979	43,482
Difference between expected and actual experience in the Total OPEB liability .....	851,357	—
Total .....	<u>\$ 1,988,860</u>	<u>\$ 4,412,643</u>

	Year ending June 30,	
	2023	2024
The net amount reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as shown to the right (amounts expressed in thousands): .....	\$ (395,050)	(374,691)
	2025	(323,686)
	2026	(499,401)
	2027	(582,615)
	2028	(248,340)
	<u>Total</u>	<u>\$ (2,423,784)</u>

The changes in employer's net OPEB liability as of June 30, 2022 are as follows (amounts expressed in thousands):

Total OPEB liability	
Service cost .....	\$ 503,008
Interest .....	333,082
Change of benefit terms .....	106,421
Differences between expected and actual experience .....	111,645
Changes of assumptions .....	(2,802,673)
Benefit payments, including refunds of member contributions .....	(673,695)
Net change in total OPEB liability .....	<u>(2,422,212)</u>
Total OPEB liability-beginning .....	15,252,485
Total OPEB liability-ending <sup>(a)</sup> .....	<u>12,830,273</u>
Plan fiduciary net position	
Net investment income .....	(68,491)
Net change in plan fiduciary net position .....	<u>(68,491)</u>
Plan fiduciary net position-beginning .....	453,852
Plan fiduciary net position-ending <sup>(b)</sup> .....	<u>385,360</u>
Net OPEB liability-ending <sup>(a)-(b)</sup> .....	<u>\$ 12,444,913</u>

The most recent change to the plan of benefits included in this valuation was Senate Bill 946 of the 2019 Legislative session, passed May 25, 2019, which provides continued prescription drug benefits for certain Medicare retirees as of January 1, 2024. The existing EGWP program is eliminated at that date. Retirees may instead purchase a Medicare Part D plan through one of the State’s Medicare Part D exchanges. The State will reimburse a portion of the participant’s out-of-pocket (OOP) prescription drug costs (not premiums) dependent on date of hire and date of retirement. Note that the effective date of the reimbursement programs and elimination of the current EGWP was assumed to be January 1, 2023 in the prior year’s valuation. The delay to January 1, 2024 was first reflected in this year’s valuation.

*Contributions:*

For the fiscal year ended June 30, 2022, retiree plan members contributed \$ 0, or approximately 0.00% of total retiree premiums, and the State contributed \$ 673,695,362, or approximately 100.0%. These contributions funded the premium (benefit) payments only.

*Maryland Transit Administration Retiree Healthcare Benefit:*

The Maryland Transit Administration Retiree Healthcare Benefit (MTA OPEB) is a single-employer defined benefit plan that provides retiree health care benefits under a collective bargaining agreement to all employees who are members of the MTA pension plan, except transfers from union to management positions who are required to enroll in the State Employee and Retiree Health and Welfare Benefits Program. The MTA currently funds retirees' health care on a pay-as-you-go basis. The MTA does not currently have a separate fund set aside to pay health care costs.

*Plan Description:*

The MTA OPEB provides medical, hospitalization, prescription drug, dental and vision insurance benefits to eligible MTA employees, retirees and their dependents. Members are eligible at age 65 with five years of service or age 52 with 30 years of service provided the member is enrolled in an MTA health plan at normal retirement. Members are also eligible at age 55 if the sum of the participant's age plus years of actual credited service equals at least 85 and the participant is enrolled in an MTA health plan at early retirement, disability with 5 years of service and surviving spouses. A separate audited GAAP-basis postemployment benefit plan report is not available for the healthcare plan.

As of June 30, 2022, 2,363 active employees and 1,433 retirees and beneficiaries were covered by healthcare insurance provided by MTA.

*Funding Policy:*

Based on current practice, MTA subsidizes approximately 50% to 100% of retiree healthcare premiums depending on the type of insurance plan and whether the retiree receives Medicare. Retirees make the same contribution as active employees, however Medicare is handled separately.

*Assumptions and Other Inputs:*

The significant actuarial assumptions and other inputs listed below were used in the actuarial valuation as of June 30, 2020, the most recent valuation date, to measure the total MTA OPEB liability as of June 30, 2022:

Method of funding .....	Entry age normal
Aggregate salary growth .....	2.8%
Inflation .....	2.4%
Healthcare cost trend rate .....	Medical and Prescription: 7.5% in FY 2022 for Pre-Medicare and 6.25% Post-Medicare.
	The ultimate rate is 3.50%
Mortality .....	RP2014 Blue Collar Fully Generational projected from 2014 using Scale MP-2018
Amortization method .....	Closed, legal percentage of payroll
Amortization period .....	25 years for experience, plan and assumption changes

*OPEB Liability of the Plan:*

The MTA OPEB liability was measured as of June 30, 2022, based on an actuarial valuation made as of June 30, 2020, and the components of the net MTA OPEB liability are as follows (amounts expressed in thousands):

Total OPEB liability .....	\$	989,915
Less: Plan fiduciary net position .....		—
Employer net OPEB liability .....	\$	989,915
Plan fiduciary net position as a percentage of the total OPEB liability:		0.00 %

*Discount rate:*

The discount rate used to determine the total OPEB liability is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate used for the MTA OPEB to measure the total OPEB liability was 2.45%.

*Sensitivity of the OPEB liability to changes in the healthcare cost trend rate:*

Regarding the sensitivity of the OPEB liability to change in the healthcare cost trend rates, the following presents the plan's OPEB liability, calculated using current rates, as well as what the plan's OPEB liability would be if it were calculated using rates that are 1-percentage-point lower or 1-percentage-point higher (amounts expressed in thousands):

	<b>1% Decrease 2.50%</b>	<b>Current Healthcare Cost 3.50%</b>	<b>1% Increase 4.50%</b>
Net OPEB Liability	\$ 784,061	\$ 989,915	\$ 1,164,363

*Sensitivity of the net OPEB liability to changes in the discount rate:*

Regarding the sensitivity of the OPEB liability to change in the single discount rate, the following presents the plan's OPEB liability, calculated using a single discount rate of 1.92%, as well as what the plan's OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher (amounts expressed in thousands):

	<b>1% Decrease 0.92%</b>	<b>Discount Rate 1.92%</b>	<b>1% Increase 2.92%</b>
Net OPEB Liability	\$ 1,168,611	\$ 989,915	\$ 847,113

*OPEB Expense, Liabilities and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB:*

The components of the OPEB expense for the Plan as of June 30, 2022, are as follows (amounts expressed in thousands):

Service Cost	\$ 41,932
Interest on the total OPEB liability	21,957
Recognition of Outflow (Inflow) of Resources due to Liabilities	(19,200)
Changes in assumptions	
Difference between expected and actual experience	—
<b>Total components recorded as OPEB expense</b>	<b>\$ 44,689</b>

The MTA OPEB recognized OPEB expense of \$44,689,000, for the year ended June 30, 2022. At that date, the MTA OPEB reported deferred outflows and deferred inflows of resources related to the MTA plan from the following sources (amounts expressed in thousands):

	<b>Deferred Outflows Of Resources</b>	<b>Deferred Inflows Of Resources</b>
Changes in actuarial assumptions	\$ 98,430	\$ 131,649
Difference between expected and actual experience	14,811	14,806
<b>Total</b>	<b>\$ 113,241</b>	<b>\$ 146,455</b>

	<b>Year ending June 30,</b>	
	2023	\$ (19)
	2024	(19)
The net amount reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as shown to the right (amounts expressed in thousands):	2025	(19)
	2026	(5)
	2027	15
	Thereafter	14
	<b>Total</b>	<b>\$ (33)</b>

The changes in employer's OPEB liability as of June 30, 2022 are as follows (amounts expressed in thousands):

Total OPEB liability	
Service Cost .....	\$ 41,932
Interest .....	21,957
Differences between expected and actual experience .....	(8,079)
Changes of assumptions .....	66,622
Benefit payments, including refunds of member contributions .....	(15,511)
Net change in total OPEB liability .....	106,921
Total OPEB liability-beginning .....	882,994
Total OPEB liability-ending <sup>(a)</sup> .....	989,915
Plan fiduciary net position	
Contributions-employer .....	15,511
Benefit payments, including refunds of member contributions .....	(15,511)
Net change in plan fiduciary net position .....	—
Plan fiduciary net position-beginning .....	—
Plan fiduciary net position-ending <sup>(b)</sup> .....	—
Net OPEB liability-ending <sup>(a)-(b)</sup> .....	\$ 989,915

## 17. Commitments:

As noted in Note 2, encumbrance accounting is used to account for outstanding commitments for open purchase orders and unfulfilled contracts, and loans in some governmental funds. Amounts related to encumbrances are reported in the general fund, \$647,303,000, the capital projects fund, \$983,207,000, and the special revenue fund, \$5,025,000 as of June 30, 2022.

State agencies and programs lease office space under various agreements that are accounted for as operating leases. Many of the agreements contain rent escalation clauses and renewal options. These leases contain termination for convenience clauses providing for cancellation after a certain number of days' notice to lessors. In addition, these leases contain appropriation clauses indicating that continuation of the lease is subject to appropriation by the legislature. Rent expenditures for the year ended June 30, 2022, were approximately \$102,096,000.

As of June 30, 2022, the governmental funds, other than the Department of Transportation, had commitments of approximately \$192,506,000, for service contracts.

As of June 30, 2022, the Department of Transportation and Maryland Transportation Authority had commitments of approximately \$7.9 billion and \$888,000 respectively, for construction of highways and mass transit facilities.

Approximately 24.0% of future expenditures related to the Department of Transportation commitments are expected to be reimbursed from proceeds of approved Federal grants when the actual costs are incurred. The remaining portion will be funded by other financial resources of the Department of Transportation.

As of June 30, 2022, the enterprise fund loan programs had committed to lend a total of \$494,884,000, in additional loans. The Community Development Administration, also an enterprise fund loan program, had \$580,884,900 of revenue bonds and notes outstanding that are not included in the financial statements of the Administration because the bonds are not guaranteed by the State or any other program of the State or any political subdivision. The revenue bonds are secured solely by the individual multi-family project properties, related revenues, applicable credit enhancements or investments equal to the debt outstanding.

As of June 30, 2022, component units commitments included higher education fund commitments of approximately \$561,542,000 for the completion of projects under construction, and economic development funds commitments of \$43,634,000 and \$3,089,204 for additional loans and service contracts respectively.

## 18. Contingencies:

The State is party to legal proceedings that normally occur in governmental operations. The legal proceedings are not, in the opinion of the Attorney General, likely to have a material, adverse impact on the financial position of the State as a whole.

As of June 30, 2022, Non-major enterprise funds were contingently liable as insurers of \$467,426,000, of \$498,703,000, mortgage loans made by public and private lenders.

Non-major component units were contingently liable as insurers of \$3,508,843, of \$24,081,957, for economic development and growth bonds issued by financial institutions and the repayment of loans for small businesses

The State receives significant financial assistance from the U.S. Government. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund which received the grant. As of June 30, 2022, the State has recognized liabilities of \$34,156,000, and \$28,400,000, in the general fund for Medicaid claims to the Federal government related to disallowed costs and misallocated costs to establish a marketplace for health insurance benefits for low income individuals and employees of small companies in Maryland, respectively. The State estimates that no additional material liabilities will result from such audits.

#### **19. Tobacco Settlement:**

Maryland has a Cigarette Restitution account for all revenues received from any judgment against or settlement with the tobacco industry. Expenditures from the account are made by an appropriation in the annual State budget. The law provides that at least 50% of the appropriations shall be made for tobacco or health related purposes and the remaining appropriations may be for any public purpose. Currently, 30% of the appropriations shall be made for the Maryland Medical Assistance Program (Medicaid). Appropriations of 0.15% of the account are required to be appropriated for enforcing the escrow requirements for non-participating tobacco product manufacturers. Transfers of \$118,417,000 were made from the proceeds in the Cigarette Restitution account for fiscal year 2022 expenditure of appropriations.

As part of the Master Settlement Agreement between the states and the tobacco companies, Maryland's share during fiscal year 2022 was \$143,517,000 including the award from the arbitration panel for attorney fees. This amount does not include \$14,671,000 the tobacco companies paid to the disputed account pending the outcome of litigation.

It is estimated that the payments made to the State pursuant to the Master Settlement through fiscal year 2027 will total \$3.71 billion. The actual amount received each year, however, will reflect adjustments for inflation and cigarette shipment volume. In addition, the State expects to receive \$145,137,000 through fiscal year 2027 pursuant to an award for attorney fees by the national arbitration panel.

#### **20. Landfill Closure:**

State and Federal laws require the Maryland Environmental Service (the Service) to cover and to perform certain maintenance and monitoring functions at Midshore Regional Landfill I, Easton Landfill, Midshore II, and Hobbs Road Landfill sites for 30 years after closure. Although closure and post closure care charges will be paid near and after the date the landfills stop accepting waste, the Service reports a portion of these closure and post closure care costs as a liability based upon the estimated useful life of the landfills.

Midshore I's current cells are approximately 93% filled as of June 30, 2022. The landfill stopped accepting waste on December 31, 2010, was capped, and is now in the post closure monitoring and maintenance period. Total closure and post closure care costs for the landfill are currently estimated to be \$3,296,000, as determined through engineering studies, and \$1,852,000, has been recognized as a liability on the June 30, 2022, Combining Statement of Net Position, Non-Major Component Units.

A flyover is performed annually in July to assist in the calculation of the landfill's remaining capacity based upon the volume of cubic yard capacity. Midshore II's current cells, which are expected to close in 2042, are approximately 32% filled as of June 30, 2022. Total closure and postclosure care costs for the landfill are currently estimated to be \$20,215,000, as determined through engineering studies, and \$5,490,000, has been recognized as a liability as of June 30, 2022. Actual costs may be subject to change due to inflation, deflation, technology, and changes in applicable laws and regulations.

A receivable from project participants corresponding to the accrued liability has also been recorded. Under Federal regulations, the Service has satisfied its financial assurance requirements based upon the local government financial ratio tests of the project participants as of June 30, 2020. The Service expects to satisfy these requirements as of June 30, 2022, using the same criteria.

#### **21. Service Concession Arrangements:**

In fiscal year 2013, the Maryland Department of Transportation entered into a long-term lease with Ports America Chesapeake (PAC) to manage, operate and maintain the Dundalk Marine terminal. This agreement satisfies the criteria established to be considered a service concession arrangement.

Under the terms of the ground lease, the Department transfers rights to PAC for a term of 50 years. After 50 years, ownership of the Dundalk Marine Terminal will revert to the Department. PAC charges and collects fees from the user for container lifts, short tons of roll on-roll off, break-bulk and bulk cargo and pays the operating costs, management fee and debt service associated with the project. The Department has the ability to approve what services the operator is required to provide. As of June 30, 2022, the capital assets, net of accumulated depreciation, and deferred concession arrangement receipts were \$42,457,000.

The Department has entered into a light rail transit public private partnership concession arrangement. The construction, operating and maintenance risk is being managed by Purple Line Transit Partners, LLC (PLTP) through a 6-year construction and 30 year operating period. The PLTP will finance, develop, design, build, equip, and supply light rail vehicles under an availability-based concession agreement with the Department. Construction began in August 2017. As of June 30, 2022, the capital assets and deferred service concession arrangement receipts were \$98,734,000.

In fiscal year 2013, Maryland Transportation Authority and Areas USA entered a 35-year Service Concession Arrangement (SCA) agreement to redevelop and operate two travel plazas along the John F. Kennedy Memorial Highway (I-95). The structure of the agreement between the Authority and Areas USA is a long term lease and concession. The Authority retains ownership of the property and assets. All property and improvements, with the exception of the fueling systems, are returned to the Authority at the end of the 35 year lease. Under the agreement, the Authority should realize reduced future operating and capital expenses; debt capacity will be reserved for core business activities; and revenue is guaranteed over the life of the agreement. Areas USA invested \$55,890,000, which required no public subsidy or debt, to redesign and rebuild both the Maryland House and Chesapeake House travel plazas. Areas USA will operate and maintain the travel plazas through the year 2047. The unamortized balance as of June 30, 2022, is \$42,612,000, which is reported in the deferred inflow of resources on the Statement of Net Position.

The University System of Maryland has entered into a long-term lease of university-owned land and other SCA agreements with a quasi-governmental issuer of debt and a developer to build, and an operator to manage, student housing projects at seven of the System's institutions.

Under the terms of the ground lease, the System transfers rights to university-owned property for a term of 40 years to the quasi-governmental issuer of debt (the project 'owner'). The project owner contracts with a developer to build student housing on the property, as well as an operator that manages the facility on behalf of the owner. Each student housing project is financed using tax-exempt debt that limits the use of the project to uses that support the institution. The owner of the project charges and collects rent from the students, and pays the operating costs and debt service associated with the project. The residual cash flow from the project, after paying all operating costs and management fees, is paid to the university as the ground lease payment. The institution has the ability to approve what services the operator is required to provide and the rates that can be charged.

Upon final payment of the outstanding debt associated with the project, or upon termination of the ground lease, whichever is sooner, the building's ownership transfers to the university and the owner's rights to use land revert to the university.

As of June 30, 2022, the Statement of Net Position reflects net capital assets of \$263,070,000, and deferred service concession arrangement receipts of \$266,748,000, from this transaction.

## 22. Tax Abatements:

For financial reporting purposes, the tax abatement is defined as an agreement between the government and an individual or entity through which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to the economic development or otherwise benefits the government or its citizens. The following tax abatement programs were granted and administered by the State of Maryland during fiscal year 2022. There was one tax abatement program in 2022 for which a company received a tax abatement of \$5 million or greater. The one program was Aerospace, Electronics or Defense Contract Tax Credit to Northrop Grumman Corp. in the amount of \$7.5 million.

Name of Program	Tax Abatements - FY 2022(1)	Tax Filings - FY 2022(2)	Program Description
<b>Economic Development Programs:</b>			
One Maryland Tax Credit	\$ 2,100,000	18	The program provides two income tax credits to businesses that initiate major investment projects in Maryland's economically distressed jurisdictions. The Project Tax Credit can be \$5 million and the Start Up Tax Credit can be \$500,000. The business must create at least 25 new positions paying at least 150% of the federal minimum wage. Tax being abated is the State business income tax. Taxes are reduced as an allowance of the credit against taxes. If the credit is less than the tax liability the credit may be used over a 14 year period. After the 4th tax year but before the 15th year after the project has been placed in service the business may apply the excess credit for project costs to non-project related tax income and a portion may be refunded. The authority under which abatements are entered into is the Annotated Code of Maryland: Economic Development Title 6, Subtitle 4, Section 6-401-6-406. There is no provision for recapturing abated taxes.
Aerospace, Electronics or Defense Contract Tax Credit	\$ 7,500,000	1	The program creates a tax credit against the State income tax for a business operating a qualified aerospace, electronics or defense contract tax credit project. The purpose of the program is to keep aerospace, electronics and defense contractors employing Maryland workers and to help the Maryland economy. The credit is \$2.5 million a year for each of the three programs for 5 years. The maximum credit is \$7.5 million a year and \$37.5 million total. A business entity operating a project must create or retain 10,000 positions and expend at least \$25 million in capital expenditures in Maryland. The taxes are reduced as a credit against state business income taxes. The authority under which the abatements are entered into is the Annotated Code of Maryland, Tax General, Title 10, Subtitle 7 Section 10-737. If the credit allowed in any tax year exceeds the total income tax otherwise payable by the qualified business entity for that taxable year the business entity may claim a refund in the amount of the excess (refundable). The credit must be recaptured if during either of the 2 years after the credit year the number of qualified positions falls below a rolling average over the past 2 years of 10,000. If the credit is required to be recaptured, the credit is recomputed and reduced on a proportionate basis, based on the reduction of the rolling average number of qualified employees over the past 2 years. The recomputed credit is then subtracted from the amount of credit previously allowed. If, during any of the 2 years after the credit year, the rolling average of qualified positions falls below 9,000 for the past 2 years, all the credits shall be recaptured.
Biotechnology Investment Incentive Tax Credit	\$ 4,900,000	91	The purpose of the program is to increase investment in Maryland Biotechnology Companies. Investors may receive a credit on their corporate or personal Maryland State income tax equal to 50% of investment not to exceed \$250,000 and for investment in companies in certain counties, 75% of investment not to exceed \$500,000. Taxes being abated are State of Maryland corporate or personal income tax. Authority under which abatements are entered into is the Annotated Code of Maryland, Tax General, Section 10-725. Taxes are reduced as an allowance of credit against income taxes. The amount in excess of the state income tax liability may be refunded (refundable). Amount is limited to the amount in the Biotechnology Investment Incentive Tax Credit Fund. If within 2 years after the close of the tax year for which the credit was claimed the investor sells, transfers or disposes or its ownership interest or if the company ceases to have its headquarters and base of operations in Maryland, the credit must be recaptured on the investors' Maryland income tax return.



Name of Program	Tax Abatements - FY 2022(1)	Tax Filings - FY 2022(2)	Program Description
-----------------	-----------------------------	--------------------------	---------------------

**Economic Development Programs (continued):**

Cybersecurity Investment Incentive Tax Credit	\$ 346,473	33	The purpose of the program is to promote investment in cybersecurity companies in Maryland. The company may receive a tax credit equal to 33% of amount invested per investor up to \$250,000 for each investor each fiscal year. The company may receive a tax credit equal to 50% of the investment per investor up to \$500,000 per investor if the company is located in certain counties. Companies are limited to a 2 year participation in the program. Taxes being abated are the Maryland Corporate income tax or personal income tax for the company receiving the investment. Authority under which abatements are entered into is the Annotated Code of Maryland Tax General Article Section 10-733. The company may take an allowance of credit against income taxes. If the credit allowed exceeds the State of Maryland income tax, an individual or a corporation may claim a refund in the amount of the excess (refundable). The provision for recapturing abated taxes requires the cybersecurity company to repay a prorated share of the credit claimed if within 2 years it ceases to operate as an active business with its headquarters and base of operations in Maryland. The prorated share is 100% if the event occurs during the taxable year the credit was claimed, 67% if the event occurs the first year after the close of the taxable year for which the credit was claimed and 33% if within 2 years after the tax year for which the tax credit was claimed.
---	------------	----	---

**Housing and Community Development Program:**

Sustainable Communities Tax Credit	\$ 2,100,000	100	The purpose of the program is to encourage private sector investment in the rehabilitation and re-use of Competitive Commercial Projects and to promote investment in local economies. Owners of income-producing properties may earn a state income tax credit capped at \$3 million that is equal to 20% of the eligible rehabilitation expenses. The annual appropriation is \$9 million. The tax being abated is the State of Maryland Business or Individual Income Taxes. Authority to abate taxes is the Annotated Code of Maryland; State Finance and Procurement Article; Section 5A-303. A pro-rated percentage of the credit is subject to recapture if disqualifying work is performed or the certified rehabilitation is disposed of during the 5 year period that begins with the year the certified rehabilitation was completed.
<b>Total tax credits administered by State</b>	<b>\$ 16,946,473</b>	<b>243</b>	

The State's tax revenues were reduced by \$— under tax abatement agreements entered into and administered by the counties and municipalities, namely the Enterprise Zone Tax Credit, as follows:

Name of Program	Tax Abatements - FY 2022(1)	Tax Filings - FY 2022(2)	Program Description
Enterprise Zone Tax Credit	\$ —	—	The program is designed to bring new businesses and jobs to the State in areas that need revitalization. Businesses enter into an agreement with counties or municipalities to construct or make improvements to buildings located in an enterprise zone. Businesses may receive from the State \$1,000 to \$9,000 in tax credits over three years for hiring new employees at the new or renovated facilities. Business income taxes are being abated. Taxes are being reduced by an allowance of credit against State of Maryland income tax. The authority under which abatements are entered into is the Annotated Code of Maryland, Tax Property, Title 9 Subtitle 1, Section 9-103, Tax General Section 10-702, and Economic Development Article Section 5-1401 (e). If the credit allowed in any taxable year exceeds the State income tax for that taxable year, a business entity may apply the excess as a credit against the State income tax for succeeding taxable years until the earlier of the full amount of the excess is used or the expiration of the 5th taxable year from the date on which the business entity hired the qualified employee to whom the credit first applies. There are no provisions for recapturing abated taxes.
<b>Total tax credits administered by counties and municipalities</b>	<b>\$ —</b>	<b>—</b>	

(1) Gross dollar amount the government's tax revenues were reduced for fiscal year 2022 as a result of tax abatement agreements

(2) Number of income tax returns filing for credit in fiscal year 2022

### 23. Asset Retirement Obligations

The University System of Maryland (USM) owns and operates facilities and equipment subject to certain legal and regulatory requirements to perform asset retirement activities. A non-power training nuclear reactor operated at USM is subject to statutory and regulatory requirements promulgated by the U.S. Nuclear Regulatory Commission (NRC) under Title 10 of the Code of Federal Regulations (CFR). The reactor was subject to estimated asset retirement obligations of \$11,656,000, as of June 30, 2022, and was fully depreciated. The reactor had a remaining useful life of 17 years as of June 30, 2022.

USM is periodically required by the CFR to provide various disclosures to the NRC in order to maintain the operating license for the reactor, including, but not limited to, projected operating costs, decommissioning costs, and funding assurances. USM is in compliance with all such requirements as of June 30, 2022.

USM also owns and operates various equipment assets, including gamma cell irradiators and underground oil tanks, that are subject to statutory or regulatory asset retirement obligations of individually nominal dollar values. All such assets were fully depreciated as of June 30, 2022.

Asset retirement obligations were estimated based upon the historical decommissioning costs of similar assets, stated in current dollars using the Implicit Price Deflator issued by the U.S. Department of Commerce, with current personnel costs and a contingency factor of 25%. Total asset retirement obligations, included in accounts payable and accrued liabilities, of \$13,742,000, and deferred outflows of resources of \$11,742,000, are included on the statement of net position as of June 30, 2022. USM is financially prepared to fund and satisfy all asset retirement obligations when required.

### 24. Leases

The State has entered into various lease agreements as lessee, primarily for office space, warehouse space, storage areas, parking and other rental needs. Most leases have initial terms of up to 10 years, and contain one or more renewals at the State's option, generally for three- or five-year periods. The State has generally included these renewal periods in the lease term when it is reasonably certain that the State will exercise the renewal option. The State's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants.

Certain real estate leases require additional payments for common area maintenance, real estate taxes, and insurance, which are expensed as incurred as variable lease payments. For office space leases that include variable payments, those include payments for the State's proportionate share of the building's property taxes, insurance, and common area maintenance. The State's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the State's leases is not readily determinable, the State utilizes its incremental borrowing rate to discount the lease payments.

As of June 30, 2022, the Statement of Net Position includes the following amounts relating to leases (amounts expressed in thousands):

	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2023 .....	\$ 88,523	\$ 25,572	\$2,221	\$45	\$116,361
2024 .....	80,246	21,420	1521	42	103,229
2025 .....	67,233	17,777	1020	38	86,068
2026 .....	63,243	14,526	118	35	77,922
2027 .....	58,696	11,492	122	31	70,341
2028-2032 .....	189,077	20,558	728	96	210,459
2033 and thereafter .....	8,202	1,390	249	6	9,847
Total minimum lease payments .....	\$ 555,220	\$ 112,734	\$5,979	\$293	\$674,227

	Governmental Activities	Business-Type Activities
Infrastructure .....	\$7,789	\$0
Buildings .....	637,478	8,637
Less: accumulated amortization .....	107,425	2,692
Total .....	537,842	5,945

# *Required Supplementary Information*

**ANNUAL COMPREHENSIVE FINANCIAL REPORT, STATE OF MARYLAND**



**STATE OF MARYLAND**  
**Schedule of Revenue and Expenditures and Changes in Fund Balances - Budget and Actual -**  
**Budgetary General, Special, and Federal Funds**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

	General Fund			
	Budget Amounts			Variance Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>Revenues:</b>				
Income taxes .....	\$ 12,570,095	\$ 14,144,028	\$ 15,218,313	\$ 1,074,285
Sales and use taxes .....	5,002,636	5,698,831	5,966,843	268,012
Other taxes .....	1,406,128	1,592,756	1,588,882	(3,874)
Licenses and fees .....	143,899	143,899	136,830	(7,069)
Charges for services .....	254,446	254,446	224,658	(29,788)
Interest and other investment income .....	10,000	15,000	54,729	39,729
Other .....	714,095	625,305	1,577,575	952,270
Federal revenue .....	—	—	—	—
<b>Total revenues</b> .....	<b>20,101,299</b>	<b>22,474,265</b>	<b>24,767,830</b>	<b>2,293,565</b>
<b>Expenditures and encumbrances by major function:</b>				
Payments of revenue to civil divisions of the State .....	185,875	185,875	185,875	—
Public debt .....	260,000	260,000	260,000	—
Legislative .....	143,519	146,887	100,911	45,976
Judicial review and legal .....	746,363	760,490	731,042	29,448
Executive and administrative control .....	710,641	469,862	443,928	25,934
Financial and revenue administration .....	231,075	247,448	215,880	31,568
Budget and management .....	264,110	214,543	203,182	11,361
Retirement and pension				
General services .....	85,185	102,532	91,295	11,237
Transportation and highways				
Natural resources and recreation .....	84,982	102,071	99,889	2,182
Agriculture .....	39,037	42,177	39,409	2,768
Health, hospitals and mental hygiene .....	5,798,090	5,840,855	5,734,183	106,672
Human resources .....	709,057	731,777	711,446	20,331
Labor, licensing and regulation .....	71,443	77,833	68,366	9,467
Public safety and correctional services .....	1,243,439	987,665	936,575	51,090
Public education .....	9,222,558	9,600,521	9,366,821	233,700
Housing and community development .....	64,324	77,417	39,715	37,702
Commerce .....	89,669	98,786	86,656	12,130
Maryland technology development corporation .....	20,836	20,836	20,836	—
Environment .....	38,851	41,863	39,976	1,887
Juvenile services .....	252,560	263,831	244,549	19,282
State police .....	325,528	349,652	340,902	8,750
State reserve fund .....	672,919	882,919	882,919	—
Reversions .....	(35,000)	(35,000)	—	(35,000)
<b>Total expenditures and encumbrances</b> .....	<b>21,225,061</b>	<b>21,470,840</b>	<b>20,844,355</b>	<b>626,485</b>
Excess of revenues over (under) expenditures .....	(1,123,762)	1,003,425	3,923,475	2,920,050
<b>Other sources (uses) of financial resources:</b>				
Transfers in (out) .....	—	—	(442,158)	(442,158)
Excess of revenues over (under) expenditures and other sources (uses) of financial resources .....	(1,123,762)	1,003,425	3,481,317	2,477,892
Fund balances - beginning of the year .....	(9,180,295)	(8,578,058)	4,223,307	12,801,365
<b>Fund balances - end of the year</b> .....	<b>\$ (10,304,057)</b>	<b>\$ (7,574,633)</b>	<b>\$ 7,704,624</b>	<b>\$ 15,279,257</b>

See accompanying Notes to Required Supplementary Information.

**STATE OF MARYLAND**  
**Schedule of Revenue and Expenditures and Changes in Fund Balances - Budget and Actual -**  
**Budgetary General, Special, and Federal Funds**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

	Special Fund				Federal Fund			
	Budget Amounts		Actual Amounts	Variance Positive (Negative)	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original Budget	Final Budget			Original Budget	Final Budget		
Revenues:								
Income taxes .....	\$ 3,450	\$ 3,450	\$ 443,064	\$ 439,614	—	—	—	—
Sales and use taxes .....	—	—	671,362	671,362	—	—	—	—
Other taxes .....	984,624	984,624	3,787,722	2,803,098	—	—	—	—
Licenses and fees .....	107,042	107,042	932,702	825,660	—	—	—	—
Charges for services .....	1,566,263	1,566,263	2,778,711	1,212,448	—	—	—	—
Interest and other investment income .....	3,732	3,732	6,529	2,797	—	—	\$ 64	\$ 64
Other .....	1,218,735	1,218,735	1,246,227	27,492	—	—	—	—
Federal revenue .....	—	—	—	—	\$ 17,060,842	\$ 27,920,986	22,705,062	(5,215,924)
Total revenues .....	3,883,846	3,883,846	9,866,317	5,982,471	17,060,842	27,920,986	22,705,126	(5,215,860)
Expenditures and encumbrances by major function:								
Payments of revenue to civil divisions of the State .....	1,220	1,220	1,052	168	—	—	—	—
Public debt .....	1,123,000	1,123,000	1,111,198	11,802	11,000	11,000	7,865	3,135
Legislative .....	—	—	—	—	—	11	11	—
Judicial review and legal .....	149,460	153,988	117,075	36,913	7,070	16,189	6,655	9,534
Executive and administrative control .....	358,772	606,083	335,181	270,902	1,154,399	1,480,847	1,084,238	396,609
Financial and revenue administration .....	172,541	197,454	176,446	21,008	—	2,043	2,043	—
Budget and management .....	52,040	44,854	25,656	19,198	51,301	81,924	1,070	80,854
Retirement and pension .....	22,464	24,047	21,776	2,271	—	—	—	—
General services .....	5,329	10,092	5,338	4,754	2,055	2,355	2,217	138
Transportation and highways .....	3,700,169	4,053,714	3,826,298	227,416	1,510,750	2,114,599	1,758,421	356,178
Natural resources and recreation .....	371,564	417,616	305,654	111,962	42,226	47,261	30,357	16,904
Agriculture .....	97,044	108,401	76,899	31,502	7,702	19,196	13,316	5,880
Health, hospitals and mental hygiene .....	1,185,790	1,906,457	1,691,034	215,423	9,721,994	11,684,546	11,207,228	477,318
Human resources .....	112,779	118,890	109,345	9,545	2,070,926	5,309,080	3,693,588	1,615,492
Labor, licensing and regulation .....	237,412	261,997	241,563	20,434	279,232	1,283,541	1,166,738	116,803
Public safety and correctional services .....	263,316	80,655	(2,146)	82,801	27,779	420,648	413,070	7,578
Public education .....	1,091,546	1,164,537	874,480	290,057	2,854,393	5,996,452	2,890,598	3,105,854
Housing and community development .....	167,981	186,706	93,390	93,316	864,417	1,284,673	756,529	528,144
Commerce .....	128,391	134,249	45,227	89,022	11,541	16,281	4,809	11,472
Maryland technology development corporation .....	7,726	7,726	264	7,462	—	4,229	—	4,229
Environment .....	667,652	690,542	335,009	355,533	91,042	97,854	86,390	11,464
Juvenile services .....	3,361	3,361	1,696	1,665	5,505	9,747	6,240	3,507
State police .....	123,341	124,247	108,792	15,455	7,162	15,981	11,677	4,304
State reserve fund .....	—	—	—	—	317,820	—	—	—
Total expenditures and encumbrances .....	10,042,898	11,419,836	9,501,227	1,918,609	19,038,314	29,898,457	23,143,060	6,755,397
Excess of revenues over (under) expenditures .....	(6,159,052)	(7,535,990)	365,090	7,901,080	(1,977,472)	(1,977,471)	(437,934)	1,539,537
Other sources (uses) of financial resources:								
Transfers in (out) .....	—	—	1,157,538	1,157,538	—	—	437,934	437,934
Excess of revenues over (under) expenditures and other sources (uses) of financial resources .....	(6,159,052)	(7,535,990)	1,522,628	9,058,618	(1,977,472)	(1,977,471)	—	1,977,471
Fund balances - beginning of the year .....	(9,968,017)	(9,821,328)	3,754,114	13,575,442	(6,881,925)	(6,889,822)	—	6,889,822
Fund balances - end of the year .....	\$ (16,127,069)	\$ (17,357,318)	\$ 5,276,742	\$ 22,634,060	\$ (8,859,397)	\$ (8,867,293)	—	\$ 8,867,293

See accompanying Notes to Required Supplementary Information.

**STATE OF MARYLAND**  
**Reconciliation of the Budgetary General and Special Funds, Fund Balances**  
**to the GAAP General and Special Funds, Fund Balances**  
**June 30, 2022**  
*(Expressed in Thousands)*

	General	Special
Amount in budgetary funds, fund balance	\$ 7,704,624	\$ 5,276,742
Budgetary special funds reclassified to the general fund	4,044,216	(4,044,216)
Budgetary special funds reclassified to other funds	—	(683,953)
Other non-budgetary funds reclassified to governmental funds	987,675	26,334
Total of budgetary fund balances reclassified into the governmental funds' fund structure	12,736,515	574,908
Accounting principle differences:		
Assets recognized in the governmental funds financial statements not recognized for budgetary purposes:		
Cash	(587,685)	(311,702)
Investments	(342,071)	—
Taxes receivable	765,581	144,938
Intergovernmental receivables	337,760	827,591
Other accounts receivable	124,353	(732,650)
Inventories	548,799	91,629
Loans and notes receivable	4,962	—
Due from other funds	—	—
Due from component units	3,570	—
Liabilities and deferred inflows of resources recognized in the governmental funds financial statements not recognized for budgetary purposes:		
Salaries payable	(660,828)	(1,764)
Accounts payable and accrued liabilities	(1,041,399)	(14,085)
Due to other funds	(288,757)	42,414
Accounts payable to political subdivisions	4,667	—
Unearned revenue	(738,335)	—
Accrued self-insurance costs	(82,832)	—
Financial statement governmental funds' fund balances, June 30, 2022 (page 31)	\$ 10,784,301	\$ 621,279

See accompanying Notes to Required Supplementary Information.

**STATE OF MARYLAND**  
**Schedule of Employer Contributions for**  
**Maryland State Retirement and Pension System\***  
**Year Ending June 30,**  
*(Expressed in Thousands)*

	2022	2021	2020	2019	2018	2017
<b>Governmental Activities' Special Funding Situation:</b>						
Actuarially determined contribution .....	\$ 1,202,102	\$ 1,153,208	\$ 1,170,248	\$ 1,143,586	\$ 1,122,986	\$ 1,137,472
Less: Contributions in relation to the actuarially determined contribution .....	1,202,102	1,153,208	1,170,248	1,143,586	1,122,986	1,137,472
Contribution deficiency .....	—	—	—	—	—	—
Covered payroll .....	\$ 7,957,775	\$ 7,688,846	\$ 7,492,465	\$ 7,153,063	\$ 6,941,097	\$ 6,780,838
Actual contributions as a percentage of covered payroll .....	15.1 %	15.0 %	15.6 %	16.0 %	16.2 %	16.8 %
<b>Other Governmental Activities:</b>						
Actuarially determined contribution .....	\$ 728,098	\$ 695,223	\$ 653,760	\$ 613,280	\$ 588,649	\$ 615,316
Less: Contributions in relation to the actuarially determined contribution .....	728,098	695,223	653,760	613,280	588,847	615,316
Contribution deficiency .....	—	—	—	—	(198)	—
Covered payroll .....	\$ 3,846,222	\$ 3,886,504	\$ 2,856,830	\$ 2,642,155	\$ 2,576,216	\$ 2,638,040
Actual contributions as a percentage of covered payroll .....	18.9 %	17.9 %	22.9%	23.2 %	22.9 %	23.3 %
<b>Business-Type Activities:</b>						
Actuarially determined contribution .....	\$ 31,213	\$ 32,627	\$ 26,830	\$ 28,590	\$ 24,952	\$ 28,648
Less: Contributions in relation to the actuarially determined contribution .....	31,213	32,627	26,830	28,590	24,754	28,648
Contribution deficiency .....	—	—	—	—	198	—
Covered payroll .....	\$ 127,703	\$ 127,427	\$ 106,028	\$ 114,620	\$ 118,291	\$ 114,453
Actual contributions as a percentage of covered payroll .....	24.4 %	25.6 %	25.3 %	24.9 %	20.9 %	25.0 %
<b>Component Units:</b>						
Actuarially determined contribution .....	\$ 167,357	\$ 167,078	\$ 157,629	\$ 143,043	\$ 142,554	\$ 142,767
Less: Contributions in relation to the actuarially determined contribution .....	167,357	167,078	157,629	143,043	142,554	142,767
Contribution deficiency .....	—	—	—	—	—	—
Covered payroll .....	\$ 817,546	\$ 816,389	\$ 727,484	\$ 745,147	\$ 726,634	\$ 720,191
Actual contributions as a percentage of covered payroll .....	20.5 %	20.5 %	21.7 %	19.2 %	19.6 %	19.8 %

\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Notes to Schedule of Employer Contributions**

---

<b>Valuation Date:</b>	June 30 Actuarially determined contribution rates are calculated as of June 30, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.*
<b>Methods and Assumptions Used to Determine Contribution Rates:</b>	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	18 years
Asset Valuation Method	5-year smoothed market (max. 120% and min. 80% of market value)
Inflation	2.60% general, 3.10% wage.
Salary Increases	3.10% to 11.60%
Investment Rate of Return	0.074
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2018 Experience Study for the period 2014-2018.
Mortality	Public Sector 2010 Mortality Tables with generational mortality projections using scale MP-2018.

---

\*Prior to 2017, the Actuarially Determined Contribution was equal to the greater of, (1) The actuarially determined contribution under the System's funding policy before application of the corridor funding method, plus reinvested savings contributions and 2) Employer normal cost plus 30-year amortization of the unfunded liability, plus reinvested savings. Thereafter, the actuarially determined contribution is under the System's funding policy.



**STATE OF MARYLAND**  
**Schedule of Employer Net Pension Liability**  
**for Maryland State Retirement and Pension System\***  
**Year Ending June 30,**

*(Amounts Expressed in Thousands)*

	2022	2021	2020	2019	2018	2017
<b>State of Maryland's proportion of the collective NPL:</b>						
Governmental Activities' proportion of the System's NPL	31.14%	32.23%	33.59%	33.92%	33.92%	31.18%
Governmental Activities' special funding proportion of the System's NPL	53.08	52.81	51.73	51.42	53.95	55.79
Business-Type Activities proportion of the System's NPL	1.38	1.39	1.25	1.42	1.18	1.23
Component Units' proportion of the System's NPL	7.28	6.90	6.93	7.00	5.86	5.78
Total	<u>92.88%</u>	<u>93.32%</u>	<u>93.50%</u>	<u>93.76%</u>	<u>94.91%</u>	<u>93.98%</u>
<b>State of Maryland's proportionate share of the collective NPL:</b>						
Governmental Activities' proportionate share of the System's NPL	\$4,672,223	\$7,283,296	\$6,927,888	\$7,117,624	\$7,203,243	\$7,357,073
Governmental Activities' special funding proportionate share of the System's NPL	7,962,964	11,935,978	10,670,529	10,789,240	11,665,236	13,163,108
Business-Type Activities proportionate share of the System's NPL	207,644	313,979	257,001	298,096	254,227	290,202
Component Units' proportionate share of the System's NPL	1,091,997	1,559,272	1,429,833	1,469,074	1,267,498	1,363,073
Total	<u>\$13,934,828</u>	<u>\$21,092,525</u>	<u>\$19,285,251</u>	<u>\$19,674,034</u>	<u>\$20,390,204</u>	<u>\$22,173,456</u>
<b>State of Maryland's covered payroll:</b>						
Governmental Activities' covered payroll	\$3,846,222	\$2,856,830	\$2,642,155	\$2,576,216	\$2,638,040	\$2,428,412
Governmental Activities' special funding covered payroll	7,957,775	7,492,465	7,153,063	6,941,097	6,780,838	6,611,038
Business-Type Activities covered payroll	127,703	106,028	114,620	118,291	114,453	148,035
Component Units' covered payroll	817,546	727,484	745,147	726,634	720,191	835,211
<b>Proportionate share of the collective NPL as a percentage of covered payroll:</b>						
Governmental Activities' proportionate share of NPL as a % of covered payroll	121.48%	254.94%	262.21%	276.28%	273.05%	302.96%
Governmental Activities' special funding proportionate share of NPL as a % of covered payroll	100.07%	159.31%	149.17%	155.44%	172.03%	199.11%
Business-Type Activities proportionate share of NPL as % of covered payroll	162.60%	296.13%	224.22%	252.00%	222.12%	196.04%
Component Units' proportionate share of NPL as % of covered payroll	133.57%	214.34%	191.89%	202.18%	175.99%	163.20%
<b>Plan fiduciary net position as a percentage of pension liability - All</b>	<u>81.80%</u>	<u>70.72%</u>	<u>72.34%</u>	<u>71.18%</u>	<u>69.38%</u>	<u>65.79%</u>

\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**STATE OF MARYLAND**  
**Schedule of Employer Contributions for**  
**Maryland Transit Administration Pension Plan**  
**Year Ending June 30,**  
*(Expressed in Thousands)*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution .....	\$ 53,639	\$ 58,842	\$ 55,213	\$ 64,649	\$ 66,495	\$ 62,217	\$ 44,736	\$ 40,807	\$ 39,749	\$ 34,582
Less: Contributions in relation to the actuarially determined contribution .....	68,606	59,280	43,249	41,597	40,997	40,997	40,997	35,400	39,749	29,519
Contribution deficiency/(excess) .....	<u>\$ (14,967)</u>	<u>\$ (438)</u>	<u>\$ 11,964</u>	<u>\$ 23,052</u>	<u>\$ 25,498</u>	<u>\$ 21,220</u>	<u>\$ 3,739</u>	<u>\$ 5,407</u>	<u>\$ —</u>	<u>\$ 5,063</u>
Covered payroll .....	\$ 163,102	\$ 164,553	\$ 149,768	\$ 148,445	\$ 145,834	\$ 137,154	\$ 137,427	\$ 135,545	\$ 137,596	\$ 137,596
Actual contributions as a percentage of covered payroll .....	42.1%	36.0%	28.9%	28.0%	28.1%	29.9%	29.8%	26.1%	28.9%	21.5%

**Notes to Schedule**

Valuation Date: Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the current fiscal year.  
Actuarial valuations are performed every year.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age Normal, Level Dollar
Amortization method	Level Payments (Closed)
Inflation	0.031
Salary increases	3.10% to 9.10% including inflation
Investment rate of return	7.40%
Municipal bond rate	0.0369
Single discount rate	0.0529
Retirement age	Rates vary by participant age
Mortality	RP-2014 Blue Collar tables with MP-2018. The RP-2014 Disabled Retiree table is used for disabled members.

**STATE OF MARYLAND**  
**Schedule of Changes in Net Pension Liability and Related Ratios for**  
**Maryland Transit Administration Pension Plan\***  
**For the Year End June 30,**  
*(Expressed in Thousands)*

	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>								
Service cost .....	\$ 50,802	\$ 43,827	\$ 42,308	\$ 36,027	\$ 37,194	\$ 36,334	\$ 45,868	\$ 24,718
Interest .....	51,485	56,406	55,831	56,520	54,904	57,881	31,181	39,236
Changes of benefit terms .....	—	—	208	(203)	3,106	2,133	82,510	—
Differences between expected and actual experience .....	(50,063)	(11,810)	(17,140)	(8,528)	17,385	(20,741)	(15,024)	(19,621)
Changes of assumptions .....	(390,469)	140,735	101,716	(51,455)	(45,637)	(151,242)	338,950	53,480
Benefit payments, including refunds of member contributions .....	(47,454)	(44,736)	(51,151)	(42,724)	(37,203)	(39,062)	(35,283)	(30,636)
Net changes in total pension liability .....	(385,699)	184,422	131,772	(10,363)	29,749	(114,697)	448,202	67,177
Total pension liability-beginning .....	1,577,613	1,393,191	1,261,419	1,271,782	1,575,538	1,804,932	908,528	841,351
Total pension liability-ending (a) .....	<u>\$1,191,914</u>	<u>\$1,577,613</u>	<u>\$1,393,191</u>	<u>\$1,261,419</u>	<u>\$1,605,287</u>	<u>\$1,690,235</u>	<u>\$1,356,730</u>	<u>\$ 908,528</u>
<b>Plan fiduciary net position</b>								
Net investment income .....	(10,986)	93,213	12,832	31,023	20,550	27,739	3,513	8,279
Contributions-employer .....	75,439	66,591	43,250	41,597	40,997	40,997	38,037	38,361
Benefit payments, including refunds of member contributions .....	(47,454)	(44,736)	(51,152)	(42,724)	(37,203)	(35,967)	(35,283)	(30,636)
Administrative expenses .....	(4,135)	(3,602)	(2,652)	(2,325)	(2,213)	(1,914)	(1,967)	(1,851)
Net change in plan fiduciary net position .....	12,864	111,466	2,278	27,571	22,131	30,855	4,300	14,153
Plan fiduciary net position-beginning .....	447,378	335,912	329,024	298,447	308,155	246,445	237,845	223,692
Plan fiduciary net position-ending (b) .....	<u>\$ 460,242</u>	<u>\$ 447,378</u>	<u>\$ 331,302</u>	<u>\$ 326,018</u>	<u>\$ 330,286</u>	<u>\$ 277,300</u>	<u>\$ 242,145</u>	<u>\$ 237,845</u>
Net pension liability-ending (a)-(b) .....	<u>\$ 731,672</u>	<u>\$1,130,235</u>	<u>\$1,061,889</u>	<u>\$ 935,401</u>	<u>\$1,275,001</u>	<u>\$1,412,935</u>	<u>\$1,114,585</u>	<u>\$ 670,683</u>
Plan fiduciary net position as a percentage of as a percentage of the total pension liability	38.6%	28.4%	23.8%	25.8%	20.6%	16.4%	17.8%	26.2%
Covered payroll .....	\$ 163,102	\$ 164,553	\$ 149,768	\$ 148,445	\$ 145,834	\$ 137,154	\$ 137,427	\$ 137,680
Employer net pension liability as a percent of covered payroll .....	448.6%	686.9%	709.0%	630.1%	874.3%	1030.2%	811.0%	487.1%

**Notes to Schedule**

Changes of Assumptions: FY22 reflects a increase to the effective discount rate from 3.26% to 5.29%.

*\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**STATE OF MARYLAND**  
**Schedule of Employer's Net Pension Liability for**  
**Maryland Transit Administration Pension Plan\***  
**Year Ending June 30,**  
*(Expressed in Thousands)*

	2022	2021	2020	2019	2018	2017	2016
Total pension liability.....	\$ 1,191,914	\$ 1,577,613	\$ 1,393,191	\$ 1,261,419	\$ 1,605,287	\$ 1,690,235	\$ 1,356,730
Less: Plan fiduciary net position .....	460,242	447,378	329,024	298,447	273,000	242,145	237,845
Employer net pension liability.....	<u>\$ 731,672</u>	<u>\$ 1,130,235</u>	<u>\$ 1,064,167</u>	<u>\$ 962,972</u>	<u>\$ 1,332,287</u>	<u>\$ 1,448,090</u>	<u>\$ 1,118,885</u>
Plan fiduciary net position as a percentage of the total pension liability .....	38.6%	28.4%	23.6%	23.7%	17.0%	14.3%	17.5%
Covered payroll .....	\$ 163,102	\$ 164,553	\$ 149,768	\$ 148,445	\$ 145,834	\$ 137,154	\$ 137,427
Employer net pension liability as a percent of covered payroll .....	448.6%	686.9%	710.5%	648.7%	913.6%	1055.8%	814.2%

\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**STATE OF MARYLAND**  
**Schedule of Investment Returns for**  
**Maryland Transit Administration Pension Plan**  
**Year Ending June 30,**  
*(Expressed in Thousands)*

Fiscal Year Ended	Annual money-weighted rate of return, net of investment expenses
2022	(3.0)%
2021	26.7%
2020	3.5%
2019	6.4%
2018	8.1%
2017	10.0%
2016	1.5%
2015	3.7%

\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**STATE OF MARYLAND**  
**Schedule of Employer Contributions for**  
**Other Post-Employment Benefit Plan**  
**Year Ending June 30,**  
*(Expressed in Thousands)*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution .....	\$ 610,967	\$ 551,443	\$ 611,709	\$ 644,919	\$ 532,287	\$ 779,316	\$ 634,552	\$ 574,359	\$ 576,050	\$ 634,465
Less: Contributions in relation to the actuarially determined contribution .....	673,695	629,554	601,487	499,502	562,479	526,535	490,765	449,750	402,794	393,078
Contribution deficiency/(excess) .....	\$ (62,728)	\$ (78,111)	\$ 10,222	\$ 145,417	\$ (30,192)	\$ 252,781	\$ 143,787	\$ 124,609	\$ 173,256	\$ 241,387
Covered payroll .....	\$ 5,944,012	\$ 5,687,358	\$ 5,669,650	\$ 5,380,192	\$ 5,115,140	\$ 5,111,236	\$ 4,997,602	\$ 4,929,100	\$ 4,803,627	\$ 4,457,421
Actual contributions as a percentage of covered payroll .....	11.3%	11.1%	10.6%	9.3%	11.0%	10.3%	9.8%	9.1%	8.4%	8.8%

**Notes to Schedule**

Valuation date: ..... Actuarially determined contribution amounts are calculated as of June 30 prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method ..... Entry Age Actuarial Cost Method  
Amortization method period ..... Level percent of payroll  
Remaining amortization period ... 30 years  
Asset valuation method ..... Fair value of assets

**STATE OF MARYLAND**  
**Schedule of Changes in Net OPEB Liability and Related Ratios for**  
**Other Post-Employment Benefits Plan\***  
**For the Year Ended June 30,**  
*(Expressed in Thousands)*

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost .....	\$ 503,008	\$ 568,469	\$ 427,003	\$ 337,320	\$ 306,642
Interest .....	333,082	376,474	516,935	426,193	410,862
Change of benefit terms .....	106,421	87,982	97,221	2,544,752	—
Differences between expected and actual experience .....	111,645	560,235	162,068	459,791	323,130
Changes of assumptions .....	(2,802,673)	(2,490,736)	1,537,159	471,611	(969,487)
Benefit payments, including refunds of member contributions .....	(673,695)	(629,554)	(601,487)	(499,502)	(562,479)
Net changes in total OPEB liability .....	(2,422,212)	(1,527,130)	2,138,899	3,740,165	(491,332)
Total OPEB liability-beginning .....	15,252,485	16,779,615	14,640,716	10,900,551	11,391,883
Total OPEB liability-ending <sup>(a)</sup> .....	\$ 12,830,273	\$ 15,252,485	\$ 16,779,615	\$ 14,640,716	\$ 10,900,551
Plan fiduciary net position					
Net investment income .....	\$ (68,491)	\$ 98,747	\$ 4,373	\$ 21,460	\$ 22,599
Net change in plan fiduciary net position .....	(68,491)	98,747	4,373	21,460	22,599
Plan fiduciary net position-beginning .....	453,852	355,105	350,732	329,272	306,673
Plan fiduciary net position-ending <sup>(b)</sup> .....	\$ 385,361	\$ 453,852	\$ 355,105	\$ 350,732	\$ 329,272
Net OPEB liability-ending <sup>(a)-(b)</sup> .....	\$ 12,444,912	\$ 14,798,633	\$ 16,424,510	\$ 14,289,984	\$ 10,571,279
Plan fiduciary net position as a percentage of the total OPEB liability	3.0%	3.0%	2.1%	2.4%	3.0%
Covered payroll .....	\$ 5,944,012	\$ 5,687,358	\$ 5,669,650	\$ 5,380,192	\$ 5,115,140
Plan net OPEB liability as a percent of covered payroll .....	209.4%	260.2%	289.7%	265.6%	206.7%

\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**STATE OF MARYLAND**  
**Schedule of Employer's Net OPEB Liability for**  
**Other Post-Employment Benefit Plan\***  
**Year Ending June 30,**  
*(Amounts Expressed in Thousands)*

	2022	2021	2020	2019	2018
Total OPEB liability .....	\$ 12,830,273	\$ 15,252,485	\$ 16,779,615	\$ 14,640,716	\$ 10,900,551
Less: Plan fiduciary net position .....	385,361	453,852	355,105	350,732	329,272
Employer net OPEB liability .....	\$ 12,444,912	\$ 14,798,633	\$ 16,424,510	\$ 14,289,984	\$ 10,571,279
Plan fiduciary net position as a percentage of the total OPEB liability	3.00 %	2.98 %	2.12 %	2.40 %	3.02 %
Covered payroll .....	\$ 5,944,012	\$ 5,687,358	\$ 5,669,650	\$ 5,380,192	\$ 5,115,140
Employer net OPEB liability as a percent of covered payroll .....	209.4 %	260.2 %	289.7 %	265.6 %	206.7 %

\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**STATE OF MARYLAND**  
**Schedule of Investment Returns for**  
**Other Post-Employment Benefit Plan\***  
**Year Ending June 30,**  
*(Expressed in Thousands)*

Fiscal Year Ended	Annual money-weighted rate of return, net of investment expenses
2022	(15.1)%
2021	27.8%
2020	1.3%
2019	6.5%
2018	7.4%

\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**STATE OF MARYLAND**  
**Schedule of Employer Contributions for**  
**Maryland Transit Administration Retiree Healthcare Benefits Plan\***  
**Year Ending June 30,**  
*(Expressed in Thousands)*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution .....	\$ 41,932	\$ 46,156	\$ 31,899	\$ 41,137	\$ 47,907	\$ 90,004	\$ 72,624	\$ 67,496	\$ 70,512	\$ 70,512
Less: Contributions in relation to the actuarially determined contribution .....	15,511	20,354	17,240	15,617	12,422	16,887	15,296	13,905	18,383	14,147
Contribution deficiency/(excess) .....	<u>\$ 26,421</u>	<u>\$ 25,802</u>	<u>\$ 14,659</u>	<u>\$ 25,520</u>	<u>\$ 35,485</u>	<u>\$ 73,117</u>	<u>\$ 57,328</u>	<u>\$ 53,591</u>	<u>\$ 52,129</u>	<u>\$ 56,365</u>
Covered payroll .....	\$ 163,102	\$ 164,553	\$ 149,768	\$ 148,445	\$ 145,834	\$ 137,154	\$ 137,427	\$ 137,680	\$ 135,545	\$ 137,596
Actual contributions as a percentage of covered payroll .....	9.5%	12.4%	11.5%	10.5%	8.5%	12.3%	11.1%	10.1%	13.6%	10.3%

**Notes to Schedule**

Valuation date: ..... Actuarially determined contribution rates are calculated as of June 30 prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to establish “actuarially determined contribution” rates:**

Actuarial cost method ..... Entry Age Level Dollar Normal Cost  
Amortization method ..... Level Dollar Closed  
Remaining amortization period... 25 years  
Asset valuation method ..... Fair value of assets

*\*OPEB plan funds pay-go only*

**STATE OF MARYLAND**  
**Schedule of Changes in Net OPEB Liability and Related Ratios for**  
**Maryland Transit Administration Retiree Healthcare Benefit Plan\***  
**Year Ending June 30,**  
*(Expressed in Thousands)*

	2022	2021	2020	2019
Total OPEB liability				
Service cost .....	\$ 41,932	\$ 46,156	\$ 31,898	\$ 41,137
Interest .....	21,957	26,467	26,053	29,487
Differences between expected and actual experience .....	(8,079)	19,747	(1,121)	(14,073)
Changes of assumptions .....	66,622	(21,696)	64,217	(145,356)
Benefit payments, including refunds of member contributions .....	(15,511)	(20,354)	(17,240)	(15,617)
Net changes in total OPEB liability .....	106,921	50,320	103,807	(104,422)
Total OPEB liability-beginning .....	882,994	832,674	728,867	833,289
Total OPEB liability-ending <sup>(a)</sup> .....	<u>\$ 989,915</u>	<u>\$ 882,994</u>	<u>\$ 832,674</u>	<u>\$ 728,867</u>
Plan fiduciary net position				
Contributions-employer .....	\$ 15,511	\$ 20,354	\$ 17,240	\$ 15,617
Benefit payments, including refunds .....	(15,511)	(20,354)	(17,240)	(15,617)
Administrative expenses <sup>(b)</sup> .....	—	—	—	—
Net OPEB liability-ending <sup>(a)-(b)</sup> .....	<u>\$ 989,915</u>	<u>\$ 882,994</u>	<u>\$ 832,674</u>	<u>\$ 728,867</u>
Covered payroll .....	\$ 163,102	\$ 164,553	\$ 149,768	\$ 148,445
Employer net OPEB liability as a percent of covered payroll .....	606.9%	536.6%	556.0%	491.0%

\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**STATE OF MARYLAND**  
**Schedule of Net OPEB Liability for**  
**Maryland Transit Administration Retiree Healthcare Benefit Plan\***  
**Year Ending June 30,**  
*(Amounts Expressed in Thousands)*

	2022	2021	2020	2019
Total OPEB liability .....	\$ 989,915	\$ 882,994	\$ 832,674	\$ 728,867
Less: Plan fiduciary net position .....	—	—	—	—
Employer net OPEB liability .....	<u>\$ 989,915</u>	<u>\$ 882,994</u>	<u>\$ 832,674</u>	<u>\$ 728,867</u>
Plan fiduciary net position as a percentage of the total OPEB liability .....	0.0 %	0.0 %	0.0 %	0.0 %
Covered payroll .....	\$ 163,102	\$ 164,553	\$ 149,768	\$ 148,445
Employer net OPEB liability as a percent of covered payroll .....	<u>606.9 %</u>	<u>536.6 %</u>	<u>556.0 %</u>	<u>491.0 %</u>

\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



## STATE OF MARYLAND

### Notes to Required Supplementary Information For the Year Ended June 30, 2022

#### **Budgeting and Budgetary Control:**

The Maryland Constitution requires the Governor to submit to the General Assembly an annual balanced budget for the following fiscal year. This budget is prepared and adopted for the General Fund, which includes all transactions of the State, unless otherwise directed to be included in another fund and the Special Fund, which includes the transportation activities of the State, fishery and wildlife funds, shared taxes and payments of debt service on general obligation bonds. In contrast, the GAAP special revenue fund includes the operations (other than debt service and pension activities) of the Maryland Department of Transportation. The budgetary Federal fund revenue and expenditures are included in the GAAP General and Special Funds as federal revenues and expenditures by function. An annual budget is also prepared for the Federal Fund, which accounts for substantially all grants from the Federal government, and the current unrestricted and restricted funds of the Universities and Colleges. In addition to the annual budget, the General Assembly adopts authorizations for the issuance of general obligation bonds. The expenditures of the resources obtained thereby are accounted for in the capital projects fund.

All State budgetary expenditures for the general, special and federal funds are made pursuant to appropriations in the annual budget, as amended from time to time, by budget amendments. The legal level of budgetary control is at the program level of the general, special and federal funds. State governmental departments and independent agencies may, with the Governor's approval, amend the appropriations by program within the budgetary general fund, provided they do not exceed their total general fund appropriations as contained within the annual budget. The legal level of budgetary control is at the program (function) level of the general, special and federal funds. Examples of State functional programs include Public debt, transportation and highways, and environment. These functional programs are at the legal level of budgetary control and the presentation of budget and actual comparisons on pages 105 and 106 .

Increases in total general fund appropriations must be approved by the General Assembly. For the fiscal year ended June 30, 2022, the General Assembly approved a net decrease in General Fund appropriations of \$617,045,000. Appropriations for programs funded by, in whole or in part, from the special or federal funds, may permit expenditures in excess of original special or federal fund appropriations to the extent that actual revenues exceed original budget estimates and such additional expenditures are approved by the Governor. Unexpended appropriations from the general fund may be carried over to succeeding years to the extent of encumbrances, with all other appropriations lapsing as of the end of the fiscal year. Unexpended appropriations from special and federal funds may be carried over to the extent of (a) available resources, and (b) encumbrances. The State's accounting system is maintained by the Comptroller in compliance with State Law and in accordance with the State's Budgetary Funds. It controls expenditures at the program level to ensure legal compliance. The "Agency Appropriation Unencumbered Balance Report," which is available for public inspection at the Office of the Comptroller, provides a more comprehensive accounting of activity on the basis of budgeting at the legal level of budgetary control.

The original and amended budget adopted by the General Assembly for the general, special and federal funds is presented in the Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balances, Budget and Actual for the year ended June 30, 2022. The State's budgetary fund structure and the basis of budgeting, which is the modified accrual basis with certain exceptions, differ from that utilized to present financial statements in conformity with generally accepted accounting principles. The budgetary system's principal departures from the modified accrual basis are the classification of the State's budgetary funds and the timing of recognition of certain revenues and expenditures. A summary of the effects of the fund structure differences and exceptions to the modified accrual basis of accounting, as of June 30, 2022, is provided in the "Reconciliation of the Budgetary General and Special Fund, Fund Balances to the GAAP General and Special Revenue Fund Balances" immediately following the budgetary schedule.

# *Combining Financial Statements*

**ANNUAL COMPREHENSIVE FINANCIAL REPORT, STATE OF MARYLAND**



# STATE OF MARYLAND

## Non-major Governmental Funds

### Debt Service Funds

*General Obligation Bonds, Debt Service Fund:* Transactions related to resources obtained and used for the payment of interest and principal on general long-term debt obligations are accounted for in the general obligation bonds debt service fund.

*Transportation Bonds, Debt Service Fund:* Transactions related to resources obtained and used for the payment of interest and principal on transportation long-term debt obligations are accounted for in the transportation bonds debt service fund.

### Capital Projects Funds

Transactions related to resources obtained and used for the acquisition, construction or improvement of certain capital facilities, including those provided to political subdivisions and other public organizations are accounted for in the capital projects fund. Such resources are derived principally from proceeds of general obligation bond issues, federal grants and operating transfers from the State's general fund. The State enters into long-term contracts for construction of major capital projects and records the related commitments as encumbrances.

### Special Revenue Funds

*Maryland Economic Development Opportunities Program Fund (Sunny Day):* Transactions related to loans, conditional loans, grants, conditional grants, and investments made to assist in the retention or expansion of existing enterprises and the attraction of new enterprises.

*Maryland Economic Adjust Fund (MEAF):* Transactions related to loans made to eligible businesses, and grants to Revolving Loan Funds administered by local government or nonprofit economic development organizations in the State of Maryland to assist with the modernization of manufacturing operation, the development of commercial applications for technology, and exploring and entering new markets.

**STATE OF MARYLAND**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2022**  
*(Expressed in Thousands)*

	Maryland Economic Adjust Fund	Maryland Economic Development Opportunities Program Fund (Sunny Day)	Debt Service Funds			Capital Projects Fund	Total Non-major Governmental Funds
			General Obligation Bonds	Transportation Bonds			
Assets:							
Equity in pooled invested cash.....	\$ 544	\$ 2,266	\$ —	\$ —	\$ 849,982	\$ 852,792	
Investments.....	—	—	—	—	1,223,709	1,223,709	
Other accounts receivable ..	7	417	—	—	27,204	27,627	
Due from other funds.....	—	—	—	—	—	—	
Restricted Assets:							
Cash with fiscal agent.....	—	—	44,613	—	—	44,613	
Equity in pooled invested cash.....	—	—	89,912	—	—	89,912	
Investments.....	—	—	29,363	—	—	29,363	
Taxes receivable, net.....	—	—	29,721	—	—	29,721	
Other accounts receivable	—	—	442	—	—	442	
Loans and notes receivable, net.....	713	—	984	—	—	1,697	
<b>Total assets.....</b>	<b>\$ 1,263</b>	<b>\$ 2,684</b>	<b>\$ 195,034</b>	<b>\$ —</b>	<b>\$ 2,100,895</b>	<b>\$ 2,299,876</b>	
Liabilities:							
Vouchers payable.....	\$ —	\$ —	\$ —	\$ —	\$ 82,000	\$ 82,000	
Accounts payable and accrued liabilities.....	—	—	—	—	82,795	82,794	
Due to other funds.....	—	—	—	—	56,341	56,341	
Accounts payable to political subdivisions.....	—	—	—	—	7,172	7,172	
<b>Total liabilities.....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>228,308</b>	<b>228,308</b>	
Fund balances:							
Nonspendable.....	660	417	—	—	—	1,077	
Restricted.....	604	2,267	195,035	—	—	197,905	
Committed.....	—	—	—	—	983,207	983,207	
Assigned.....	—	—	—	—	889,380	889,380	
Unassigned.....	—	—	—	—	—	—	
<b>Total fund balance.....</b>	<b>1,263</b>	<b>2,684</b>	<b>195,035</b>	<b>—</b>	<b>1,872,587</b>	<b>2,071,569</b>	
<b>Total liabilities and fund balances.....</b>	<b>\$ 1,263</b>	<b>\$ 2,684</b>	<b>\$ 195,034</b>	<b>\$ —</b>	<b>\$ 2,100,895</b>	<b>\$ 2,299,877</b>	

**STATE OF MARYLAND**  
**Combining Statement of Revenues, Expenditures, Other Sources and Uses of**  
**Financial Resources and Change in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

	Debt Service Funds						Total Non-major Governmental Funds
	Maryland Economic Adjust Fund	Maryland Economic Development Opportunities Program Fund (Sunny Day)	General Obligation Bonds	Transportation Bonds	Capital Projects Fund		
<b>Revenues:</b>							
Property taxes .....	\$ —	\$ —	\$ 927,132	\$ —	\$ —	\$ 927,132	
Interest and other investment income .....	—	—	(3,619)	—	571	(3,048)	
Federal revenue .....	16	—	7,864	—	—	7,880	
Other .....	495	450	308	—	8,776	10,030	
Total revenue .....	511	450	931,685	—	9,347	941,993	
<b>Expenditures:</b>							
General government .....	20	243	—	—	—	263	
Education .....	—	—	—	—	337,527	337,527	
Aid to higher education .....	—	—	—	—	197,544	197,544	
Commerce .....	75	5,000	—	—	—	5,075	
Intergovernmental grants and revenue sharing .....	—	—	—	—	363,411	363,411	
Capital outlays .....	—	—	—	—	144,053	144,053	
<b>Debt service:</b>							
Principal retirement .....	—	—	949,347	296,351	—	1,245,698	
Interest .....	—	—	425,525	155,917	—	581,442	
Bond issuance costs .....	—	—	—	—	3,284	3,284	
Total expenditures .....	95	5,243	1,374,873	452,268	1,045,819	2,878,297	
expenditures .....	416	(4,793)	(443,187)	(452,268)	(1,036,471)	(1,936,304)	
<b>Other sources (uses) of financial resources:</b>							
Bonds issued .....	—	—	—	—	1,623,118	1,623,118	
Refunding bonds issued .....	—	—	—	—	279,007	279,007	
Bond premium .....	—	—	115,751	—	268,284	384,035	
Payments to refunded bond escrow agent .....	—	—	—	—	(278,493)	(278,493)	
Transfers in .....	—	5,000	232,965	452,268	377,517	1,067,749	
Transfers out .....	—	—	—	—	(53,964)	(53,964)	
Total other sources of financial resources .....	—	5,000	348,716	452,268	2,215,469	3,021,453	
Net changes in fund balances .....	416	207	(94,472)	—	1,178,998	1,085,149	
Fund balances, beginning of year .....	847	2,477	289,507	—	693,590	986,420	
Fund balances, end of year .....	\$ 1,263	\$ 2,684	\$ 195,035	\$ —	\$ 1,872,587	\$ 2,071,569	

# STATE OF MARYLAND

## Non-major Enterprise Funds

Transactions related to commercial types of activities operated by the State are accounted for in the enterprise funds. The non-major enterprise funds consist of the economic development insurance programs of the Department of Housing and Community Development and Maryland Correctional Enterprises, which utilizes inmate labor from State correctional institutions to manufacture goods, wares and merchandise to be sold to State and federal agencies, political subdivisions and charitable, civic, educational, fraternal or religious associations or institutions.

**STATE OF MARYLAND**  
**Combining Statement of Net Position**  
**Non-major Enterprise Funds**  
**June 30, 2022**  
*(Expressed in Thousands)*

	<b>Economic Development Insurance Programs</b>	<b>Maryland Correctional Enterprises</b>	<b>Total Non-Major Enterprise Funds</b>
<b>Assets-</b>			
<b>Current assets:</b>			
Equity in pooled invested cash .....	\$ 3,698	\$ 12,385	\$ 16,083
Other accounts receivable .....	—	16,004	16,004
Inventories .....	—	11,823	11,823
Other assets .....	384	148	532
Restricted equity in pooled invested cash .....	84,946	—	84,946
<b>Total current assets .....</b>	<b>89,028</b>	<b>40,360</b>	<b>129,388</b>
<b>Non-current assets:</b>			
Investments .....	2,459	—	2,459
<b>Capital assets, net of accumulated depreciation:</b>			
Structures and improvements .....	—	1,676	1,676
Equipment .....	—	6,524	6,524
<b>Total non-current assets .....</b>	<b>2,459</b>	<b>8,200</b>	<b>10,659</b>
<b>Total assets .....</b>	<b>91,487</b>	<b>48,560</b>	<b>140,047</b>
Deferred outflows of resources .....	—	2,584	2,584
<b>Liabilities-</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities .....	121	1,634	1,755
Accrued insurance on loan losses .....	9,521	—	9,521
Other liabilities .....	236	847	1,083
Unearned revenue .....	476	713	1,189
<b>Total current liabilities .....</b>	<b>10,354</b>	<b>3,194</b>	<b>13,548</b>
<b>Non-current liabilities:</b>			
Other liabilities .....	2,522	10,067	12,589
<b>Total non-current liabilities .....</b>	<b>2,522</b>	<b>10,067</b>	<b>12,589</b>
<b>Total liabilities .....</b>	<b>12,876</b>	<b>13,261</b>	<b>26,137</b>
Deferred inflows of resources .....	—	4,563	4,563
<b>Net Position-</b>			
Net investment in capital assets .....	—	8,199	8,199
Restricted for insurance programs .....	84,935	—	84,935
Unrestricted (deficit) .....	(6,324)	25,121	18,797
<b>Total net position .....</b>	<b>\$ 78,611</b>	<b>\$ 33,320</b>	<b>\$ 111,931</b>

**STATE OF MARYLAND**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Non-major Enterprise Funds**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

	<b>Economic Development Insurance Programs</b>	<b>Maryland Correctional Enterprises</b>	<b>Total Non-Major Enterprise Funds</b>
Operating revenues:			
Charges for services and sales .....	\$ 780	\$ 51,040	\$ 51,820
Unrestricted interest on loan income .....	527	—	527
Other .....	987	—	987
Total operating revenues .....	<u>2,294</u>	<u>51,040</u>	<u>53,334</u>
Operating expenses:			
Cost of sales and services .....	—	40,031	40,031
General and administrative .....	1,349	8,537	9,886
Depreciation and amortization .....	—	820	820
Provision for insurance on loan losses .....	625	—	625
Total operating expenses .....	<u>1,974</u>	<u>49,388</u>	<u>51,363</u>
Operating income (loss) .....	<u>320</u>	<u>1,652</u>	<u>1,971</u>
Non-operating revenues (expenses):			
Restricted investment income .....	375	—	375
Federal grants and distributions .....	—	—	—
Other .....	—	18	18
Total non-operating revenues (expenses) .....	<u>375</u>	<u>18</u>	<u>393</u>
Changes in net position .....	<u>695</u>	<u>1,670</u>	<u>2,364</u>
Total net position - beginning of the year .....	<u>77,916</u>	<u>31,651</u>	<u>109,567</u>
Total net position - end of the year .....	<u>\$ 78,611</u>	<u>\$ 33,321</u>	<u>\$ 111,931</u>



**STATE OF MARYLAND**  
**Combining Statement of Cash Flows**  
**Non-major Enterprise Funds**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

	Economic Development Insurance Programs		Maryland Correctional Enterprises		Total Non-Major Enterprise Funds
Cash flows from operating activities:					
Receipts from customers.....	\$ 1,236	\$	51,704	\$	52,940
Payments to suppliers.....	—		(35,455)		(35,455)
Payments to employees.....	(1,309)		(14,871)		(16,180)
Other receipts.....	1,605		—		1,605
Other payments.....	(788)		—		(788)
Net cash provided by (used in) operating activities.....	744		1,378		2,122
Cash flows from non-capital financing activities:					
Transfers Out.....	—		—		—
Net cash provided by (used in) non-capital financing activities.....	—		—		—
Cash flows from capital and related financing activities:					
Acquisition of capital assets.....	—		(729)		(729)
Net cash provided by (used in) capital and related financing activities.....	—		(729)		(729)
Cash flows from investing activities:					
Interest received on debt instruments of other entities.....	375		—		375
Net cash provided by (used in) investing activities.....	375		—		375
Net change in cash and cash equivalents.....	1,119		649		1,768
Balance - beginning of the year.....	87,524		11,736		99,260
Balance - end of the year.....	\$ 88,643	\$	12,385	\$	101,028

Reconciliation of operating income to net cash from operating activities:

Operating income (loss).....	\$ 320	\$	1,652	\$	1,971
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation and amortization.....	—		820		820
Deferred inflows of resources.....	—		(1,603)		(1,603)
Deferred outflows of resources.....	—		—		—
Effect of changes in non-cash operating assets and liabilities:					
Other accounts receivable.....	—		737		737
Due from other funds.....	225		—		225
Inventories.....	—		(159)		(159)
Loans and notes receivable.....	161		—		161
Other assets.....	(72)		(90)		(162)
Accounts payable and accrued liabilities.....	(80)		97		17
Accrued insurance and loan losses.....	120		—		120
Unearned revenue.....	70		(8)		62
Other liabilities.....	—		(68)		(68)
Net cash from operating activities.....	\$ 744	\$	1,378	\$	2,122

# STATE OF MARYLAND

## Fiduciary Funds

The Pension and Other Post-Employment Benefits Trust Funds include the Maryland State Retirement and Pension System, Maryland Transit Administration Pension Plan, Deferred Compensation Plan and Post-Employment Health Benefits Trust Fund. The Pension Trust Funds reflect the transactions, assets, liabilities and net position of the plans administered by the State and the Maryland Transit Administration and are accounted for using the flow of economic resources measurement focus. The Deferred Compensation Plan, which is included with a year end of December 31, accounts for participant earnings deferred in accordance with Internal Revenue Code Sections 457, 403(b), 401(a) and 401(k). Amounts deferred are invested and are not subject to Federal income taxes until paid to participants upon termination or retirement from employment, death or for an unforeseeable emergency. The other Post-Employment Health Benefits Trust Fund (OPEB Trust) accumulates funds to assist the State's Employee and Retiree Health and Welfare Benefits Program finance the State's postretirement health insurance subsidy. The OPEB Trust is administered by the Board of Trustees for the Maryland State Retirement and Pension System, and its transactions and account balances are accounted for using the flow of economic resources measurement focus.

The State uses custodial funds to account for the receipt and disbursement of patient and prisoner accounts, various taxes collected by the State for distribution to the Federal government and political subdivisions and amounts withheld from employee's payroll.

**STATE OF MARYLAND**  
**Combining Statement of Fiduciary Net Position**  
**Pension and Other Employee Benefits Trust Funds**  
**June 30, 2022**  
*(Expressed in Thousands)*

	Maryland State Retirement and Pension System	Maryland Transit Administration Pension Plan	Other Postretirement Health Benefits Trust Fund	Deferred Compensation Plan December 31, 2021	Total
<b>Assets:</b>					
Cash .....	\$ 2,005,811	\$ 10,867	\$ 228	\$ 1,255	\$ 2,018,161
<b>Receivables:</b>					
Accrued investment income .....	253,424	1,501	—	44,262	299,187
Total receivables .....	253,424	1,501	—	44,262	299,187
<b>Investments:</b>					
US Treasury and agency obligations .....	6,705,763	48,313	59,623	—	6,813,699
Bonds .....	5,319,463	38,325	—	—	5,357,788
Corporate equity securities .....	18,153,744	130,793	260,862	—	18,545,399
Mortgage related securities .....	1,512,031	10,894	—	—	1,522,925
Mutual funds .....	—	—	—	4,639,678	4,639,678
Guaranteed investment contracts .....	—	—	—	831,623	831,623
Real estate .....	—	—	64,647	—	64,647
Annuity contracts .....	—	—	—	59,046	59,046
Commingled funds .....	30,323,411	218,472	—	—	30,541,883
Investment held by borrowers under Total investments .....	— 62,014,412	— 446,797	— 385,132	— 5,530,347	— 68,376,688
Other receivables .....	1,060,617	5,316	—	—	1,065,933
Collateral for lent securities .....	4,414,793	—	—	—	4,414,793
Other assets .....	—	26,635	—	—	26,635
Total assets .....	69,749,057	491,116	385,360	5,575,864	76,201,397
<b>Liabilities:</b>					
Accounts payable and accrued liabilities .....	65,402	30,874	—	—	96,276
Collateral obligation for lent securities .....	4,414,793	—	—	—	4,414,793
Other liabilities .....	957,871	—	—	—	957,871
Total liabilities .....	5,438,066	30,874	—	—	5,468,940
<b>Net position restricted for:</b>					
Pension benefits .....	64,310,991	460,242	—	—	64,771,233
Deferred compensation benefits .....	—	—	—	5,575,865	5,575,865
Postretirement health benefits .....	—	—	385,360	—	385,360
<b>Total net position</b> .....	<b>\$ 64,310,991</b>	<b>\$ 460,242</b>	<b>\$ 385,360</b>	<b>\$ 5,575,865</b>	<b>\$ 70,732,458</b>

**STATE OF MARYLAND**  
**Combining Statement of Changes in Plan Net Position**  
**Pension and Other Employee**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

	Maryland State Retirement and Pension System	Maryland Transit Administration Pension Plan	Other Postretirement Health Benefits Trust Fund	Deferred Compensation Plan December 31, 2021	Total
Additions:					
Contributions:					
Employers .....	\$ 1,489,076	\$ 68,606	\$ 673,695	\$ —	\$ 2,231,377
Members .....	894,267	6,833	—	190,217	1,091,317
Sponsors .....	793,227	—	—	—	793,227
Total contributions .....	3,176,570	75,439	673,695	190,217	4,115,922
Investment earnings:					
Net appreciation (depreciation) in fair value of investments .....	(5,033,012)	(38,679)	\$ (76,559)	735,683	(4,412,567)
Interest .....	569,337	27,693	8,372	20,059	625,461
Dividends .....	3,086,502	—	—	—	3,086,502
Total investment income .....	(1,377,173)	(10,986)	(68,187)	755,742	(700,604)
Less: investment expense .....	564,960	—	304	—	565,264
Net investment income .....	(1,942,133)	(10,986)	(68,492)	755,742	(1,265,869)
Total additions .....	1,234,437	64,453	605,204	945,959	2,850,053
Deductions:					
Benefit payments .....	4,394,350	47,454	673,695	300,550	5,416,049
Refunds .....	91,535	—	—	—	91,535
Administrative expenses .....	42,061	4,135	—	9,899	56,095
Total deductions .....	4,527,946	51,589	673,695	310,449	5,563,679
Net increase/(decrease) .....	(3,293,509)	12,864	(68,492)	635,510	(2,713,626)
Net position-beginning .....	67,604,500	447,378	453,852	4,940,355	73,446,085
Net position-ending .....	\$ 64,310,991	\$ 460,242	\$ 385,360	\$ 5,575,865	\$ 70,732,458

**STATE OF MARYLAND**  
**Combining Schedule of Fiduciary Net Position**  
**Maryland State Retirement and Pension System**  
**June 30, 2022**  
*(Expressed in Thousands)*

	<b>Teachers' Retirement and Pension System</b>	<b>Employees' Retirement and Pension System</b>	<b>State Police Retirement System</b>	<b>Judges' Retirement System</b>	<b>Law Enforcement Officers' Pension System</b>	<b>Subtotal</b>	<b>Eliminations*</b>	<b>Total</b>
<b>Assets:</b>								
Cash .....	\$ 1,191,191	\$ 692,518	\$ 60,574	\$ 22,496	\$ 39,032	\$ 2,005,811	\$ —	\$ 2,005,811
Investments, at fair value .....	37,745,493	20,665,977	1,749,269	557,880	1,295,793	62,014,412	—	62,014,412
Other receivables & Accrued Inv. Income .....	765,441	471,255	39,433	11,524	26,388	1,314,041	—	1,314,041
Due from other systems .....	81,561	47,622	138	—	7,172	136,493	(136,493)	—
Collateral for lent securities .....	2,682,322	1,485,883	123,442	39,787	83,359	4,414,793	—	4,414,793
Total assets .....	42,466,008	23,363,255	1,972,856	631,687	1,451,744	69,885,550	(136,493)	69,749,057
<b>Liabilities:</b>								
Accounts payable and accrued liabilities .....	35,634	26,052	1,765	749	1,202	65,402	—	65,402
Due to other system .....	44,276	92,169	(27)	75	—	136,493	(136,493)	—
Collateral obligation for lent securities & Other liab .....	3,259,920	1,816,298	150,355	48,322	97,769	5,372,664	—	5,372,664
Total liabilities .....	3,339,830	1,934,519	152,093	49,146	98,971	5,574,559	(136,493)	5,438,066
<b>Net Position:</b>								
Restricted for pension benefits .....	\$ 39,126,178	\$ 21,428,736	\$ 1,820,763	\$ 582,541	\$ 1,352,773	\$ 64,310,991	\$ —	\$ 64,310,991

\* Intersystem balances have been eliminated in the financial statements.

**STATE OF MARYLAND**  
**Combining Schedule of Changes in Plan Net Position**  
**Maryland State Retirement and Pension System**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

	Teachers' Retirement and Pension System	Employees Retirement and Pension System	State Police Retirement System	Judges' Retirement System	Law Enforcement Officers' Pension System	Subtotal	Eliminations*	Total
Additions:								
Contributions:								
Employers .....	\$ 408,875	\$ 880,672	\$ 95,453	\$ 22,816	\$ 81,260	\$ 1,489,076	\$ —	\$ 1,489,076
Members .....	554,537	311,852	9,842	3,643	14,393	894,267	—	894,267
Sponsors .....	793,227	—	—	—	—	793,227	—	793,227
Total contributions .....	1,756,639	1,192,524	105,295	26,459	95,653	3,176,570	—	3,176,570
Investment earnings:								
Net increase (decrease) in fair value of investments .....	(3,056,766)	(1,683,016)	(142,493)	(45,464)	(105,273)	(5,033,012)	—	(5,033,012)
Interest .....	331,523	182,691	15,433	4,944	11,272	545,863	—	545,863
Dividends .....	1,874,594	1,033,156	87,257	27,912	63,583	3,086,502	—	3,086,502
Income from securities lending .....	14,259	7,856	663	212	484	23,474	—	23,474
Total investment income .....	(836,390)	(459,313)	(39,140)	(12,396)	(29,934)	(1,377,173)	—	(1,377,173)
Less: investment expense .....	343,177	189,010	15,980	5,106	11,687	564,960	—	564,960
Net investment income .....	(1,179,567)	(648,323)	(55,120)	(17,502)	(41,621)	(1,942,133)	—	(1,942,133)
Total additions .....	577,072	544,201	50,175	8,957	54,032	1,234,437	—	1,234,437
Deductions:								
Benefit payments .....	2,508,296	1,622,772	136,182	39,921	87,179	4,394,350	—	4,394,350
Refunds .....	42,308	47,967	193	13	1,054	91,535	—	91,535
Administrative expenses .....	23,500	17,571	301	70	619	42,061	—	42,061
Total deductions .....	2,574,104	1,688,310	136,676	40,004	88,852	4,527,946	—	4,527,946
Net system transfers .....	2,428	(4,645)	37	(72)	2,252	—	—	—
Changes in net position .....	(1,994,604)	(1,148,754)	(86,464)	(31,119)	(32,568)	(3,293,509)	—	(3,293,509)
Net position restricted for pension benefits:								
Beginning of the year .....	41,120,782	22,577,490	1,907,227	613,660	1,385,341	67,604,500	—	67,604,500
End of the year .....	\$ 39,126,178	\$ 21,428,736	\$ 1,820,763	\$ 582,541	\$ 1,352,773	\$ 64,310,991	\$ —	\$ 64,310,991

\* Intersystem balances have been eliminated in the financial statements.

**STATE OF MARYLAND**  
**Combining Schedule of Fiduciary Net Position**  
**Deferred Compensation Plan**  
**December 31, 2021**  
*(Expressed in Thousands)*

	Deferred Compensation Plan Section 457	Savings and Investment Plan Section 401(k) Plan	Match Plan and Trust 401(a) Plan	Tax Sheltered Annuity Plan 403(b) Plan	Total
Assets:					
Cash .....	\$ 1,255	\$ —	\$ —	\$ —	\$ 1,255
Investments, at fair value .....	2,383,243	2,758,465	257,776	130,864	5,530,348
Other receivables .....	23,465	20,350	—	447	44,262
Total assets .....	<u>2,407,963</u>	<u>2,778,815</u>	<u>257,776</u>	<u>131,311</u>	<u>5,575,865</u>
Net position:					
Restricted for deferred compensation benefits .....	<u>\$ 2,407,963</u>	<u>\$ 2,778,815</u>	<u>\$ 257,776</u>	<u>\$ 131,311</u>	<u>\$ 5,575,865</u>

**STATE OF MARYLAND**  
**Combining Schedule of Changes in Plan Net Position**  
**Deferred Compensation Plan**  
**For the Year Ended December 31, 2021**  
*(Expressed in Thousands)*

	Deferred Compensation Plan Section 457	Savings and Investment Plan Section 401(k) Plan	Match Plan and Trust 401(a) Plan	Tax Sheltered Annuity Plan 403(b) Plan	Total
Additions:					
Contributions:					
Members .....	\$ 91,858	\$ 95,787	\$ 21	\$ 2,552	\$ 190,217
Total contributions .....	<u>91,858</u>	<u>95,787</u>	<u>21</u>	<u>2,552</u>	<u>190,217</u>
Investment earnings:					
Net increase (decrease) in fair value of investments .....	298,764	375,344	40,889	20,685	735,683
Interest .....	12,271	7,160	484	143	20,059
Net investment income .....	311,036	382,504	41,374	20,829	755,742
Total additions .....	<u>402,893</u>	<u>478,291</u>	<u>41,394</u>	<u>23,380</u>	<u>945,959</u>
Deductions:					
Benefit payments .....	129,270	150,175	11,820	9,285	300,550
Administrative expenses .....	5,486	3,936	328	150	9,899
Total deductions .....	<u>134,756</u>	<u>154,111</u>	<u>12,148</u>	<u>9,434</u>	<u>310,449</u>
Changes in net position .....	268,138	324,181	29,246	13,946	635,510
Net position restricted for pension and other employee benefits:					
Beginning of the year .....	2,139,825	2,454,634	228,530	117,365	4,940,355
End of the year .....	<u>\$ 2,407,963</u>	<u>\$ 2,778,815</u>	<u>\$ 257,776</u>	<u>\$ 131,311</u>	<u>\$ 5,575,865</u>

**STATE OF MARYLAND**  
**Combining Statement of Fiduciary Net Position**  
**Custodial Funds**  
**June 30, 2022**  
*(Expressed in Thousands)*

	Custodial Funds				
	Local Income Taxes	Insurance Premium Taxes	Local Transportation Funds and Other Taxes	Litigant, Patient and Prisoner Accounts	Total Custodial Funds
Assets:					
Cash .....	\$ —	\$ 10	\$ 25,027	\$ 48,029	\$ 73,066
Equity in pooled invested cash .....	3,610,643	123,921	18,037	13,947	3,766,548
Taxes receivable, net .....	347,732	—	—	—	347,732
Intergovernmental receivables .....	227,071	—	—	—	227,071
Accounts receivable from state treasury .....	264,304	—	—	—	264,304
Total assets .....	4,449,749	123,931	43,064	61,976	4,678,721
Liabilities:					
Accounts payable and accrued liabilities .....	—	952	—	4,079	5,031
Accounts payable to political subdivisions .....	561,216	—	17,977	—	579,193
Total liabilities .....	561,216	952	17,977	4,079	584,224
Net Position:					
Restricted for: .....					
Individuals, organizations, other governments .....	3,888,533	122,979	25,088	57,897	4,094,498
Total net position .....	\$ 3,888,533	\$ 122,979	\$ 25,088	\$ 57,897	\$ 4,094,498



**STATE OF MARYLAND**  
**Combining Statement of Changes in Net Position**  
**Custodial Funds**  
**For the Year Ended June 30, 2022**  
**(Expressed in Thousands)**

	Custodial Funds					Total Custodial Funds
	Local Income Taxes	Insurance Premium Taxes	Local Transportation Funds and Other Taxes	Litigant, Patient and Prisoner Accounts		
Additions:						
Contributions:						
Participants, individuals, and local governments	\$ 9,145,834	\$ 37,405	\$ 14,489	\$ 38,814		\$ 9,236,542
Total contributions	9,145,834	37,405	14,489	38,814		9,236,542
Investment earnings:						
Interest	—	538	—			538
Total investment income	—	538	—			538
Less: investment expense	—	—	—			—
Net investment income	—	538	—			538
Total additions	9,145,834	37,943	14,489	38,814		9,237,080
Deductions:						
Distribution to participants, individuals, and local governments	7,788,605	31,896	18,217	45,644		7,884,362
Total deductions	7,788,605	31,896	18,217	45,644		7,884,362
Net increase/(decrease)	1,357,229	6,047	(3,728)	(6,830)		1,352,718
Net position-beginning	2,531,304	116,932	28,816	64,727		2,741,779
Net position-ending	\$ 3,888,533	\$ 122,979	\$ 25,088	\$ 57,897		\$ 4,094,497

# STATE OF MARYLAND

## Non-major Component Unit Financial Statements

### Non-major Component Units

Non-major component units are comprised of the following proprietary fund type entities:

#### Maryland Environmental Service

The Maryland Environmental Service was created as a body corporate and politic. The Service helps private industry and local governments manage liquid, solid and hazardous wastes. In accordance with direction from the Governor, the Service plans and establishes major resource recovery facilities, solid waste management plans and hazardous waste management programs.

#### Maryland Economic Development Assistance Authority and Fund

The Maryland Economic Development Assistance Authority and Fund was established on July 1, 1999 and is codified in the Economic Development Article in Sections 5-301 through 5-349 of the Annotated Code of Maryland. Shortly after its creation, legislation was developed to consolidate ten existing economic development programs into the Fund through the Financing Programs Consolidation Act of 2000. The Fund was designed to be a nonlapsing revolving loan fund to provide below market, fixed rate financing to growth industry sector businesses locating or expanding in priority funding areas of the State.

#### Maryland Small Business Development Financing Authority

The Maryland Small Business Development Financing Authority (MSBDFA) was established by the State of Maryland in 1978 and is governed by the Economic Development Article and the MSBDFA programs are contained in Sections 5-501 through 5-575. MSBDFA is administered by the Department of Commerce (the Department). MSBDFA's purpose is to assist socially or economically disadvantaged entrepreneurs and small businesses in the creation and expansion of Maryland businesses. The programs can extend financial assistance to small businesses that are unable to obtain adequate business financing on reasonable terms through normal financing channels.

#### Maryland Industrial Development Financing Authority

The Maryland Industrial Development Financing Authority was established as a body corporate and politic and a public instrumentality of the State to provide financial assistance to enterprises seeking to locate or expand operations in Maryland.

#### Maryland Food Center Authority

The Maryland Food Center Authority is a body corporate and politic which was created to establish and operate a consolidated wholesale food center within the Greater Baltimore Region and is subject to State regulations.

#### Maryland Technology Development Corporation

The Maryland Technology Development Corporation was established as a body corporate and politic and a public instrumentality of the State to assist in the commercialization of technology developed in the universities and the private sector. The Corporation administers the Maryland Technology Incubator program, Maryland Stem Cell Research Fund and Maryland Venture Fund.

**STATE OF MARYLAND**  
**Combining Statement of Net Position**  
**Non-major Component Units**  
**June 30, 2022**  
**(Continued)**  
*(Expressed in Thousands)*

	<b>Maryland Environmental Service</b>	<b>Maryland Economic Development Assistance Authority and Fund</b>	<b>Maryland Small Business Development Financing Authority</b>	<b>Maryland Industrial Development Financing Authority</b>	<b>Maryland Food Center Authority</b>	<b>Maryland Technology Development Corporation</b>	<b>Total Non-major Component Units</b>
<b>Assets:</b>							
Cash .....	\$ 23,585	\$ —	\$ —	\$ —	\$ 4	\$ 48,660	\$ 72,249
Equity in pooled invested cash .....	—	79,853	9,561	14,827	7,780	18	112,039
Investments .....	19,062	—	—	—	—	70,903	89,965
Other accounts receivable .....	38,904	14,796	412	—	982	2,261	57,355
Due from primary government .....	—	5,000	—	—	—	—	5,000
Prepaid items .....	—	—	—	—	—	114	114
Loans and notes receivable, net .....	—	4,431	10,796	—	17,518	14,281	47,026
Leases receivable, net .....	—	—	—	—	4,252	—	4,252
Other assets .....	11,508	—	1,637	—	2,362	49	15,556
<b>Restricted assets:</b>							
Cash .....	110	332	—	—	—	1,436	1,878
Investments .....	3,369	—	—	—	—	—	3,369
<b>Capital assets, net of accumulated depreciation:</b>							
Land .....	5,952	—	—	—	3,457	—	9,409
Structures and improvements .....	30,549	—	—	—	17,261	—	47,810
Infrastructure .....	131	—	—	—	—	—	131
Right-of-use assets .....	1,212	—	—	—	—	1,006	2,218
Equipment .....	7,458	—	—	—	284	24	7,766
Construction in progress .....	65	—	—	—	2,821	—	2,886
<b>Total assets .....</b>	<b>141,905</b>	<b>104,411</b>	<b>22,407</b>	<b>14,827</b>	<b>56,721</b>	<b>138,752</b>	<b>479,023</b>
Deferred outflows of resources .....	2,186	—	—	—	778	—	2,964

**STATE OF MARYLAND**  
**Combining Statement of Net Position**  
**Non-major Component Units**  
**June 30, 2022**  
**(Continued)**

*(Expressed in Thousands)*

	Maryland Environmental Service	Maryland Economic Development Assistance Authority and Fund	Maryland Small Business Development Financing Authority	Maryland Industrial Development Financing Authority	Maryland Food Center Authority	Maryland Technology Development Corporation	Total Non-major Component Units
<b>Liabilities:</b>							
Accounts payable and accrued liabilities .....	25,308	—	702	—	293	14,328	40,631
Due to Primary Government .....	—	—	—	—	—	3,570	3,570
Unearned revenue .....	6,810	332	3	36	141	1,262	8,584
Accrued insurance on loan losses .....	—	—	561	164	—	—	725
Other liabilities .....	—	—	—	—	—	310	310
<b>Bonds and notes payable:</b>							
Due within one year .....	1,948	—	—	—	—	—	1,948
Due in more than one year .....	19,378	—	—	—	—	—	19,378
<b>Other noncurrent liabilities:</b>							
Due within one year .....	25,591	—	—	—	242	—	25,833
Due in more than one year .....	17,683	—	—	—	2,138	956	20,777
Total liabilities .....	96,718	332	1,266	200	2,814	20,426	121,756
Deferred inflows of resources .....	3,364	—	—	—	19,997	—	23,361
<b>Net position:</b>							
Net investment in capital assets .....	22,505	—	—	—	23,823	24	46,352
<b>Restricted:</b>							
Capital improvements and deposits .....	1,862	—	—	—	—	—	1,862
Restricted - Debt service .....	—	—	—	—	—	—	—
Unrestricted .....	19,642	104,079	21,141	14,627	10,865	118,302	288,656
Total net position .....	\$ 44,009	\$ 104,079	\$ 21,141	\$ 14,627	\$ 34,688	\$ 118,326	\$ 336,870

**STATE OF MARYLAND**  
**Combining Statement of Activities**  
**Non-major Component Units**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

	<b>Maryland Environmental Service</b>	<b>Maryland Economic Development Assistance Authority and Fund</b>	<b>Maryland Small Business Development Financing Authority</b>	<b>Maryland Industrial Development Financing Authority</b>	<b>Maryland Food Center Authority</b>	<b>Maryland Technology Development Corporation</b>	<b>Total Non-major Component Units</b>
Expenses:							
General and administrative .....	\$ 14,046	\$ 3,593	\$ 2,607	\$ 2,701	\$ 1,537	\$ 3,891	\$ 28,374
Operation and maintenance of facilities .....	157,338	—	—	—	1,821	—	159,159
Provision for insurance on loan losses, net .....	—	—	—	—	—	—	—
Interest on long-term debt .....	652	—	—	—	—	—	652
Depreciation and amortization .....	3,792	—	—	—	1,167	7	4,966
Other .....	906	9,241	50	—	—	33,588	43,785
Total expenses .....	176,734	12,834	2,657	2,701	4,525	37,486	236,936
Program revenues:							
Charges for services and sales .....	172,843	5,045	270	758	8,423	1,461	188,800
Total charges for services .....	172,843	5,045	270	758	8,423	1,461	188,800
Operating grants and contributions .....	2,613	11,114	2,032	—	—	24,442	40,202
Total program revenues .....	175,456	16,159	2,302	758	8,423	25,903	229,001
Net program revenue (expense) .....	(1,278)	3,326	(355)	(1,943)	3,898	(11,583)	(7,935)
General revenues:							
Unrestricted investment income .....	19	341	—	72	77	10,848	11,357
Total general revenues .....	19	341	—	72	77	10,848	11,357
Change in net position .....	(1,259)	3,667	(355)	(1,871)	3,975	(735)	3,422
Net position - beginning of the year .....	45,268	100,412	21,496	16,498	30,713	119,061	333,448
Net position - end of the year .....	\$ 44,009	\$ 104,079	\$ 21,141	\$ 14,627	\$ 34,688	\$ 118,326	\$ 336,870



# *Statistical Section*

**ANNUAL COMPREHENSIVE FINANCIAL REPORT, STATE OF MARYLAND**



## Statistical Section

This part of the State's annual comprehensive financial reports presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's economic condition.

# Table of Contents

---

### **Financial Trends**

These schedules contain trend information to help the reader understand how the State's financial position and well-being have changed over time ..... 146

### **Revenue Capacity**

These schedules contain information to help the reader assess the State's most significant own-source revenues ..... 154

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future ..... 158

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place ..... 162

### **Operating Information**

These schedules contain service data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs ..... 165

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.



**STATE OF MARYLAND**  
**Net Position by Component**  
**Primary Government**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
*(Expressed in Thousands)*

	Year ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Governmental activities:</b>										
Net investment in capital assets .....	\$ 19,718,518	\$ 19,024,134	\$ 17,691,697	\$ 16,521,914	\$ 16,702,586	\$ 16,164,081	\$ 15,311,051	\$ 14,737,916	\$ 14,312,895	\$ 14,203,503
Restricted .....	292,305	302,009	329,089	223,982	255,515	248,519	299,288	233,403	214,000	241,446
Unrestricted (deficit) .....	(27,701,749)	(36,166,427)	(37,031,892)	(36,101,866)	(34,404,356)	(27,010,946)	(25,671,817)	(25,444,098)	(12,086,503)	(10,915,188)
Total governmental activities net position .....	<u>\$ (7,690,926)</u>	<u>\$ (16,840,284)</u>	<u>\$ (19,011,106)</u>	<u>\$ (19,355,970)</u>	<u>\$ (17,446,255)</u>	<u>\$ (10,598,346)</u>	<u>\$ (10,061,478)</u>	<u>\$ (10,472,779)</u>	<u>\$ 2,440,392</u>	<u>\$ 3,529,761</u>
<b>Business-type activities:</b>										
Net investment in capital assets .....	\$ 4,617,485	\$ 4,121,054	\$ 4,357,278	\$ 4,682,501	\$ 4,360,412	\$ 3,465,391	\$ 3,278,343	\$ 3,070,913	\$ 2,780,663	\$ 2,396,073
Restricted .....	4,329,253	3,232,174	3,346,134	2,167,672	2,186,191	2,182,755	1,901,482	1,981,316	2,074,041	2,267,356
Unrestricted .....	1,295,725	1,473,941	1,180,158	2,261,575	1,989,288	2,442,849	2,457,957	2,213,139	2,208,475	2,112,651
Total business-type activities net position .....	<u>\$ 10,242,463</u>	<u>\$ 8,827,169</u>	<u>\$ 8,883,570</u>	<u>\$ 9,111,748</u>	<u>\$ 8,535,891</u>	<u>\$ 8,090,995</u>	<u>\$ 7,637,782</u>	<u>\$ 7,265,368</u>	<u>\$ 7,063,179</u>	<u>\$ 6,776,080</u>
<b>Primary government:</b>										
Net investment in capital assets .....	\$ 24,336,003	\$ 23,145,188	\$ 22,048,975	\$ 21,204,415	\$ 21,062,998	\$ 19,629,472	\$ 18,589,394	\$ 17,808,829	\$ 17,093,558	\$ 17,093,558
Restricted .....	4,621,557	3,534,183	3,675,223	2,391,654	2,441,706	2,431,274	2,200,770	2,214,719	2,288,041	2,288,041
Unrestricted (deficit) .....	(26,406,024)	(34,692,486)	(35,851,734)	(33,840,291)	(32,415,068)	(24,568,097)	(23,213,860)	(23,230,959)	(9,878,028)	(9,878,028)
Total primary government net position .....	<u>\$ 2,551,537</u>	<u>\$ (8,013,115)</u>	<u>\$ (10,127,536)</u>	<u>\$ (10,244,222)</u>	<u>\$ (8,910,364)</u>	<u>\$ (2,507,351)</u>	<u>\$ (2,423,696)</u>	<u>\$ (3,207,411)</u>	<u>\$ 9,503,571</u>	<u>\$ 9,503,571</u>

**STATE OF MARYLAND**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
*(Expressed in Thousands)*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Governmental activities:</b> <sup>(1)</sup>										
Expenses .....	\$ 49,689,393	\$ 47,678,283	\$ 42,004,134	\$ 41,545,755	\$ 37,109,957	\$ 36,672,888	\$ 34,595,952	\$ 33,955,678	\$ 32,979,215	\$ 31,110,854
Program revenues .....	27,499,031	23,764,776	18,419,852	16,251,366	15,273,365	15,313,142	14,422,414	14,239,658	13,221,268	12,655,977
Net (expense)/revenue, governmental activities .....	(22,190,363)	(23,913,507)	(23,584,282)	(25,294,389)	(21,836,592)	(21,359,746)	(20,173,538)	(19,716,020)	(19,757,947)	(18,454,877)
General revenues and other changes, governmental activities .....	31,339,720	26,080,717	23,929,145	23,384,676	21,964,499	20,822,878	20,584,839	19,853,048	18,699,201	18,007,318
Change in net position (deficit) governmental activities ..	9,149,358	2,167,209	344,862	(1,909,713)	127,907	(536,868)	411,301	137,028	(1,058,746)	(447,559)
Net position (deficit), beginning .....	(16,840,286)	(19,011,107)	(19,355,970)	(17,446,254)	(10,598,346)	(10,061,478)	(10,472,779)	2,440,392	3,529,761	3,977,320
Restatement <sup>(2)</sup> .....		3,612	—	—	(6,975,816)	—	—	(13,050,199)	(30,623)	—
Net position, ending, governmental activities .....	\$ (7,690,928)	\$ (16,840,286)	\$ (19,011,108)	\$ (19,355,967)	\$ (17,446,255)	\$ (10,598,346)	\$ (10,061,478)	\$ (10,472,779)	\$ 2,440,392	\$ 3,529,761
<b>Business-type activities:</b> <sup>(1)</sup>										
Expenses .....	\$ 6,100,957	\$ 13,378,428	\$ 8,509,301	\$ 4,060,172	\$ 3,953,255	\$ 3,762,859	\$ 3,576,982	\$ 3,519,427	\$ 3,560,492	\$ 3,724,891
Program revenues .....	8,902,009	14,714,898	9,253,578	5,797,773	5,558,670	5,248,348	5,025,995	4,847,349	4,767,617	4,889,817
Net (expense)/revenue, business- type activities .....	2,801,052	1,336,470	744,277	1,737,601	1,605,415	1,485,489	1,449,013	1,327,922	1,207,125	1,164,926
General revenues and other changes, business-type activities .....	(1,385,601)	(1,278,871)	(972,456)	(1,161,744)	(1,160,519)	(1,032,276)	(973,165)	(935,046)	(879,484)	(778,055)
Special item -Transfer of operations .....	—	—	—	—	—	(103,434)	(103,434)	—	—	—
Change in net position, business- type activities .....	1,415,451	57,599	(228,179)	575,857	444,896	349,779	372,414	392,876	327,641	386,871
Net position, beginning .....	8,827,169	8,883,569	9,111,748	8,535,891	8,090,995	7,637,782	7,265,368	7,063,179	6,776,080	6,389,209
Restatement <sup>(2)</sup> .....		(113,999)	—	—	—	—	—	(190,687)	(40,542)	—
Net position, ending, business- type activities .....	\$ 10,242,620	\$ 8,827,169	\$ 8,883,569	\$ 9,111,748	\$ 8,535,891	\$ 7,987,561	\$ 7,637,782	\$ 7,265,368	\$ 7,063,179	\$ 6,776,080
<b>Primary government</b>										
Expenses .....	\$ 55,790,350	\$ 61,056,711	\$ 50,513,435	\$ 45,605,927	\$ 41,063,212	\$ 40,435,747	\$ 38,172,934	\$ 37,475,105	\$ 36,539,707	\$ 34,835,745
Program revenues .....	36,401,040	38,479,674	27,673,430	22,049,139	20,832,035	20,561,490	19,448,409	19,087,007	17,988,885	17,545,794
Net (expense)/revenue, primary government .....	(19,389,310)	(22,577,037)	(22,840,005)	(23,556,788)	(20,231,177)	(19,874,257)	(18,724,525)	(18,388,098)	(18,550,822)	(17,289,951)
General revenues and other changes, primary government .....	29,954,119	24,801,846	22,956,689	22,222,932	20,803,980	19,790,602	19,611,674	18,918,002	17,819,717	17,229,263

**STATE OF MARYLAND**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
*(Expressed in Thousands)*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Special item -Transfer of operations .....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (103,434)	\$ (103,434)	\$ —	\$ —	\$ —
Change in net position, primary government .....	10,564,809	2,224,809	116,684	(1,333,856)	572,803	(187,089)	783,715	529,904	(731,105)	(60,688)
Net position (deficit), beginning .....	(8,013,117)	(10,127,538)	(10,244,222)	(8,910,363)	(2,507,351)	(2,423,696)	(3,207,411)	9,503,571	10,305,841	10,366,529
Restatement .....		(110,387)	—	—	(6,975,816)	—	—	(13,240,886)	(71,165)	—
Net position (deficit) ending, primary government .....	\$ 2,551,692	\$ (8,013,116)	\$ (10,127,538)	\$ (10,244,219)	\$ (8,910,364)	\$ (2,610,785)	\$ (2,423,696)	\$ (3,207,411)	\$ 9,503,571	\$ 10,305,841

<sup>(1)</sup> See the Expenses by Function, Primary Government and Revenues, Primary Government schedules for detailed information on expenses and revenues.

<sup>(2)</sup> Beginning net position was restated for fiscal year 2014, 2015, 2018 and 2021 due to implementation of GASB Statements No. 53, 65, 68, 75 and 84, respectively. The restatement for 2021 Business-type activities was due to the reclassification of Economic Development programs.

**STATE OF MARYLAND**  
**Expenses by Function, Primary Government**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
*(Expressed in Thousands)*

Functions/Programs	Year ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Government activities:										
General government .....	\$ 1,949,051	\$ 2,230,133	\$ 1,095,641	\$ 1,402,851	\$ 965,904	\$ 946,670	\$ 880,414	\$ 861,601	\$ 832,041	\$ 871,352
Health and mental hygiene .....	18,560,765	17,485,780	15,686,858	14,698,350	13,526,404	13,414,334	12,215,519	11,995,583	11,078,408	9,870,227
Education .....	9,737,647	9,413,234	9,089,923	8,447,548	8,493,967	8,486,468	7,860,472	7,765,925	7,970,236	7,790,385
Aid for higher education .....	2,858,194	2,559,219	2,506,028	2,471,292	2,331,498	2,323,284	2,351,057	2,200,669	2,042,523	1,898,244
Human resources .....	4,428,523	4,102,038	2,879,690	2,611,404	2,336,614	2,446,063	2,510,369	2,544,917	2,584,755	2,551,033
Public safety .....	1,872,950	2,804,767	2,505,069	2,897,054	2,107,790	2,278,563	2,031,359	2,034,175	2,101,314	2,078,085
Transportation .....	4,991,932	4,984,506	4,219,315	5,074,650	4,068,118	3,478,387	3,706,904	3,610,810	3,504,411	3,155,703
Judicial .....	777,218	985,588	890,411	1,055,281	779,043	803,668	733,794	699,116	662,086	649,324
Labor, licensing and regulation .....	1,452,925	535,412	382,458	427,255	373,815	349,394	312,850	325,179	333,701	279,632
Natural resources and recreation .....	443,399	435,084	421,749	500,645	367,266	360,187	255,076	275,936	213,004	207,840
Housing and community development .....	1,534,517	1,064,052	380,719	369,919	329,330	321,792	283,046	266,523	294,408	347,008
Environment .....	104,280	110,906	121,926	151,101	108,218	110,577	111,686	109,349	102,712	108,213
Agriculture .....	98,739	107,578	106,492	114,191	97,966	111,321	94,561	89,464	97,770	46,645
Commerce .....	71,831	175,888	109,814	99,882	101,475	109,054	83,664	100,264	105,177	78,406
Intergovernmental grants .....	666,750	595,084	639,760	612,968	599,408	649,794	662,629	600,362	541,034	614,685
Interest .....	140,673	89,013	968,281	611,365	523,141	483,332	502,553	475,805	515,633	498,757
Total governmental activities expenses .....	49,689,393	47,678,283	42,004,135	41,545,756	37,109,957	36,672,887	34,595,953	33,955,680	32,979,213	31,045,539
Business-type activities:										
Economic development-insurance programs .....	1,974	1,612	2,320	1,029	1,380	1,227	3,372	2,838	4,534	4,689
Economic development-water quality loan programs .....	115,477	108,860	117,257	110,750	138,369	168,631	221,101	251,636	174,566	142,280
Economic development-housing loan programs .....	252,978	185,334	203,236	201,748	171,443	163,267	175,706	179,393	202,818	204,117
Unemployment insurance program .....	1,825,444	9,441,939	5,126,359	447,927	518,190	546,415	571,259	680,420	925,005	1,585,495
Maryland Lottery and and Gaming Control Agency .....	3,195,824	2,981,071	2,385,775	2,656,397	2,490,823	2,264,581	1,993,732	1,845,837	1,701,020	1,331,899
Maryland Transportation Authority .....	656,267	609,736	545,964	563,623	558,553	537,773	538,560	489,859	469,606	412,509
Maryland Correctional Enterprises .....	49,370	49,876	55,694	51,362	51,158	57,467	58,190	52,627	50,767	50,754
Total business-type activities expenses .....	6,097,335	13,378,428	8,436,605	4,032,836	3,929,918	3,739,361	3,561,920	3,502,610	3,528,316	3,731,743
Total primary government expenses .....	\$ 55,786,728	\$ 61,056,711	\$ 50,440,740	\$ 45,578,592	\$ 41,039,875	\$ 40,412,248	\$ 38,157,873	\$ 37,458,290	\$ 36,507,529	\$ 34,777,282

**STATE OF MARYLAND**  
**Revenues, Primary Government**  
**Last Ten Fiscal Years**  
**(accrual based accounting)**  
*(Expressed in Thousands)*

Source	Year ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities:										
Program revenues:										
Charges for services:										
General government .....	\$ 1,570,042	\$ 476,595	\$ 894,555	\$ 1,052,239	\$ 618,153	\$ 778,578	\$ 817,528	\$ 657,548	\$ 577,929	\$ 724,997
Health and mental hygiene .....	1,397,585	2,743,026	1,043,917	1,176,854	1,022,439	1,082,744	1,156,098	1,223,465	1,445,746	1,368,278
Transportation .....	604,385	904,983	908,103	746,239	865,512	625,103	618,334	652,820	582,332	679,378
Judicial .....	275,610	299,817	247,419	284,302	260,136	305,700	278,514	277,001	313,598	349,347
Other activities .....	589,547	579,371	612,308	576,580	556,702	529,020	467,989	391,082	418,981	454,900
Operating grants and contributions .....	22,018,888	17,858,400	13,646,235	11,546,991	11,046,827	11,120,269	10,342,983	10,263,139	9,056,184	8,233,915
Capital grants and contributions .....	1,042,974	902,584	1,067,316	868,160	903,595	871,728	740,968	774,605	826,498	845,162
Total program revenues .....	27,499,031	23,764,776	18,419,852	16,251,365	15,273,364	15,313,144	14,422,414	14,239,660	13,221,268	12,655,977
General revenues:										
Taxes:										
Income Taxes .....	17,397,994	13,787,067	12,372,494	11,495,536	10,676,428	9,828,434	9,797,055	9,445,934	8,803,951	8,657,390
Sales and use taxes .....	6,684,540	5,478,226	4,943,349	4,889,889	4,720,311	4,612,619	4,506,092	4,412,308	4,199,862	4,115,724
Motor vehicle taxes .....	2,834,090	2,695,951	2,127,096	2,758,744	2,631,645	2,657,696	2,554,740	2,383,505	2,196,805	2,072,571
Tobacco taxes .....	479,132	388,243	362,901	356,684	372,724	386,965	395,266	391,452	402,403	415,922
Insurance company taxes .....	660,423	633,860	615,196	556,409	541,758	512,033	491,226	505,991	475,294	429,410
Property taxes .....	1,288,183	1,162,588	1,159,199	1,149,200	1,153,640	1,099,731	1,053,103	1,002,787	972,947	990,061
Estate inheritance taxes .....	271,432	238,580	224,012	209,343	241,226	252,118	288,833	266,809	238,276	258,978
Other taxes .....	411,164	383,856	779,798	324,712	323,472	312,867	311,694	306,505	313,474	293,031
Unrestricted investment earnings .....	(54,894)	31,570	342,936	453,966	136,427	120,657	197,411	186,926	212,533	(4,794)
Transfers .....	1,367,658	1,280,775	1,002,170	1,190,192	1,166,868	1,039,758	989,420	950,831	883,656	779,026
Total general revenues and transfers .....	31,339,721	26,080,722	23,929,150	23,384,676	21,964,499	20,822,878	20,584,840	19,853,048	18,699,201	18,007,318
Total revenues and transfers - governmental activities .....	58,838,752	49,845,496	42,349,002	39,636,041	37,237,863	36,136,022	35,007,254	34,092,708	31,920,469	30,663,295
Business-type activities:										
Program revenues:										
Charges for services:										
Unemployment insurance program .....	1,524,328	748,270	454,267	484,130	520,163	565,671	627,998	679,346	658,998	899,368
Maryland Lottery and Gaming Control Agency .....	4,728,602	4,370,639	3,484,033	3,975,521	3,740,610	3,384,334	3,078,920	2,877,945	2,645,960	2,444,195
Maryland Transportation Authority .....	841,965	727,296	742,654	862,534	862,395	869,605	836,079	827,759	804,642	617,334
Other activities .....	309,010	290,233	376,915	318,624	326,924	331,113	351,511	337,580	355,935	337,214
Operating grants and contributions .....	1,498,104	8,578,460	4,195,709	156,964	108,578	97,625	131,487	124,719	302,082	591,706
Capital grants and contributions .....	—	—	—	—	—	—	—	—	—	—
Total program revenues .....	8,902,009	14,714,898	9,253,578	5,797,773	5,558,670	5,248,348	5,025,995	4,847,349	4,767,617	4,889,817
General revenues:										
InvestMD tax credits .....	—	—	—	—	—	—	—	—	—	—
Unrestricted investment earnings .....	(17,943)	1,904	29,714	28,448	6,349	7,482	16,255	15,785	4,172	971
Transfers .....	(1,367,658)	(1,280,775)	(1,002,170)	(1,190,192)	(1,166,868)	(1,039,758)	(989,420)	(950,831)	(883,656)	(779,026)
Total general revenues and transfers .....	(1,385,601)	(1,278,871)	(972,456)	(1,161,744)	(1,160,519)	(1,032,276)	(973,165)	(935,046)	(879,484)	(778,055)
Special item - Transfer of operations .....	—	—	—	—	—	—	(103,434)	—	—	—
Total revenues, transfers, and special items - business-type activities .....	7,516,408	13,436,027	8,281,122	4,636,029	4,398,151	4,216,072	3,949,396	3,912,303	3,888,133	4,111,762
Total primary government revenues and transfers .....	\$ 66,355,160	\$ 63,281,519	\$ 50,630,128	\$ 44,272,070	\$ 41,636,014	\$ 40,352,094	\$ 38,956,650	\$ 38,005,011	\$ 35,808,602	\$ 34,775,057

**STATE OF MARYLAND**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual based accounting)**  
*(Expressed in Thousands)*

	Year ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund:										
Nonspendable .....	\$ 1,201,141	\$ 1,586,342	\$ 2,021,279	\$ 610,281	\$ 598,754	\$ 571,891	\$ 618,563	\$ 514,051	\$ 495,542	\$ 493,431
Restricted .....	97,270	27,982	18,638	8,186	8,259	10,459	11,403	16,487	6,501	187
Committed .....	4,646,083	2,914,281	2,389,927	2,094,213	1,633,323	1,564,668	1,675,674	1,519,539	1,553,584	1,488,477
Unassigned .....	4,839,807	1,001,906	(1,410,135)	(19,312)	(507,376)	(788,832)	(509,187)	(766,124)	(916,302)	(622,860)
<b>Total general fund .....</b>	<b>10,784,301</b>	<b>5,530,510</b>	<b>3,019,709</b>	<b>2,693,368</b>	<b>1,732,960</b>	<b>1,358,186</b>	<b>1,796,453</b>	<b>1,283,953</b>	<b>1,139,325</b>	<b>1,359,235</b>
All other governmental funds:										
Nonspendable .....	92,706	89,366	92,795	257,039	240,924	103,510	211,726	197,847	192,871	183,355
Restricted .....	197,905	292,830	310,451	215,796	247,256	243,829	287,885	216,916	207,499	241,260
Committed .....	983,207	801,662	702,427	627,153	583,117	578,790	685,348	800,158	791,084	663,718
Assigned .....	529,650	178,819	—	—	—	—	—	—	—	—
Unassigned <sup>(1)</sup> .....	—	(108,072)	(194,349)	(243,901)	(469,780)	(264,367)	(273,530)	(511,961)	(414,043)	(353,964)
<b>Total all other governmental funds .....</b>	<b>2,692,848</b>	<b>1,254,605</b>	<b>911,324</b>	<b>856,087</b>	<b>601,517</b>	<b>661,762</b>	<b>911,429</b>	<b>702,960</b>	<b>777,411</b>	<b>734,369</b>
<b>Total governmental funds .....</b>	<b>\$ 13,477,149</b>	<b>\$ 6,785,115</b>	<b>\$ 3,931,033</b>	<b>\$ 3,549,455</b>	<b>\$ 2,334,477</b>	<b>\$ 2,019,948</b>	<b>\$ 2,707,882</b>	<b>\$ 1,986,913</b>	<b>\$ 1,916,736</b>	<b>\$ 2,093,604</b>

<sup>(1)</sup> The unassigned fund balance deficit of the capital projects fund will be funded by future bond proceeds and capital appropriations of the general fund.

**STATE OF MARYLAND**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual based accounting)**  
*(Expressed in Thousands)*

	Year ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenues:</b>										
Income taxes .....	\$ 16,909,762	\$ 13,481,354	\$ 12,309,248	\$ 11,475,949	\$ 10,740,942	\$ 9,786,505	\$ 9,832,668	\$ 9,418,584	\$ 8,743,986	\$ 8,652,063
Retail sales and use taxes .....	6,639,153	5,458,775	4,937,256	4,888,811	4,716,515	4,609,782	4,504,417	4,410,080	4,196,314	4,114,462
Motor vehicle taxes and fees .....	2,834,090	2,695,951	2,566,668	2,758,744	2,631,645	2,657,696	2,554,740	2,383,505	2,196,805	2,072,571
Tobacco taxes .....	479,132	388,243	362,901	356,684	372,724	386,965	395,266	391,452	402,403	415,922
Insurance company taxes .....	660,423	633,860	615,196	556,409	541,758	512,033	491,226	505,991	475,294	429,410
Property taxes .....	1,288,183	1,162,587	1,159,198	1,149,200	1,153,639	1,099,731	1,053,102	1,002,786	972,947	990,061
Estate inheritance taxes .....	271,432	238,580	224,012	209,343	241,226	252,118	288,833	266,809	238,276	258,978
Other taxes .....	411,164	383,856	340,225	324,712	323,472	312,867	311,694	306,505	313,474	293,031
Other licenses and fees .....	1,386,019	999,055	733,714	870,084	561,410	604,004	646,622	641,478	607,785	678,648
Charges for services .....	2,543,659	2,502,636	2,111,040	2,253,364	2,206,187	2,115,409	2,191,464	2,132,893	2,304,305	2,403,377
Revenues pledged as security for bonds* .....	—	—	—	—	—	—	—	—	—	—
Interest and other investment income .....	(272,530)	15,699	140,173	263,706	(36,350)	(59,874)	57,549	66,067	110,607	(89,273)
Federal .....	23,091,252	18,692,216	14,266,916	12,378,980	11,762,012	11,970,737	10,999,638	11,033,156	9,897,214	9,096,720
Other .....	434,119	1,616,723	671,004	728,234	438,336	574,784	477,526	439,015	412,182	474,867
<b>Total revenues .....</b>	<b>56,675,856</b>	<b>48,269,536</b>	<b>40,437,551</b>	<b>38,214,220</b>	<b>35,653,516</b>	<b>34,822,757</b>	<b>33,804,745</b>	<b>32,998,321</b>	<b>30,871,592</b>	<b>29,790,837</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government .....	1,959,275	2,119,029	1,017,282	1,019,605	914,344	878,805	887,127	860,009	836,341	884,048
Education .....	13,611,386	11,785,033	11,443,407	10,915,201	10,510,656	10,403,553	10,231,349	10,079,813	9,636,845	9,305,918
Commerce .....	76,076	178,207	107,355	92,348	100,377	106,959	83,389	100,030	103,253	69,425
Labor, licensing and regulation .....	1,480,476	517,926	362,992	366,086	364,276	334,642	315,758	322,158	319,814	304,289
Human resources .....	4,523,669	4,015,730	2,770,891	2,325,457	2,324,795	2,391,286	2,501,100	2,543,937	2,542,075	2,557,386
Health and mental hygiene .....	18,887,299	17,412,157	15,565,135	14,295,022	13,483,142	13,334,642	12,206,406	12,007,975	11,160,187	9,949,816
Environment .....	124,807	99,859	109,987	109,268	102,623	108,702	108,548	107,103	96,901	87,728
Transportation .....	2,217,795	2,167,839	1,676,932	2,457,431	1,925,329	1,533,532	1,737,964	1,719,153	1,793,001	1,468,019
Public safety .....	2,170,739	2,568,167	2,249,138	2,075,392	1,989,791	2,076,945	1,983,864	1,972,570	1,888,200	1,879,264
Judicial .....	893,343	916,262	801,765	760,493	742,851	740,041	715,230	689,975	638,115	594,522
Housing and community development .....	1,541,236	1,058,392	377,920	360,319	327,564	319,809	282,414	266,912	292,494	293,743
Natural resources and recreation .....	427,397	400,215	390,665	406,571	353,728	306,062	236,959	232,514	186,486	171,206
Agriculture .....	130,257	118,016	109,899	94,104	82,600	71,000	69,105	75,226	87,110	80,353
Intergovernmental .....	1,791,238	1,629,814	1,803,475	1,489,761	1,384,498	1,379,988	1,352,665	1,344,034	1,190,477	1,156,328

**STATE OF MARYLAND**  
**Changes in Fund Balances, Governmental Funds (Continued)**  
**Last Ten Fiscal Years**  
**(modified accrual based accounting)**  
*(Expressed in Thousands)*

	Year ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt service:										
Principal .....	\$ 1,245,698	\$ 1,106,458	\$ 1,110,102	\$ 1,071,908	\$ 1,057,156	\$ 993,324	\$ 926,719	\$ 810,783	\$ 744,599	\$ 673,639
Interest .....	581,442	576,415	570,016	556,310	510,154	496,946	468,169	440,063	434,811	414,089
Capital outlay .....	2,271,265	1,752,398	2,495,871	1,672,509	2,239,206	2,594,494	2,115,363	1,910,348	1,598,458	1,614,972
Total expenditures .....	53,938,473	48,421,918	42,962,832	40,067,785	38,413,090	38,070,730	36,222,129	35,482,603	33,549,167	31,504,745
Excess (deficiency) of revenues over expenditures .....	2,737,383	(152,382)	(2,525,282)	(1,853,565)	(2,759,574)	(3,247,973)	(2,417,384)	(2,484,282)	(2,677,575)	(1,713,908)
Other financing sources (uses):										
Lease liability .....	4,843	—	4,463	14,416	11,275	8,670	43,127	9,409	170,236	32,311
Proceeds from bond issues .....	2,800,749	1,941,302	1,899,980	1,863,934	1,893,666	1,513,598	2,105,806	1,662,385	1,445,884	1,389,203
Proceeds from refunding bonds .....	279,007	508,638	259,679	—	969,340	813,042	1,478,889	1,478,889	279,273	424,111
Payments to escrow agents .....	(497,607)	(727,864)	(259,433)	—	(967,047)	(815,030)	(1,547,056)	(1,547,056)	(278,876)	(423,021)
Transfers in .....	2,970,691	2,564,306	2,253,978	2,442,409	2,313,026	2,104,547	1,993,776	1,766,489	1,659,660	1,331,669
Transfers out .....	(1,603,034)	(1,283,531)	(1,251,810)	(1,252,217)	(1,146,158)	(1,064,788)	(1,004,356)	(815,658)	(775,470)	(552,643)
Net other sources (uses) of financial resources .....	3,954,649	3,002,851	2,906,857	3,068,542	3,074,102	2,560,039	3,070,186	2,554,458	2,500,707	2,201,630
Net changes in fund balance .....	6,692,032	2,850,470	381,575	1,214,977	314,528	(687,934)	652,802	70,176	(176,868)	487,722
Fund balance, beginning of the year .....	6,785,116	3,934,645	3,549,455	2,019,949	2,707,882	1,986,912	1,916,736	2,093,604	1,605,882	1,886,948
Fund balance, end of the year .....	\$13,477,148	\$ 6,785,115	\$ 3,931,030	\$ 3,234,926	\$ 3,022,410	\$ 1,298,978	\$ 2,569,538	\$ 2,163,780	\$ 1,429,014	\$ 2,374,670
Debt service as a percentage of noncapital expenditures ..	3.5%	3.6%	4.2%	4.3%	4.3%	4.2%	4.0%	3.6%	3.7%	3.7%

\* Beginning in fiscal year 2012, revenues pledged as security for bonds were reclassified to charges for services.



**STATE OF MARYLAND**  
**Personal Income Tax Filers by Subdivision**  
**Tax Year Ended December 31, 2021**

<b>Subdivision</b>	<b>Number of Filers</b>	<b>Adjusted Gross Income</b>	<b>Net Taxable Income</b>	<b>State Income Tax<sup>(1)</sup></b>	<b>Local Income Tax</b>	<b>State and Local Income Tax</b>	<b>Local Tax Rate</b>
Allegany .....	20,939	\$ 1,837,276,784	\$ 1,593,907,352	\$ 78,199,932	\$ 47,529,429	\$ 125,729,361	3.05 %
Anne Arundel .....	227,111	24,591,038,824	21,565,279,389	1,023,089,617	596,370,177	1,619,459,794	2.81 %
Baltimore County .....	311,658	28,568,081,860	24,705,895,182	1,167,088,097	775,540,220	1,942,628,317	3.20 %
Calvert .....	185,502	13,139,340,578	11,196,621,295	510,508,452	344,790,593	855,299,045	3.20 %
Caroline .....	35,949	3,632,245,389	3,151,674,587	148,339,008	93,539,928	241,878,936	3.00 %
Carroll .....	11,768	771,174,628	638,343,738	26,898,284	19,543,621	46,441,905	3.20 %
Cecil .....	68,150	6,963,463,812	6,110,385,309	289,954,386	183,451,091	473,405,477	3.03 %
Charles .....	37,334	3,001,920,503	2,589,542,243	96,317,351	73,246,545	169,563,896	3.00 %
Dorchester .....	64,155	5,527,061,865	4,560,860,483	210,092,746	135,954,021	346,046,767	3.03 %
Frederick .....	11,237	724,447,520	604,418,865	26,692,514	18,550,485	45,242,999	3.20 %
Garrett .....	109,234	10,977,852,083	9,585,213,838	451,865,219	280,176,606	732,041,825	2.96 %
Harford .....	10,226	719,085,676	609,701,401	27,911,015	15,723,423	43,634,438	2.65 %
Howard .....	103,296	9,675,497,264	8,438,852,863	393,145,580	254,594,250	647,739,830	3.06 %
Kent .....	125,672	17,061,098,160	15,274,320,412	740,319,716	483,629,804	1,223,949,520	3.20 %
Montgomery .....	6,988	594,793,689	507,649,122	21,696,181	15,617,022	37,313,203	3.20 %
Prince George's .....	403,238	54,232,621,833	47,955,370,012	2,298,374,782	1,499,009,037	3,797,383,819	3.20 %
Queen Anne's .....	345,307	25,096,239,253	20,099,290,179	912,315,191	626,045,046	1,538,360,237	3.20 %
St Mary's .....	19,741	2,141,674,976	1,886,502,810	88,342,244	59,332,968	147,675,212	3.20 %
Somerset .....	42,526	3,991,963,116	3,481,159,457	163,056,341	108,935,067	271,991,408	3.17 %
Talbot .....	6,213	360,655,320	294,495,171	12,592,458	8,920,189	21,512,647	3.20 %
Washington .....	14,474	1,584,220,504	1,394,340,751	66,087,646	32,699,189	98,786,835	2.40 %
Wicomico .....	55,515	3,910,675,068	3,303,976,889	150,559,105	103,066,313	253,625,418	3.20 %
Worcester .....	35,448	2,338,491,000	1,966,722,558	82,584,584	59,850,260	142,434,844	3.20 %
Baltimore City .....	21,970	1,751,297,568	1,511,969,310	65,940,591	32,806,444	98,747,035	2.25 %
Non-resident .....	119,823	6,216,372,987	5,681,367,933	420,170,338	—	420,170,338	—
<b>Total .....</b>	<b>2,393,474</b>	<b>\$229,408,590,260</b>	<b>\$198,707,861,149</b>	<b>\$ 9,472,141,379</b>	<b>\$ 5,868,921,728</b>	<b>\$ 15,341,063,107</b>	

<sup>(1)</sup> See State personal income tax rates schedules for tax rate information.

Source: Revenue Administration Division, State Comptroller's Office

**STATE OF MARYLAND**

**State Personal Income Tax and Sales Tax Rates  
Calendar Year 2013 - 2022\***

<b>Filing Status, Single:</b>		<b>Married Filing Jointly:</b>	
<b>Taxable Income:</b>	<b>Rate:</b>	<b>Taxable Income:</b>	<b>Rate:</b>
\$3,001 - \$100,000	4.75%	\$3,001 - \$150,000	4.75%
\$100,001 - \$125,000	5.00%	\$150,001 - \$175,000	5.00%
\$125,001 - \$150,000	5.25%	\$175,001 - \$225,000	5.25%
\$150,001 - \$250,000	5.50%	\$225,001 - \$300,000	5.50%
Over \$250,000	5.75%	Over \$300,000	5.75%

Sales Tax Rate: 6%

*\*Income Tax Rates effective January 1, 2012*

**State Personal Income Tax and Sales Tax Rates  
Calendar Years 2013\*\***

<b>Filing Status, Single:</b>		<b>Married Filing Jointly:</b>	
<b>Taxable Income:</b>	<b>Rate:</b>	<b>Taxable Income:</b>	<b>Rate:</b>
\$3,000 - \$150,000	4.75%	\$3,000 - \$200,000	4.75%
\$150,001 - \$300,000	5.00%	\$200,001 - \$350,000	5.00%
\$300,001 - \$500,000	5.25%	\$350,001 - \$500,000	5.25%
Over \$500,000	5.50%	Over \$500,000	5.50%

Sales Tax Rate: 6%

*\*\* Income Tax Rates effective January 1, 2008*

*Source: Revenue Administration Division, State Comptroller's Office*

**STATE OF MARYLAND**  
**Personal Income Tax Filers and Liability by Income Level**  
**Last Ten Tax Years Ended December 31st.**  
*(Dollars, except income level, Expressed in Thousands)*

2021				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
<b>Income Level</b>				
\$500,000 and higher	29,979	1.25%	\$ 1,714,959	18.11%
\$100,000-\$499,999	661,219	27.63	5,169,078	54.57
\$70,000-\$99,999	326,526	13.64	1,047,809	11.06
\$50,000-\$69,999	332,038	13.87	722,186	7.62
\$25,000-\$49,999	608,072	25.41	673,701	7.11
\$10,000-\$24,999	345,279	14.43	130,393	1.38
Under \$10,000	90,361	3.78	14,015	0.15
<b>Total</b>	<b>2,393,474</b>	<b>100.00%</b>	<b>\$ 9,472,141</b>	<b>100.00%</b>

2020				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
<b>Income Level</b>				
\$500,000 and higher	30,335	1.22%	\$ 1,891,011	19.78%
\$100,000-\$499,999	647,267	25.95	4,959,364	51.86
\$70,000-\$99,999	331,379	13.29	1,062,267	11.11
\$50,000-\$69,999	342,726	13.74	748,159	7.82
\$25,000-\$49,999	651,680	26.13	711,507	7.44
\$10,000-\$24,999	381,341	15.29	174,610	1.83
Under \$10,000	109,206	4.38	15,352	0.16
<b>Total</b>	<b>2,493,934</b>	<b>100.00%</b>	<b>\$ 9,562,270</b>	<b>100.00%</b>

2019				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
<b>Income Level</b>				
\$500,000 and higher	32,631	1.31%	\$ 2,002,835	21.09%
\$100,000-\$499,999	636,715	25.48	4,778,572	50.33
\$70,000-\$99,999	334,668	13.39	1,056,502	11.13
\$50,000-\$69,999	346,255	13.86	744,632	7.84
\$25,000-\$49,999	663,054	26.54	723,019	7.61
\$10,000-\$24,999	384,873	15.40	175,476	1.85
Under \$10,000	100,331	4.02	14,242	0.15
<b>Total</b>	<b>2,498,527</b>	<b>100.00%</b>	<b>\$ 9,495,279</b>	<b>100.00%</b>

2018				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
<b>Income Level</b>				
\$500,000 and higher	31,569	1.28%	\$ 1,979,976	21.41%
\$100,000-\$499,999	618,134	25.07	4,607,154	49.82
\$70,000-\$99,999	328,407	13.32	1,037,468	11.22
\$50,000-\$69,999	336,832	13.66	723,607	7.82
\$25,000-\$49,999	652,084	26.45	709,058	7.67
\$10,000-\$24,999	395,208	16.03	176,292	1.91
Under \$10,000	103,303	4.19	14,461	0.16
<b>Total</b>	<b>2,465,537</b>	<b>100.00%</b>	<b>\$ 9,248,016</b>	<b>100.00%</b>

2017				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
<b>Income Level</b>				
\$500,000 and higher	29,053	1.17%	\$ 1,791,955	21.14%
\$100,000-\$499,999	590,844	23.77	4,197,129	49.52
\$70,000-\$99,999	325,479	13.10	970,305	11.45
\$50,000-\$69,999	334,540	13.46	673,911	7.95
\$25,000-\$49,999	644,074	25.91	657,865	7.76
\$10,000-\$24,999	457,559	18.41	170,442	2.01
Under \$10,000	103,941	4.18	13,429	0.16
<b>Total</b>	<b>2,485,490</b>	<b>100.00%</b>	<b>\$ 8,475,036</b>	<b>100.00%</b>

2016				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
<b>Income Level</b>				
\$500,000 and higher	26,496	1.09%	\$ 1,607,900	20.11%
\$100,000-\$499,999	562,683	23.05	3,948,852	49.40
\$70,000-\$99,999	321,207	13.16	954,063	11.94
\$50,000-\$69,999	326,819	13.39	653,878	8.18
\$25,000-\$49,999	639,012	26.17	646,421	8.09
\$10,000-\$24,999	463,348	18.98	169,317	2.12
Under \$10,000	101,955	4.18	13,008	0.16
<b>Total</b>	<b>2,441,520</b>	<b>100.00%</b>	<b>\$ 7,993,441</b>	<b>100.00%</b>

**STATE OF MARYLAND**  
**Personal Income Tax Filers and Liability by Income Level**  
**Last Ten Tax Years Ended December 31st.**

*(Dollars, except income level, Expressed in Thousands)*

2015				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
<b>Income Level</b>				
\$500,000 and higher	25,747	1.08%	\$ 1,533,581	19.70%
\$100,000-\$499,999	552,401	23.09	3,858,612	49.56
\$70,000-\$99,999	317,167	13.25	940,026	12.07
\$50,000-\$69,999	320,708	13.40	640,008	8.22
\$25,000-\$49,999	623,249	26.05	634,477	8.15
\$10,000-\$24,999	453,975	18.97	166,838	2.14
Under \$10,000	99,564	4.16	12,631	0.16
Total	2,392,811	100.00%	\$ 7,786,173	100.00%

2014				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
<b>Income Level</b>				
\$500,000 and higher	24,432	1.03%	\$ 1,487,042	19.88%
\$100,000-\$499,999	527,543	22.14	3,648,239	48.76
\$70,000-\$99,999	312,138	13.10	919,952	12.30
\$50,000-\$69,999	315,473	13.24	626,493	8.37
\$25,000-\$49,999	623,459	26.16	623,584	8.33
\$10,000-\$24,999	476,740	20.01	163,914	2.19
Under \$10,000	103,143	4.33	12,749	0.17
Total	2,382,928	100.00%	\$ 7,481,973	100.00%

2013				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
<b>Income Level</b>				
\$500,000 and higher	21,935	0.93%	\$ 1,266,568	18.06%
\$100,000-\$499,999	503,837	21.46	3,434,142	48.95
\$75,000-\$99,999	309,903	13.20	905,699	12.91
\$50,000-\$74,999	312,548	13.32	615,553	8.77
\$25,000-\$49,999	621,710	26.49	618,113	8.81
\$10,000-\$24,999	477,663	20.35	162,722	2.32
Under \$10,000	99,685	4.25	12,100	0.17
Total	2,347,281	100.00%	\$ 7,014,897	100.00%

2012				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
<b>Income Level</b>				
\$500,000 and higher	24,255	1.05%	\$ 1,533,202	21.59%
\$100,000-\$499,999	493,577	21.44	3,281,446	46.21
\$75,000-\$99,999	307,641	13.36	884,705	12.46
\$50,000-\$74,999	311,773	13.54	605,169	8.52
\$25,000-\$49,999	615,541	26.74	608,132	8.56
\$10,000-\$24,999	470,011	20.43	175,568	2.47
Under \$10,000	79,274	3.44	13,671	0.19
Total	2,302,072	100.00%	\$ 7,101,893	100.00%

Source: Revenue Administration Division, Comptroller's Office

**STATE OF MARYLAND**  
**Sales and Use Tax Receipts by Principal Type of Business**  
**Last Ten Fiscal Years**  
*(Expressed in Thousands)*

Year	Food and Beverage*	Apparel	General Merchandise	Automotive	Furniture and Appliances	Building & Industrial Supplies	Utilities & Transportation	Hardware, Machinery & Equipment	Miscellaneous	Assessment Collections	Total Collections
2022	\$ 1,580,267	\$ 331,311	\$ 1,250,729	\$ 411,897	\$ 615,980	\$ 936,677	\$ 339,419	\$ 173,133	\$ 1,370,820	\$ 2,836	\$ 7,013,069
2021	868,836	210,123	966,380	239,934	266,754	645,601	269,401	101,092	978,330	2,273	4,548,724
2020	1,136,593	210,975	979,148	304,762	284,537	692,183	334,979	119,355	875,164	11,739	4,949,435
2019	1,219,271	242,545	961,696	319,760	290,613	673,327	345,320	119,779	728,572	8,093	4,908,976
2018	1,178,939	228,454	914,792	298,681	287,656	643,121	361,281	113,453	699,355	8,100	4,733,832
2017	1,156,169	226,682	867,534	298,391	290,538	615,486	377,542	110,636	684,747	10,062	4,637,787
2016	1,134,386	214,016	861,937	295,298	295,776	589,726	350,722	111,102	683,872	11,718	4,548,553
2015	1,090,515	208,036	811,774	284,110	299,874	563,869	378,578	110,016	652,615	10,508	4,409,895
2014	1,034,463	199,133	751,972	274,024	295,710	530,891	383,069	103,416	614,776	8,542	4,195,996
2013	1,011,944	197,086	754,822	266,675	315,902	501,287	354,509	98,914	605,375	7,783	4,114,297

Source: Revenue Administration Division, Comptroller's Office

\*The 2011 Session of the Maryland General Assembly approved legislation increasing the sales tax on alcoholic beverages from 6% to 9% effective fiscal year 2012.

**STATE OF MARYLAND**  
**Schedule of Ratio of Outstanding Debt by Type**  
**Last Ten Years**  
*(Dollars Expressed in Thousands except Per Capita)*

Fiscal Year	General Bonded Debt		Other Governmental Activities Debt		Debt Ratios, Governmental Activities			Business-Type Activities Debt		Debt Ratios, Primary Government			
	General Obligation Bonds <sup>(2)</sup>	Transportation Bonds <sup>(2)</sup>	Lease Liability	Lease Liability with Component Units	Total Governmental Activities Debt	Percentage of Personal Income (1)	Per Capita <sup>(1)</sup>	Revenue Bonds	Lease Liability	Business Type Activities Debt	Total Primary Government Debt	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
2022	\$ 12,321,223	\$ 4,469,844	\$ 431,781	\$ 36,193	\$ 17,259,041	4.01%	\$ 2,799	\$ 5,679,562	\$ —	\$ 5,679,562	\$ 22,938,603	5.33%	\$ 3,721
2021	11,432,256	4,056,419	468,245	69,111	16,026,031	3.96	2,646	5,683,075	—	5,683,075	21,709,106	5.37	3,585
2020	11,201,906	3,978,852	710,831	59,512	15,951,101	4.08	2,638	5,520,096	—	5,520,096	21,471,197	5.49	3,551
2019	10,961,278	3,680,951	756,730	68,402	15,467,361	4.07	2,560	4,773,362	—	4,773,362	20,240,723	5.32	3,350
2018	10,849,313	3,241,095	787,303	83,933	14,961,644	4.15	2,472	4,451,025	—	4,451,025	19,412,669	5.39	3,208
2017	10,526,151	2,860,829	842,363	103,100	14,332,443	4.11	2,382	5,345,081	35,669	5,380,750	19,713,193	5.66	3,277
2016	10,672,349	2,359,453	907,425	121,543	14,060,770	4.17	2,341	5,630,773	48,285	5,679,058	19,739,828	5.85	3,286
2015	9,800,864	2,233,690	929,679	140,559	13,104,792	3.98	2,193	5,721,363	60,715	5,782,078	18,886,870	5.73	3,160
2014	9,256,090	1,948,837	915,393	163,574	12,283,894	3.82	2,072	5,939,721	17,480	5,957,201	18,241,095	5.67	3,077
2013	8,659,236	1,728,192	766,393	186,706	11,340,527	3.58	1,927	6,220,872	31,024	6,251,896	17,592,423	5.56	2,990

Source: General Accounting Division, State Comptroller's Office

<sup>(1)</sup> Population and personal income data can be found in the Schedule of Demographics Statistics.

<sup>(2)</sup> General bonded debt and transportation bonds are net of related premiums, discounts and adjustments.

**STATE OF MARYLAND**  
**Ratio of General Bonded Debt**  
**to Actual Value and General Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

Fiscal Year	<i>(Expressed in Thousands)</i>			Ratio of General Bonded Debt to Actual Property Value	General Bonded Debt per Capita
	Estimated Population <sup>(1)</sup>	Estimated Property Value	General Bonded Debt <sup>(2)</sup>		
2022 .....	6,165	\$ 845,215,010	\$ 12,321,223	1.46%	\$ 1,999
2021 .....	6,056	816,872,019	11,432,256	1.40	1,853
2020 .....	6,046	797,964,000	11,201,906	1.42	1,814
2019 .....	6,043	770,707,774	10,961,278	1.46	1,793
2018 .....	6,052	741,299,911	10,849,313	1.47	1,750
2017 .....	6,016	714,873,503	10,526,151	1.54	1,777
2016 .....	6,007	693,056,335	10,672,349	1.48	1,640
2015 .....	5,976	664,447,412	9,800,864	1.43	1,561
2014 .....	5,929	647,265,360	9,256,090	1.35	1,471
2013 .....	5,885	641,751,347	8,659,236	1.24	1,387

Source: The Sixty-Seventh through Seventy-Sixth Report of the State Department of Assessments and Taxation and the State Comptroller's Office

<sup>(1)</sup> See Schedule of Demographic Statistics.

<sup>(2)</sup> Includes general obligation bonds. The primary revenue source to pay the debt service for general obligation bonds is property taxes. The General bonded debt is net of related premiums, discounts, and adjustments.

**STATE OF MARYLAND**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
*(Expressed in Thousands)*

**Legal Debt Margin Calculation for Fiscal Year 2022**

Debt Limit <sup>(1)</sup> .....	<u>\$17,796,591</u>
Debt applicable to limit:	
General obligation bonds .....	10,588,593
Transportation bonds .....	3,643,475
Nontraditional Transportation debt <sup>(2)</sup> .....	364,210
Less amounts set aside for replacement of:	
General obligation debt .....	195,035
Transportation debt .....	<u>95,110</u>
Total net debt applicable to limit .....	<u>14,306,134</u>
Legal debt margin .....	<u><u>\$ 3,490,457</u></u>

	Year ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt limit .....	\$17,796,591	\$17,562,912	\$16,979,120	\$16,411,679	\$15,781,124	\$15,123,970	\$15,021,257	\$14,493,789	\$13,918,130	\$13,169,535
Total net debt applicable to limit .....	<u>14,306,134</u>	<u>13,583,548</u>	<u>13,597,368</u>	<u>13,271,050</u>	<u>12,705,499</u>	<u>12,280,624</u>	<u>11,991,290</u>	<u>11,159,389</u>	<u>10,615,974</u>	<u>10,033,126</u>
Legal debt margin .....	<u>\$ 3,490,457</u>	<u>\$ 3,979,364</u>	<u>\$ 3,381,752</u>	<u>\$ 3,140,629</u>	<u>\$ 3,075,625</u>	<u>\$ 2,843,346</u>	<u>\$ 3,029,967</u>	<u>\$ 3,334,400</u>	<u>\$ 3,302,156</u>	<u>\$ 3,136,409</u>
Total net debt applicable to limit as a percentage of debt limit .....	<u>80.39%</u>	<u>77.34%</u>	<u>80.08%</u>	<u>80.86%</u>	<u>80.51%</u>	<u>81.20%</u>	<u>79.83%</u>	<u>76.99%</u>	<u>76.27%</u>	<u>76.18%</u>

Source: The Sixty-Seventh through Seventy-Sixth Report of the State Department of Assessments and Taxation and the State Comptroller's Office

(1) For general obligation bonds, the debt limit is based on separate enabling acts for particular objects or purposes that are enacted during each legislative session. There is no separately mandated maximum amount for the issuance of general obligation bonds. For transportation bonds, the General Assembly each year establishes a maximum aggregate outstanding amount that does not exceed \$4,500,000,000.

(2) The 2021 session of the General Assembly established a maximum outstanding principal amount of \$1,200,000,000 as of June 30, 2022, for all nontraditional debt of the Department. Nontraditional debt outstanding is defined as any debt instrument that is not a Consolidated Transportation Bond or GARVEE bond. This debt includes certificates of participation, debt backed by customer facility charges, passenger facility charges, or other revenues, and debt issued by the Maryland Economic Development Corporation or any other third party on behalf of the Department.

**STATE OF MARYLAND**  
**Schedule of Taxes Pledged to Consolidated Transportation Bonds and Net Revenues as**  
**Defined for Purposes of Consolidated Transportation Bonds Coverage Tests**  
**Last Ten Fiscal Years**  
*(Expressed in Thousands)*

	Year ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Taxes and fees:										
Taxes pledged to bonds <sup>(1)(2)</sup>	\$ 2,450,024	\$ 2,263,381	\$ 2,120,794	\$ 2,103,563	\$ 1,965,757	\$ 1,971,162	\$ 1,924,937	\$ 1,749,800	\$ 1,590,767	\$ 1,382,135
Other taxes and fees	650,560	635,877	587,652	624,750	605,153	623,230	611,259	603,700	586,514	572,894
Total taxes and fees	3,100,584	2,899,258	2,708,446	2,728,313	2,570,910	2,594,392	2,536,196	2,353,500	2,177,281	1,955,029
Operating revenues	389,569	283,621	394,338	453,306	459,912	441,420	436,571	414,290	409,952	407,187
Other(1)	112,255	122,454	49,418	56,543	60,566	69,012	59,609	47,307	29,139	30,785
Investment income	—	—	1,918	2,929	2,322	627	3,819	2,090	2,154	758
Total revenue	3,602,408	3,305,333	3,154,120	3,241,091	3,093,710	3,105,451	3,036,195	2,817,187	2,618,526	2,393,759
Administration, operation and maintenance expenditures	2,293,968	2,179,866	2,173,296	2,127,967	2,048,949	1,948,196	1,917,471	1,859,524	1,842,785	1,638,407
Less: Federal funds	(715,446)	(495,651)	(430,279)	(90,770)	(99,533)	(94,498)	(87,325)	(89,843)	(90,567)	(72,397)
Total	1,578,522	1,684,215	1,743,017	2,037,197	1,949,416	1,853,698	1,830,146	1,769,681	1,752,218	1,566,010
Net revenues	\$ 2,023,886	\$ 1,621,118	\$ 1,411,103	\$ 1,203,894	\$ 1,144,294	\$ 1,251,753	\$ 1,206,049	\$ 1,047,506	\$ 866,308	\$ 827,749
Maximum annual principal and interest requirements	\$ 479,510	\$ 469,477	\$ 457,080	\$ 415,245	\$ 358,739	\$ 331,345	\$ 305,197	\$ 292,327	\$ 270,527	\$ 237,394
Ratio of net revenues to maximum annual principal and interest requirements	4.72	3.45	3.09	5.07	3.19	3.78	3.95	3.58	3.20	3.49
Ratio of taxes pledged to bonds to maximum annual principal and interest requirements	3.38	4.82	4.64	2.90	5.48	5.95	6.31	5.99	5.88	5.82

Source: The Maryland Department of Transportation, The Secretary's Office, Office of Finance.

(1) The allocation of the corporate income tax to the Department was changed from 17.2% to 9.5% in fiscal year 2013, 19.5% through fiscal year 2016, and 17.2% thereafter.

(2) The motor fuel tax rate was increased based on growth of the Consumer Price Index and applies a sales and use tax equivalent to the price of motor fuel beginning in fiscal year 2014.



**STATE OF MARYLAND**  
**Ratio of Pledged Assets to**  
**Revenue Bonds, Community Development Administration**  
**Last Ten Fiscal Years**  
*(Expressed in Thousands)*

		Pledged Assets <sup>(1)</sup>	Revenue Bonds Payable	Ratio of Pledged Assets to Revenue Bonds
2022	\$	3,410,337	\$ 2,830,257	1.20
2021		3,402,697	2,731,788	1.25
2020		3,390,322	2,733,062	1.24
2019		2,911,702	2,338,675	1.25
2018		2,489,743	1,948,457	1.28
2017		2,607,201	2,030,891	1.28
2016		2,721,570	2,158,680	1.26
2015		2,847,756	2,307,890	1.23
2014		3,015,137	2,507,082	1.20
2013		3,311,864	2,766,326	1.20

*(1) Bonds and notes issued by the Community Development Administration (CDA) are special obligations of CDA and are payable solely from the revenues of the applicable mortgage loan programs. Assets, principally mortgage loans, and program revenues are pledged as collateral for the revenue bonds.*

**STATE OF MARYLAND**  
**Schedule of Demographic Statistics**  
**Last Ten Years**  
*(Expressed in Thousands)*

	Population <sup>(1)</sup>	Total Personal Income <sup>(2)</sup>	Per Capita Personal Income	School Enrollment <sup>(3)</sup>	Unemployment Rate <sup>(4)</sup>
2022	6,165,129	\$ 430,429,300	\$ 69,817	1,009,969	5.8%
2021	6,055,802	404,520,700	66,799	1,003,713	0.068
2020	6,045,680	390,792,500	64,640	1,042,034	3.6
2019	6,042,718	380,171,900	62,914	1,019,971	3.9
2018	6,052,177	360,250,668	59,524	1,021,454	4.1
2017	6,016,447	348,569,720	57,936	1,009,762	4.3
2016	6,007,289	337,174,077	56,127	1,010,035	4.3
2015	5,976,407	329,559,646	55,143	1,001,193	5.2
2014	5,928,814	321,688,894	54,259	994,380	6.0
2013	5,884,563	316,681,620	53,816	992,828	6.8

*Sources:*

*(1) U.S. Census Bureau, "Annual Estimates of the Resident Population: April 1, 2013 - July 1, 2021". Estimates for the calendar year except that the current year amount is a projected estimate for the year.*

*(2) U.S. Department of Commerce, Bureau of Economic Analysis. Data for all years based on revised statistics of state personal income released on September 30, 2022. All estimates of state personal income are subject to BEA's flexible annual revision schedule.*

*(3) Figures are as of September 30 of the prior calendar year from State Department of Education, grades pre-kindergarten through grade 12. Includes public and nonpublic schools. Data for nonpublic schools is incomplete.*

*(4) Figures are for the fiscal year from State Department of Labor.*

**STATE OF MARYLAND**  
**Schedule of Employment by Sector**  
**Prior Year and Nine Years Prior**

	Calendar Year 2021 <sup>(1)</sup>			Calendar Year 2012 <sup>(2)</sup>		
	Average Annual Employment	Total Wages (Expressed in Thousands)	Average Weekly Wage Per Worker	Average Annual Employment	Total Wages (Expressed in Thousands)	Average Weekly Wage Per Worker
Government:						
State and local .....	317,399	\$ 20,810,250,931	\$ 2,549	341,848	\$ 17,210,112,134	\$ 1,934
Federal .....	150,860	17,419,787,797	2,221	146,354	13,436,490,757	1,766
Total government .....	468,259	38,230,038,728	1,570	488,202	30,646,602,891	1,207
Manufacturing .....	109,000	9,513,841,560	1,679	109,068	7,508,191,889	1,324
Natural resources and mining .....	7,543	367,806,867	938	6,926	261,319,957	726
Construction .....	160,251	11,649,486,587	1,398	143,303	8,009,679,331	1,075
Trade, transportation, and utilities .....	438,709	23,604,623,369	1,035	444,972	18,489,881,595	973
Information services .....	33,471	4,998,295,053	2,872	39,804	3,123,448,748	1,509
Financial activities .....	141,741	14,935,020,075	2,026	137,521	11,079,360,144	1,549
Professional and business services .....	463,165	42,607,577,180	1,769	409,726	29,184,126,609	1,370
Education and health services .....	423,006	26,418,658,363	1,201	400,436	19,418,139,499	933
Leisure and hospitality .....	230,438	6,507,900,233	543	244,213	4,883,054,231	385
Unclassified and other services .....	84,302	4,170,462,393	1,424	89,994	3,202,023,222	1,868
Total of all sectors .....	2,559,885	\$ 183,003,710,408	\$ 1,374,789	2,514,165	\$ 135,805,828,116	\$ 1,038,775

<sup>(1)</sup> Source: DLLR Website - <http://dllr.maryland.gov/lmi/emppay/md2021ep.shtml>

<sup>(2)</sup> Source: DLLR Website - <http://dllr.maryland.gov/lmi/emppay/md2012ep.shtml>

**STATE OF MARYLAND**  
**Maryland's Ten Largest Private Employers <sup>(1)</sup>**

**Calendar Years**

Employer (Listed Alphabetically)

2022 <sup>(2)</sup>	2021 <sup>(2)</sup>	2020 <sup>(2)</sup>	2019 <sup>(2)</sup>
Byk Gardner Inc	Byk Gardner Inc	Anne Arundel Medical Center	Anne Arundel County Board of Education
Clean Harbors Inc	Clean Harbors Inc	Arc Day Ctr	BYK Gardner Inc.
Holy Cross Hospital	Holy Cross Hospital	BYK Gardner Inc.	Care First Blue Cross Blue Shield
Johns Hopkins Bayview Medical Center	The Johns Hopkins University Applied	Clean Harbors Inc	Physics Laboratory
Johns Hopkins University Applied	Johns Hopkins Bayview Medical Center	The Johns Hopkins University Applied	Johns Hopkins University School of Medicine
Physics Laboratory	Physics Laboratory	Physics Laboratory	Northrop Grumman Electronic Systems
Johns Hopkins University School of Medicine	Johns Hopkins University School of Medicine	Johns Hopkins University School of Medicine	School of Medicine University of Maryland
Maryland Neuroimaging Center	Maryland Neuroimaging Center	Northrop Grumman Electronic Systems	University of MD Marlene and Stewart Greenebaum Comprehensive Cancer Center
Northrop Grumman Electronic Systems	Northrop Grumman Electronic Systems	School of Medicine University of Maryland	University of Maryland Medical Center
University of Maryland	University of Maryland	University of MD Marlene and Stewart Greenebaum Comprehensive Cancer Center	Walter Reed National Military Medical Center
University of Maryland Medical Center	University of Maryland Medical Center	University of Maryland Medical Center	
2018 <sup>(2)</sup>	2017 <sup>(2)</sup>	2016	
Applied Physics Laboratory	Applied Physics	Applied Physics Laboratory	
BYK Gardner	BYK Gardner Inc.	BYK Gardner	
Care First Blue Cross Blue Shield	Clean Harbors Inc.	Johns Hopkins University	
	Cristal USA	Liberty Tax Service	
F.H Furr Plumbing, HVAC & Electrical	Johns Hopkins Hospital	Northrop Grumman Electronic Systems	
Johns Hopkins Hospital	Johns Hopkins University	Stephen James Associates	
Johns Hopkins University	Northrop Grumman Electronic Systems	Sylvan Learning Center	
Northrop Grumman Electronic Systems	Sap America Inc.	University of Maryland Medical Center	
University of Maryland Biotechnology	Sinai Hospital	Vitamin Shoppe	
	University of Maryland Medical Center	Werner Enterprises Inc.	

Source: Department of Labor, Licensing and Regulation; Office of Market Labor Analysis and Information - Major Employer List - March 2022

<sup>(1)</sup> Information such as the number of employees or the employers' percentage of total employment is not available for disclosure.

<sup>(2)</sup> Beginning in 2015, the source for the State's largest employers is a private contractor rather than the agency's in-house system.

**STATE OF MARYLAND**  
**State Employees by Function/Program**  
**Last Ten Fiscal Years**

	Year ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>State Employees:</b>										
Governmental activities:										
General government .....	6,430	5,383	5,947	5,855	5,605	5,770	5,841	5,464	5,922	5,396
Health and mental hygiene .....	11,369	9,818	10,590	10,495	9,868	9,878	10,187	9,629	10,416	9,743
Education .....	2,233	2,027	2,347	2,371	2,203	2,230	2,330	2,207	2,509	2,253
Human resources .....	5,830	5,452	5,825	5,943	5,901	5,970	6,122	6,122	6,232	6,149
Public safety .....	13,410	12,222	20,318	18,385	13,137	14,010	19,769	14,963	15,449	15,443
Transportation .....	5,982	5,894	6,055	6,504	6,075	5,977	6,213	6,130	6,082	6,095
Judicial .....	6,703	6,145	6,426	6,456	6,354	6,321	6,277	6,024	6,158	5,937
Labor, licensing and regulation .....	1,703	1,517	1,799	1,809	1,642	1,659	1,821	1,633	1,971	1,793
Natural resources and recreation .....	2,090	1,819	2,063	2,363	2,107	2,074	2,290	2,001	2,349	2,049
Housing and community development .....	251	190	223	235	216	195	199	194	210	386
Environment .....	915	815	873	907	868	881	904	901	915	931
Agriculture .....	484	423	391	437	431	447	439	424	472	446
Commerce .....	152	140	170	165	169	170	163	154	164	169
Total governmental activities employees .....	57,552	51,845	63,027	61,925	54,576	55,582	62,555	55,846	58,849	56,790
Business-type activities:										
Economic development - insurance programs .....	325	284	281	292	276	285	284	267	287	265
Maryland Lottery and Gaming Control Agency .....	348	308	319	325	326	326	321	298	269	248
Maryland Transportation Authority .....	1,417	1,454	1,600	1,669	1,662	1,578	1,667	1,666	1,683	1,644
Maryland Correctional Enterprises .....	169	149	168	158	146	157	171	177	190	183
Total business-type employees .....	2,259	2,195	2,368	2,444	2,410	2,346	2,443	2,408	2,429	2,340
Total primary government employees .....	59,811	54,040	65,395	64,369	56,986	57,928	64,998	58,254	61,278	59,130
Component Units:										
Higher Education .....	43,035	34,023	52,323	48,421	47,756	47,671	45,597	44,875	45,332	41,676
Prepaid College Trust .....	21	22	31	36	27	30	25	15	18	17
Stadium Authority .....	165	147	171	185	170	155	143	133	129	123
Other component units .....	28	23	30	29	27	25	28	27	27	27
Total component units employees .....	43,249	34,215	52,555	48,671	47,980	47,881	45,793	45,050	45,506	41,843

Source: Maryland Department of Transportation, Department of Budget and Management, and Central Payroll Bureau: State Comptroller's Office

**STATE OF MARYLAND**  
**Schedule of Miscellaneous, Operating and Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Date of Ratification	1788									
Form of Government	Legislative - Executive - Judicial									
Land Area	9707 square miles									
<b>Function/Program</b>	<b>2022<sup>(1)</sup></b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Education, Public School Enrollment .....	881,471	882,538	909,414	896,845	893,689	886,221	879,601	874,514	827,999	823,452
Health and Human Resources:										
Medicaid Enrollment .....	1,498,241	1,384,969	1,255,576	1,083,592	1,141,995	1,098,887	1,081,526	1,138,532	1,079,849	841,812
Children's Health Program Enrollment .....	156,248	143,387	143,031	154,320	147,837	146,031	136,980	122,955	114,648	111,132
WIC Food Program Recipients .....	122,303	125,537	122,298	126,914	129,504	134,662	140,909	140,600	140,830	144,923
Behavioral Health Clients .....	297,288	285,754	288,231	340,479	326,249	201,005	199,138	185,181	184,104	167,680
Public Assistance Caseload (AFDC/TANF) .....	56,530	62,552	46,767	42,661	46,651	50,901	56,115	61,739	64,359	67,436
Foster Care and Subsidized Adoption Average Caseload .....	10,560	10,989	11,864	12,535	12,727	12,977	13,410	13,477	15,090	15,386
Public Safety:										
Correctional Institutions Average Daily Population .....	17,921	20,420	21,142	21,370	22,799	23,115	23,093	23,951	24,237	24,686
Parole and Probation, Active Cases under Supervision .....	71,836	71,311	71,232	70,293	69,878	40,402	42,368	50,968	49,734	52,187
Youth Residential Programs, Average Daily Population .....	220	584	721	742	739	782	852	998	1,209	1,201
Average Monthly number of Youths on Probation .....	1,069	1,606	1,964	2,204	2,292	2,296	2,446	2,761	2,630	2,983
Public Safety (State Police):										
Number of Police Stations .....	23	23	23	23	23	23	23	26	26	25
Number of State Police .....	1,451	1,442	1,476	1,464	1,428	1,452	1,456	1,443	1,570	1,562
Motor Vehicle Citations (calendar year) .....	265,805	282,589	339,657	338,806	336,950	330,153	355,061	363,134	370,767	384,500
Motor Vehicle - Number of Collisions (calendar year) <sup>(7)</sup> .....	108,707	95,449	24,466	25,669	34,278	23,779	19,907	98,400	96,200	88,700
Judicial, Total Filings .....	1,180,714	1,619,225	1,575,439	1,867,147	1,902,579	1,886,882	1,931,138	1,946,586	1,987,309	2,050,561
Transportation:										
Miles of State Highway .....	5,210	5,208	5,206	5,284	5,274	5,270	5,274	5,271	5,273	5,264
Lane Miles Maintained .....	17,422	17,389	17,286	17,191	17,174	17,143	17,132	17,117	17,063	17,050
Expenditures per Lane Mile .....	10,000	\$ 9,495	\$ 9,691	\$ 9,320	\$ 9,423	\$ 9,373	\$ 9,199	\$ 8,430	\$ 8,261	\$ 8,655
Number of Bridges <sup>(2)</sup> .....	2,617	2,608	1,437	1,483	1,483	1,484	1,483	1,499	1,496	1,434
Motor Vehicle Registrations .....	5.2 million	5.0 million	5.2 million	5.1 million	5.0 million	5.0 million	5 million	4.9 million	4.9 million	4.8 million
BWI Airport Passengers (calendar year) .....	18.9 million	11.2 million	27.0 million	27.1 million	24.8 million	25.7 million	24.7 million	22.8 million	22.7 million	22.2 million
Acres Agricultural Land Preserved - all programs <sup>(8)</sup> .....	875,723	853,527	690,939	675,906	654,490	635,710	614,173	609,661	587,757	574,838
Department of Housing and Community Development:										
Active Single Family/Multifamily Bond Financed Loans <sup>(4)</sup> .....	11,715	11,684	13,189	11,533	10,510	11,525	12,646	13,734	14,919	15,426
Department of Commerce:										
Number of businesses assisted <sup>(3)</sup> .....	12	17	13	35	30	NA	4	7	9	9
Number of workers trained <sup>(3)</sup> .....	538	583	242	1,619	1,210	NA	126	142	161	79

Higher Education (Universities, Colleges and Community Colleges):

**STATE OF MARYLAND**  
**Schedule of Miscellaneous, Operating and Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Date of Ratification	1788									
Form of Government	Legislative - Executive - Judicial									
Land Area	9707 square miles									
<b>Function/Program</b>	<b>2022<sup>(1)</sup></b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Number of Campuses in State	29	29	29	29	29	29	29	29	29	29
Number of Educators <sup>(5)</sup>	8,267	8,385	8,488	8,390	8,383	8,387	8,355	8,391	8,298	8,271
Number of Students	256,715	272,023	279,877	284,200	289,879	287,831	291,797	288,720	296,805	302,115
Number of State Scholarships Awarded <sup>(6)</sup>	43,930	49,062	39,290	33,689	35,252	32,203	35,859	40,061	43,318	45,212
Recreation:										
Number of State Parks and Forests	75	75	62	62	62	60	60	60	66	66
State Parks Daily Visitors	20.6 million	19.7 million	17.5 million	13.6 million	13.8 million	14.0 million	12.9 million	11.3 million	10.3 million	11.2 million
Area of State Parks, Acres	98,196	97,784	97,446	97,368	97,195	94,762	95,314	95,196	97,414	96,130
Area of State Forests, Acres	149,843	149,225	148,764	148,539	147,863	147,810	147,521	145,761	145,200	143,430

Sources: State Comptroller's Office, General Accounting Division, Central Payroll Bureau, [www.mdarchives.state.md.us/msa/mdmanual](http://www.mdarchives.state.md.us/msa/mdmanual), Maryland Budget, Department of Budget and Management, Department of Natural Resources, and the State Highway Administration of Maryland

<sup>(1)</sup> These amounts are estimates.

<sup>(2)</sup> Represents the number of bridges owned and maintained by SHA on the National Highway System (NHS). The large increase reported in 2013 resulted from an expansion of Maryland's portion of NHS by the Federal Highway Administration.

<sup>(3)</sup> Restructuring of training programs in 2009 has led to reduced funding for the Partnership for Workforce Quality Program (PWQ) through 2017.

<sup>(4)</sup> CDA relies completely on the reporting of two different Master Servicers on the underlying loans that comprise the Mortgage-backed securities held by CDA at fiscal year end.

<sup>(5)</sup> Large reduction of faculty count is due to exclusion of faculty at Clinical Medicine at UMB, faculty at extension services, and continuing education faculty beginning in 2013.

<sup>(6)</sup> Legislative scholarships are not included due to a change in awarding practices begun in FY 2012.

<sup>(7)</sup> Crashes investigated by Maryland State Police; prior to 2016 included allied agencies.

<sup>(8)</sup> Maryland has an official land preservation goal of 1,030,000 acres. This goal has changed to include 6 programs instead of the previous 4 programs. The two new easement programs enacted by House Bill 860 are: The Next Generation Farmland Acquisition Program run by the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO), and easements managed by the Maryland Environmental Trust (MET). The bill also extended the deadline for reaching the preservation goal from 2022 to 2030.

# *Financial Schedules Required by Law*

THESE SCHEDULES ARE REQUIRED TO BE SUBMITTED BY THE COMPTROLLER BY TITLE 2,  
SECTION 102 OF THE STATE FINANCE AND PROCUREMENT ARTICLE OF THE ANNOTATED  
CODE OF MARYLAND



**STATE OF MARYLAND**  
**Schedule of Estimated and Actual Revenues By Source, Budgetary Basis, for the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

	Annual Budgeted Funds												Capital Projects Fund Actual Revenues	Total Actual Revenues	
	General Fund		Special Fund		Federal Fund		Higher Education Funds								
	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Current Unrestricted Fund		Current Restricted Fund						
	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues			
Taxes:															
Property tax .....	\$ —	\$ 3,275	\$ 1,232,254	\$ 1,289,778	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,293,053
Franchise and corporation tax .....	244,484	141,835	—	—	—	—	—	—	—	—	—	—	—	—	141,835
Death taxes .....	214,330	266,055	—	—	—	—	—	—	—	—	—	—	—	—	266,055
Admission and amusement tax .....	—	—	3,319	19,869	—	—	—	—	—	—	—	—	—	—	19,869
Alcohol beverages tax .....	33,621	36,803	91	127	—	—	—	—	—	—	—	—	—	—	36,930
Motor vehicle fuel taxes .....	—	—	1,050,000	1,113,195	—	—	—	—	—	—	—	—	—	—	1,113,195
Income taxes .....	14,034,028	15,218,313	353,450	443,064	—	—	—	—	—	—	—	—	—	—	15,661,377
Sales and use taxes .....	5,698,831	5,966,843	400,000	671,362	—	—	—	—	—	—	—	—	—	—	6,638,205
Tobacco taxes .....	532,719	479,132	—	—	—	—	—	—	—	—	—	—	—	—	479,132
Motor vehicle titling taxes .....	—	—	900,000	1,022,686	—	—	—	—	—	—	—	—	—	—	1,022,686
Insurance company taxes .....	567,602	661,574	132,938	129,747	—	—	—	—	—	—	—	—	—	—	791,321
Horse racing taxes .....	—	—	—	1,124	—	—	—	—	—	—	—	—	—	—	1,124
Shellfish taxes .....	—	—	—	656	—	—	—	—	—	—	—	—	—	—	656
Boxing, wrestling or sparring taxes .....	—	209	—	—	—	—	—	—	—	—	—	—	—	—	209
Boat titling tax .....	—	—	16,022	31,919	—	—	—	—	—	—	—	—	—	—	31,919
Energy generation tax .....	—	—	40,000	40,541	—	—	—	—	—	—	—	—	—	—	40,541
Emergency telephone system tax .....	—	—	100,000	138,083	—	—	—	—	—	—	—	—	—	—	138,083
Total taxes .....	21,325,615	22,774,039	4,228,074	4,902,151	—	—	—	—	—	—	—	—	—	—	27,676,190
Other:															
Licenses and permits .....	47,423	40,048	563,246	655,686	—	—	—	—	—	—	—	—	—	—	695,734
Fees for services .....	121,362	181,765	787,857	919,654	—	—	—	—	—	—	—	—	—	—	1,101,419
Fines and costs .....	96,477	96,781	183,796	277,016	—	—	—	—	—	—	—	—	—	—	373,797
Sales to the public .....	35,331	9,060	108,276	134,022	—	—	—	—	—	—	—	—	—	—	143,082
Commissions and royalties .....	180	—	37,167	101,293	—	—	—	—	—	—	—	—	—	—	101,293
Rentals .....	—	48	107,769	129,081	—	64	—	—	—	—	—	—	—	—	129,193
Interest on investments .....	15,000	49,596	3,732	5,714	—	—	—	—	—	—	—	—	—	—	55,310
Interest on loan repayments .....	—	5,133	—	815	—	—	—	—	—	—	—	—	—	—	5,948
Miscellaneous .....	123,578	157,456	383,520	297,158	—	—	—	—	—	—	—	—	—	13,301	467,915
Colleges and universities .....	—	—	—	—	—	—	3,191,821	3,196,309	2,218,854	2,056,516	—	—	—	—	5,252,825
Federal reimbursements and grants .....	—	—	—	—	27,920,986	22,705,062	—	—	—	—	—	—	—	—	22,705,062
Other reimbursements .....	97,753	33,834	1,200,643	1,725,034	—	—	—	—	—	—	—	—	—	—	1,758,868



**STATE OF MARYLAND**  
**Schedule of Estimated and Actual Revenues By Source, Budgetary Basis, for the Year Ended June 30, 2022 (Continued)**  
*(Expressed in Thousands)*

	Annual Budgeted Funds										Capital Projects Fund Actual Revenues	Total Actual Revenues	
	General Fund		Special Fund		Federal Fund		Higher Education Funds						
	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Current Unrestricted Fund		Current Restricted Fund				
Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues		
Bonds issues:													
State - general purpose .....	\$ —	\$ —	\$ 1,000	\$ 1,491	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,664,657	\$ 1,666,148
Consolidated transportation bonds .....	—	—	300,000	295,000	—	—	—	—	—	—	—	—	295,000
Premiums .....	—	—	200,501	121,402	—	—	—	—	—	—	—	222,850	344,252
State reimbursements .....	601,946	1,415,988	1,324,640	278,109	—	—	—	—	—	—	—	210,563	1,904,660
Appropriated from other funds .....	—	—	—	—	—	—	1,851,189	1,851,189	—	—	—	—	1,851,189
Trust funds .....	—	—	134	268	—	—	—	—	—	—	—	—	268
Revolving accounts .....	9,600	4,083	12,260	22,424	—	—	—	—	—	—	—	(11)	26,496
<b>Total revenues .....</b>	<b>\$ 22,474,265</b>	<b>\$ 24,767,831</b>	<b>\$ 9,442,615</b>	<b>\$ 9,866,318</b>	<b>\$ 27,920,986</b>	<b>\$ 22,705,126</b>	<b>\$ 5,043,010</b>	<b>\$ 5,047,498</b>	<b>\$ 2,218,854</b>	<b>\$ 2,056,516</b>	<b>\$ 2,111,360</b>	<b>\$ 66,554,649</b>	

**STATE OF MARYLAND**  
**Schedule of Budget and Actual Expenditures and Encumbrances By Major Function, Budgetary Basis**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

Expenditures and Encumbrances by Major Function*	Annual Budgeted Funds										Capital Projects Fund	Total
	General Fund		Special Fund		Federal Fund		Higher Education Funds					
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Current Unrestricted Fund		Current Restricted Fund			
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Actual	Actual
Payments of revenue to civil divisions of the State .....	\$ 185,875	\$ 185,875	\$ 1,220	\$ 1,052			\$ —	\$ —	\$ —	\$ —	\$ —	\$ 186,927
Public debt .....	260,000	260,000	1,123,000	1,111,198	11,000	7,864	—	—	—	—	—	1,379,062
Legislative .....	108,469	108,469					—	—	—	—	—	108,469
Judicial review and legal .....	732,616	731,330	138,849	113,007	16,189	11,630	—	—	—	—	—	855,967
Executive and administrative control .....	465,030	447,056	526,450	389,074	1,031,820	1,000,683	—	—	—	—	—	1,836,813
Financial and revenue administration .....	244,433	215,147	195,145	181,787	2,043	2,043	—	—	—	—	—	398,977
Budget management .....	214,366	203,328	44,330	31,835	81,924	4,797	—	—	—	—	—	239,960
Retirement and pension .....			21,779	21,691			—	—	—	—	—	21,691
General services .....	97,346	97,329	8,425	8,163	1,781	1,778	—	—	—	—	—	107,270
Transportation and highways .....			4,053,663	3,831,041	2,114,599	1,758,421	—	—	—	—	—	5,589,462
Natural resource and recreation .....	101,215	100,685	361,205	307,349	42,540	33,646	—	—	—	—	—	441,680
Agriculture .....	41,072	40,813	91,027	85,669	19,189	16,959	—	—	—	—	—	143,441
Health, hospital and mental hygiene .....	5,830,582	5,783,897	1,883,349	1,704,301	11,674,403	11,346,256	—	—	—	—	—	18,834,454
Human resources .....	726,390	721,859	117,777	111,297	5,292,697	3,726,967	—	—	—	—	—	4,560,123
Labor, licensing and regulation .....	70,340	69,851	255,769	241,843	1,237,525	1,169,389	—	—	—	—	—	1,481,083
Public safety and correctional services .....	966,272	951,494	80,655	69,720	420,568	413,061	—	—	—	—	—	1,434,275
Public education .....	9,442,784	9,424,764	1,066,421	924,758	4,707,603	4,376,406	5,043,010	4,914,391	2,218,854	2,057,349	—	21,697,668
Housing and community development .....	41,996	41,996	128,382	120,654	1,130,550	1,123,720	—	—	—	—	—	1,286,370
Commerce .....	87,217	86,424	79,814	64,345	13,875	3,942	—	—	—	—	—	154,711
Maryland technology development corporation .....	20,836	20,836	7,726	264	4,229	—	—	—	—	—	—	21,100
Environment .....	39,633	39,633	381,834	356,181	92,873	87,068	—	—	—	—	—	482,882
Juvenile services .....	262,016	246,451	3,361	1,696	9,747	6,240	—	—	—	—	—	254,387
State police .....	347,294	343,440	119,264	108,601	15,819	12,376	—	—	—	—	—	464,417
State reserve fund .....	882,919	882,919	—	—	—	—	—	—	—	—	—	882,919
Loan accounts .....	—	—	—	—	—	—	—	—	—	—	1,100,268	1,100,268
Reversions:												
Current year reversions .....	(35,000)	—	—	—	—	—	—	—	—	—	—	—
Prior reversions .....	—	(178,871)	—	(920,962)	—	(517,230)	—	(412)	—	(191)	—	(1,617,666)
<b>Total expenditures and encumbrances .....</b>	<b>\$ 21,133,701</b>	<b>\$ 20,824,725</b>	<b>\$ 10,689,445</b>	<b>\$ 8,864,564</b>	<b>\$ 27,920,974</b>	<b>\$ 24,586,016</b>	<b>\$ 5,043,010</b>	<b>\$ 4,913,979</b>	<b>\$ 2,218,854</b>	<b>\$ 2,057,158</b>	<b>\$ 1,100,268</b>	<b>\$ 62,346,710</b>

\*Appropriation and expenditure differences between this statement and the "Statement of Revenues, Expenditures and Encumbrances and Changes in Fund Balances - Budget and Actual - Budgetary General, Special, and Federal Funds" included in the RSI Section, result from differences in the classification of prior year encumbrances and expenditures.

**STATE OF MARYLAND**  
**Schedule of Changes in Fund Equities - Budgetary Basis**  
**For the Year Ended June 30, 2022**  
*(Expressed in Thousands)*

	Annual Budgeted Funds									Total
	General Fund		Special Fund			Higher Education Funds		Capital Projects Fund		
	General	State Reserve	Special	Debt Service	Federal Fund	Current Unrestricted Fund	Current Restricted Fund			
Fund equities, June 30, 2020	\$ 3,576,587	\$ 646,719	\$ 3,544,621	\$ 209,268	\$ —	\$ 1,317,613	\$ 7,434	\$ 784,804	\$ 10,087,046	
Increase:										
Revenues	24,767,830	—	7,094,309	1,041,377	22,705,126	5,047,498	2,056,516	2,111,399	64,824,055	
Decrease:										
Appropriations	21,199,052	—	9,566,143	1,123,000	27,920,986	5,043,010	2,218,854	1,100,268	68,171,313	
Less: Current year reversions	(90,427)	—	(99,996)	—	(2,817,729)	(128,618)	(161,505)	—	(3,298,275)	
Prior year reversions	(178,871)	—	(909,160)	—	(517,230)	(412)	(191)	—	(1,605,864)	
Expenditures and encumbrances*	20,929,754	—	8,556,987	1,123,000	24,586,027	4,913,980	2,057,158	1,100,268	63,267,174	
Changes to encumbrances during fiscal year 2022	(77,477)	—	(167,818)	—	1,442,967	3,120	1,812	—	1,202,604	
Expenditures	20,852,277	—	8,389,169	1,123,000	26,028,994	4,917,100	2,058,970	1,100,268	64,469,778	
Transfers in (out)	(814,681)	372,523	1,157,538	(27,083)	437,934	(1,232)	(1,523)	146,588	1,270,064	
Fund equities, June 30, 2021	\$ 6,677,459	\$ 1,019,242	\$ 3,407,299	\$ 100,562	\$ (2,885,934)	\$ 1,446,779	\$ 3,457	\$ 1,942,523	\$ 11,711,387	
Fund Balance:										
Reserved:										
Encumbrances	\$ 414,605	\$ —	\$ 897,401	\$ —	\$ 3,420,439	\$ 3,837	\$ 2,577	\$ 983,207	\$ 5,722,066	
State reserve fund	—	1,019,242	—	—	—	—	—	—	1,019,242	
Loans and notes receivable	—	—	—	984	—	—	—	—	984	
Shore erosion loan program	—	—	5,618	—	—	—	—	—	5,618	
Gain/Loss on Investments	—	—	—	—	—	—	—	—	—	
Unreserved:										
Designated for:										
General long-term debt service	—	—	—	99,578	—	—	—	—	99,578	
2023 operations	4,603,856	—	—	—	—	—	—	—	4,603,856	
Undesignated surplus (deficit)	1,658,998	—	2,504,280	—	(3,420,439)	1,442,943	880	959,315	3,145,977	
Total	\$ 6,677,459	\$ 1,019,242	\$ 3,407,299	\$ 100,562	\$ —	\$ 1,446,780	\$ 3,457	\$ 1,942,522	\$ 14,597,321	

\*Appropriations and expenditure differences between this statement and the "Statement of Revenues, Expenditures and Encumbrances and Changes in Fund Balances – Budget and Actual - Budgetary General, Special, and Federal Funds" included in the RSI Section, result from differences in the classification of prior year encumbrances and expenditures.

**STATE OF MARYLAND**  
**Schedule of Funds Transferred to Political Subdivisions**  
**For the Year Ended June 30, 2022 <sup>(1)</sup>**  
*(Expressed in Thousands)*

Subdivision	State Sources				Other Sources			Assessed Value of Real and Personal Property (2)	Amount Per \$100 of Assessed Value
	Shared Revenues	Direct Grants and Appropriations	Debt Service	Total	Federal Local	State Administered Local Revenue	Total		
Allegany .....	\$ 1,138	\$ 133,676	\$ 5,661	\$ 140,476	\$ 38,084	\$ 39,036	\$ 217,596	\$ 4,164,983	\$ 5.22
Anne Arundel .....	7,131	608,681	73,372	689,184	207,273	785,399	1,681,857	101,616,863	1.66
Baltimore County .....	9,750	1,043,270	52,422	1,105,442	319,270	1,023,494	2,448,206	98,070,862	2.50
Calvert .....	1,543	132,593	866	135,002	31,950	127,971	294,923	13,597,003	2.17
Caroline .....	960	79,224	7,483	87,666	23,893	21,089	132,649	2,983,214	4.45
Carroll .....	2,707	202,728	5,827	211,262	56,189	210,361	477,811	22,920,921	2.08
Cecil .....	1,559	156,869	4,559	162,987	57,211	90,216	310,414	11,836,871	2.62
Charles .....	2,395	276,358	8,088	286,841	65,227	173,954	526,023	21,462,679	2.45
Dorchester .....	1,040	68,326	3,520	72,886	26,011	23,917	122,813	3,254,975	3.77
Frederick .....	3,343	379,923	16,004	399,269	96,213	312,928	808,410	38,324,773	2.11
Garrett .....	1,262	45,147	1,060	47,469	15,365	23,304	86,138	4,984,363	1.73
Harford .....	3,360	333,064	3,045	339,468	101,752	303,882	745,102	32,173,249	2.32
Howard .....	3,924	452,076	9,425	465,424	109,441	605,855	1,180,719	60,581,707	1.95
Kent .....	542	18,414	1,723	20,679	10,781	19,240	50,701	3,132,729	1.62
Montgomery .....	8,914	1,123,822	42,815	1,175,551	406,854	1,898,834	3,481,239	212,825,610	1.64
Prince George's .....	7,281	1,618,622	23,132	1,649,035	401,903	832,852	2,883,789	116,920,626	2.47
Queen Anne's .....	1,276	66,472	1,360	69,107	23,975	82,877	175,959	9,296,356	1.89
St Mary's .....	1,915	144,156	19,933	166,004	46,652	145,042	357,698	14,187,251	2.52
Somerset .....	673	54,144	4,276	59,094	19,506	10,645	89,245	1,607,832	5.55
Talbot .....	774	21,474	9,432	31,680	16,159	38,847	86,686	9,031,443	0.96
Washington .....	2,110	259,208	18,814	280,132	92,273	134,703	507,108	14,585,982	3.48
Wicomico .....	1,572	231,328	10,848	243,748	63,317	67,986	375,051	7,476,087	5.02
Worcester .....	1,238	43,273	2,324	46,835	26,566	55,077	128,478	17,570,632	0.73
Baltimore City .....	157,811	1,307,124	68,741	1,533,676	461,823	491,810	2,487,310	45,954,430	5.41
<b>Total .....</b>	<b>\$ 224,219</b>	<b>\$ 8,799,970</b>	<b>\$ 394,730</b>	<b>\$ 9,418,918</b>	<b>\$ 2,717,686</b>	<b>\$ 7,519,320</b>	<b>\$ 19,655,924</b>	<b>\$ 868,561,441</b>	

(1) In addition to the amounts shown for the counties and Baltimore City, \$228,638,000 was distributed to municipalities within the counties.

(2) Source: State Department of Assessments and Taxation

**STATE OF MARYLAND**  
**Schedule of Taxes Receivable from**  
**Collectors of State Property Taxes**  
**June 30, 2022**  
*(Expressed in Thousands)*

Political Subdivision	Taxes Receivable		
	Current Year	Prior Year	Total
Allegany .....	\$ 311	\$ 261	\$ 572
Anne Arundel .....	41	324	365
Baltimore County .....	139	489	629
Calvert .....	264	168	432
Caroline .....	11	12	23
Carroll .....	33	12	45
Cecil .....	49	12	61
Charles .....	48	213	262
Dorchester .....	88	12	101
Frederick .....	27	907	934
Garrett .....	254	4	258
Harford .....	12	14	25
Howard .....	781	1,011	1,792
Kent .....	129	50	179
Montgomery .....	(251)	(1,641)	(1,891)
Prince George's .....	177	684	861
Queen Anne's .....	2,505	155	2,660
St Mary's .....	153	54	206
Somerset .....	92	277	369
Talbot .....	(9)	6	(3)
Washington .....	21	(122)	(101)
Wicomico .....	26	278	304
Worcester .....	276	4	279
Baltimore City .....	1,572	19,790	21,362
<b>Total</b> .....	<b>\$ 6,748</b>	<b>\$ 22,973</b>	<b>\$ 29,721</b>

**STATE OF MARYLAND**  
**Schedule of Estimated Revenues – Budgetary Basis**  
**For the Year Ending June 30, 2023**  
*(Expressed in Thousands)*

	General Fund	Special Fund	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Total
Income Taxes .....	\$ 14,786,893	\$ 305,302	\$ —	\$ —	\$ —	\$ 15,092,195
Retail sales and use tax and licenses .....	5,782,402	74,439	—	—	—	5,856,841
Motor vehicle fuel taxes and licenses .....	—	1,209,435	—	—	—	1,209,435
Motor vehicle tax and licenses .....	—	1,446,605	—	—	—	1,446,605
Property taxes .....	—	1,275,125	—	—	—	1,275,125
Insurance company taxes, licenses and fees .....	585,590	44,022	—	—	—	629,612
Franchise and corporation taxes .....	228,285	—	—	—	—	228,285
State tobacco tax and licenses .....	519,667	—	—	—	—	519,667
Alcoholic beverages taxes and licenses .....	33,930	122	—	—	—	33,930
Death taxes .....	225,071	—	—	—	—	225,071
Miscellaneous taxes, fees and other revenues .....	155,766	74,449	9,000 <sup>(1)</sup>	—	—	239,215
Budgeted tobacco settlement recoveries .....	—	180,020	—	—	—	180,020
Horse racing taxes and licenses .....	—	2,034	—	—	—	2,034
District courts fines and costs .....	48,767	—	—	—	—	48,767
Interest on investments .....	20,000	2,000	—	—	—	22,000
Hospital patient recoveries .....	61,715	—	—	—	—	61,715
Legislative .....	23	—	—	—	—	23
Judicial review and legal .....	69,037	135,144	7,220	—	—	211,401
Executive and administrative control .....	5,604	532,307	858,881	—	—	1,396,792
Financial and revenue administration .....	17,782	79,946	—	—	—	97,728
Budget and management .....	2,424	98,852	48,585	—	—	149,861
Maryland lottery and gaming control .....	632,147	1,011,468	—	—	—	1,643,615
Information technology development .....	—	3,009	—	—	—	8,009
Retirement and pension .....	—	21,523	—	—	—	21,523
General services .....	387	8,095	1,535	—	—	10,017
Transportation and highways .....	—	910,169	1,729,638	—	—	2,639,807
Natural resources and recreation .....	118	92,996	43,950	—	—	137,064
Agriculture .....	135	45,442	7,813	—	—	53,390
Health, hospitals and mental hygiene .....	133,573	1,076,145	10,108,495	—	—	11,318,213
Human resources .....	2,384	163,640	2,760,286	—	—	2,926,310
Labor, licensing and regulation .....	5,549	248,759	250,178	—	—	504,486
Public safety and correctional services .....	8,396	78,596	28,041	—	—	115,033
Public education .....	8,351	247,829	1,525,758	5,117,636	1,584,775	8,484,349
Housing and community development .....	82	131,039	527,589	—	—	658,710
Commerce .....	124	64,766	27,414	—	—	92,304
Maryland technology development corporation .....	—	—	—	—	—	11,679
Environment .....	532	349,724	252,127	—	—	602,383
Juvenile services .....	25	2,283	6,867	—	—	9,175
State police .....	4,296	120,726	10,484	—	—	135,506
<b>Total estimated revenues <sup>(2)</sup> .....</b>	<b>\$ 23,339,055</b>	<b>\$ 10,035,889</b>	<b>\$ 18,220,540</b>	<b>\$ 5,117,636</b>	<b>\$ 1,584,775</b>	<b>\$ 58,297,895</b>

(1) Recorded in the Debt Service Fund for accounting purposes.

(2) Amounts are reported as of July 1, 2022, and do not reflect revisions, if any, subsequent to that date.

**STATE OF MARYLAND**  
**Schedule of General, Special, Federal, Current Unrestricted**  
**and Current Restricted Fund Appropriations - Budgetary Basis**  
**For the Year Ending June 30, 2023**  
*(Expressed in Thousands)*

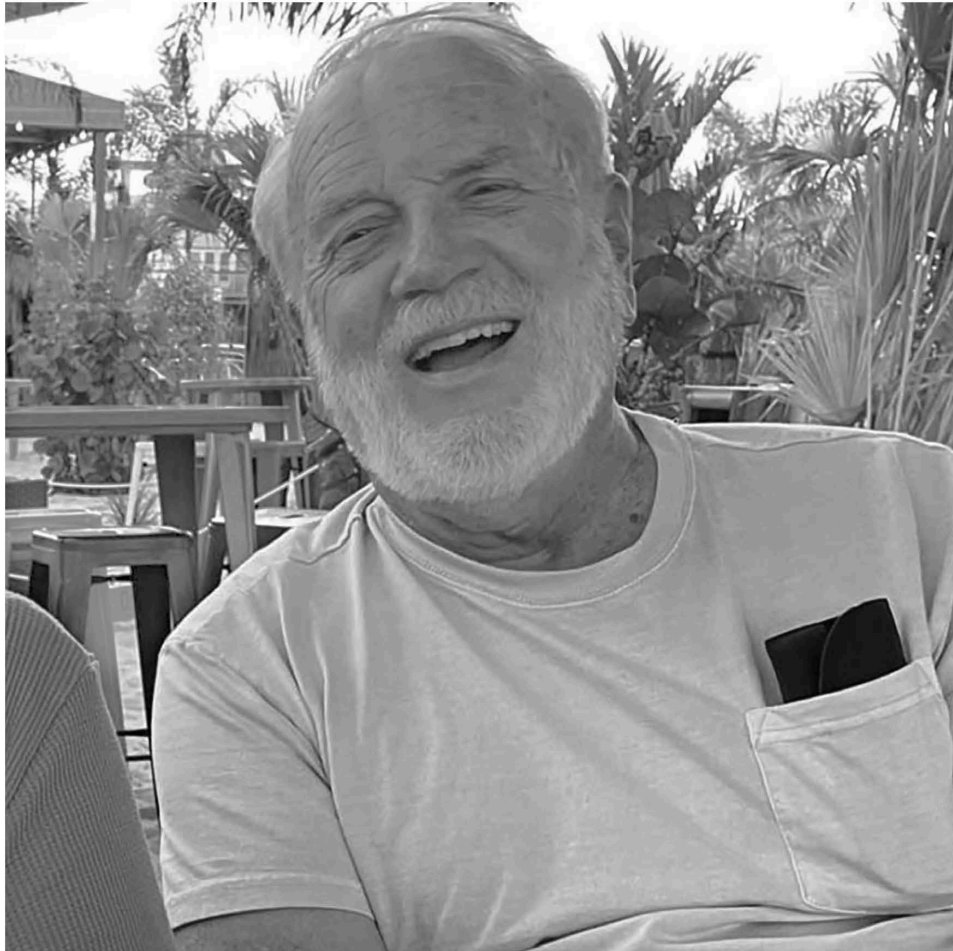
	General Fund	Special Fund	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Total
Payments of revenue to civil divisions of the State .....	\$ 173,508	\$ 1,600	\$ —	\$ —	\$ —	\$ 175,108
Public debt .....	430,000	1,000,000	9,000	—	—	1,439,000
Legislative .....	135,994	—	—	—	—	135,994
Judicial review and legal .....	774,809	136,649	7,220	—	—	918,678
Executive and administrative control .....	487,231	570,307	858,881	—	—	1,916,419
Financial and revenue administration .....	245,264	185,115	—	—	—	430,379
Budget and management .....	719,802	101,861	53,585	—	—	875,248
Retirement and pension .....	—	21,523	—	—	—	21,523
General services .....	321,747	8,710	1,535	—	—	331,992
Transportation and highways .....	—	3,901,286	1,729,638	—	—	5,630,924
Natural resources and recreation .....	100,864	422,580	43,950	—	—	567,394
Agriculture .....	40,496	106,080	7,813	—	—	154,389
Health, hospitals and mental hygiene .....	6,863,084	1,289,986	10,108,495	—	—	18,261,565
Human resources .....	741,638	163,640	2,760,286	—	—	3,665,564
Labor, licensing and regulation .....	54,033	249,493	250,178	—	—	553,704
Public safety and correctional services .....	1,319,442	78,596	28,041	—	—	1,426,079
Public education .....	10,247,394	1,129,924	1,525,758	5,117,636	1,584,775	19,605,487
Housing and community development .....	266,554	131,039	527,589	—	—	925,182
Commerce .....	191,563	64,766	27,414	—	—	283,743
Maryland technology development corporation .....	38,826	—	11,679	—	—	50,505
Environment .....	66,183	349,724	252,127	—	—	668,034
Juvenile justice .....	281,754	2,283	6,867	—	—	290,904
State police .....	363,551	120,726	10,484	—	—	494,761
State reserve fund .....	4,205,389	—	171,224	—	—	4,376,613
<b>Total appropriations <sup>(2)</sup> .....</b>	<b>\$ 28,069,126</b>	<b>\$10,035,888</b>	<b>\$ 18,391,764</b>	<b>\$ 5,117,636</b>	<b>\$ 1,584,775</b>	<b>\$ 63,199,189</b>

(1) Recorded in the Debt Service Fund for accounting purposes.

(2) Amounts are reported as of July 1, 2022 and do not reflect revisions, if any, subsequent to that date.

# KENNETH WARREN THOMPSON

APRIL 17, 1944 - SEPTEMBER 3, 2022



*We remember our dear co-worker from the Comptroller of Maryland.*

*We miss Ken's ease, friendliness and light-hearted humor. His spirit  
will always be honored in the General Accounting Division.*

*Thanks for everything, Ken!*



COMPTROLLER OF MARYLAND, PETER FRANCHOT  
P.O. BOX 466 ANNAPOLIS, MARYLAND 21404-0466  
GADACFR@MARYLANDTAXES.GOV 1-888-784-0144  
WWW.MARYLANDTAXES.GOV

