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Introductory Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT
STATE OF MARYLAND

March 13, 2024

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

On behalf of the Office of the Comptroller, I am pleased to share the State of Maryland's Fiscal Year (FY) 2023 Annual Comprehensive Financial Report (ACFR). The FY23 ACFR includes the State's financial statements, including estimated and actual revenues and expenditures, required under Title 2, Section 102 of the State Finance and Procurement Article of the Annotated Code of Maryland. These financial statements include:

- FY23 estimated State revenues;
- FY23 estimated State expenditures;
- FY23 total State funds and the total State revenues;
- FY23 revenues that State received from each source;
- FY23 total State expenditures and the purposes of those expenditures;
- FY23 State claims due from a political subdivision;
- FY23 State claims from an officer of a political subdivision who by law collects revenues for the State; and
- FY23 total funds from all state sources that the State transferred to each political subdivision and the amount of those transferred funds.

The Office of the Comptroller is responsible for the accuracy and completeness of the data presented, including all disclosures. To ensure ongoing accuracy, state law requires the Office of Legislative Audits to audit the Comptroller of Maryland's records 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 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 Office of the Comptroller also 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 agency, a representative from the University System of Maryland, and other units of the Executive branch of State government. We have satisfied this requirement, and the opinion of CliftonLarsonAllen LLP has been included in the financial section of this report. CliftonLarsonAllen LLP also performs an audit of the federal government's grants issued to the State of Maryland 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 this information is contained in a separate report.

Under State-issued guidelines for establishing effective internal controls, the State is responsible for ensuring compliance with laws and regulations related to its federal assistance. This compliance is accomplished through internal control guidelines. Because the cost of internal controls 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 provide an accounting of all funds of the State government (primary government), as well as all component units. Component units are legally separate entities for which the primary government is financially accountable. Maryland colleges and universities 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 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 Office of the Comptroller of Maryland

The Comptroller is one of three independently-elected statewide elected officials in Maryland. Unique among state financial officers, Maryland's Comptroller has diverse and far-reaching responsibilities that touch the lives of every Marylander.

The state constitution of 1851 created the position of the Comptroller of the Treasury to provide "general superintendence of the fiscal affairs of the state."

Since then, this office has grown from a comptroller and one clerk to an agency of more than 1,100 employees. The Comptroller of Maryland is the elected Chief Financial Officer for Maryland, collector of revenue for state programs, remitter of unclaimed property, state payor, provider of information technology services for most state agencies, regulator of the state's motor fuel industries and member of many financial state boards and commissions. A principal duty of the agency is to collect taxes. With a budget of $110 million, the agency collects approximately $16 billion a year in state and local tax revenue and provides a range of services to the public at 11 branch offices throughout the state.

The Comptroller's office is divided into five major departments. The Office of Revenue Operations and Accounting is responsible for the tax operations and all counting work of the agency. This department is overseen by the Chief Deputy Comptroller and is divided into several divisions, including revenue administration, taxpayer services, compliance, and general accounting.

The Office of Law and Oversight houses the agency's legal teams, including the legal division, which is responsible for private letter rulings and the hearings and appeals division. It also is responsible for central payroll, unclaimed property , and the field enforcement bureau.

The Office of Policy, Public Works and Investment is responsible for reviewing items that come before the Board of Public Works and staffing the Comptroller in her role as the Vice Chair of the State Retirement and Pension System and on other state boards.

The Office of Public Engagement and Communications directs outreach from the agency, produces reports such as the ACFR, and is responsible for proactive engagement with Marylanders.

The Office of Information Technology Systems and Strategy houses the Annapolis Data Center, supports the internal IT work for the agency, and is responsible for major information technology projects.

The State's major revenue sources are individual and business income taxes and sales and use taxes. The agency also collects taxes on motor fuel, estates, admissions and amusement, and alcohol and tobacco. It also tests motor fuel to ensure the quality of the product for the consumer. The Agency works to provide a level playing field for local businesses in competing with out-of-state retailers who sell through catalogs and online.

Background Information on the State of Maryland

Maryland ratified the United States Constitution on April 28, 1788, and the State House is located in Annapolis, where the principal activities of state government are centered. Its employment base is unique with a large federal sector presence, multiple universities, a major port, and technology industry. The service, finance, insurance, and real estate industries are the largest contributors to the gross state product. The State has a bicameral legislature, the General Assembly, composed of a Senate with 47 members and a 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 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 that consists of certain designated officers of the General Assembly and other members 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.

The General Assembly also created a Capital Debt Affordability Committee that includes 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 findings in preparing a preliminary allocation of new general obligation debt authorizations for the next ensuing fiscal year.

Information on the State's Economic Condition:

In January of 2024, the Comptroller of Maryland released its inaugural State of the Economy Report. This report examines economic indicators and trends to better understand the current economic climate, the potential outlook for Maryland, as well as strengths and opportunities that can be leveraged for sustained, long-term economic growth.

Following two years of rapid growth, the United States economy has slowed significantly. The Bureau of Revenue Estimates expects economic growth to continue slowing but remain positive. In short, the Bureau continues to forecast a soft-landing – the Federal Reserve (the Fed) successfully slows the economy to reduce inflation without causing a recession. Achieving a soft-landing depends on appropriate monetary policy, creating upside and downside risks to this forecast. If the Fed keeps monetary policy tight for too long, the economy could go into a recession. If the Fed relaxes monetary policy too soon, inflation will remain elevated and could even rise, bringing the risk of a new tightening cycle and a worse recession later. This forecast seeks to balance these risks. According to the latest economic data available at the time of writing, economic growth has slowed significantly over the past year. As of October 2023, Personal Consumption Expenditures (PCE) inflation grew 3.0% year over year, compared to the Fed's target of 2.0%. This indicates that the economy and inflation do not have much further to slow before the Fed's goals are accomplished.

The latest economic data shows that while the economy has slowed significantly since last year, it is still growing at a marginally faster rate than prior to the pandemic. Nominal Gross Domestic Product (NGDP), the total dollar value of output produced without adjusting for inflation, grew 6.3% year over year in the third quarter of calendar year 2023, down from 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. Growth in total US wage income, as measured in the personal income series, is 5.6% year over year in the third quarter of calendar year 2023, down from 7.9% in the third quarter of calendar year 2022. Adjusting for inflation; however, real wage growth increased from 0.7% in the third quarter of calendar year 2022 to 2.0% in the third quarter of calendar year 2023. Wages typically respond to inflation with a lag as it takes longer for inflation expectations to be factored in than in the case of more flexible prices, such as asset prices.

A slowdown is also apparent in the national labor market. Total employment increased 1.8% year over year as of November 2023, compared to 3.4% year over year in November 2022. Employment in November 2023 was 3.1% higher than the pre-pandemic peak. The Labor Force Participation Rate (LFPR) of the adult population, however, remains 0.8% below its pre-pandemic peak. This recovery in LFPR is remarkable given the aging population and the barriers to employment people who have dropped out of the labor force face in rejoining it. The US unemployment rate, people who are not employed and currently seeking work as a share of the labor force, was 3.7% in November 2023 and has been below 4.0% since January 2022. The unemployment rate has changed little in the face of a robust US employment growth due to people rejoining the labor force.

Elevated inflation since the pandemic has two main causes: negative pandemic related supply shocks and loose monetary policy. In theory, price changes caused by a supply shock are transitory or short run; they only last until supply can adjust. However, the pandemic resulted in ongoing supply disruptions rather than a one-time disruption. Negative supply shocks raise the real prices of goods and services, which pushes real wages and spending down. At the same time, the Fed left monetary policy loose well after unemployment fell to normal levels. Loose monetary policy leads to higher inflation and nominal spending. Arguably, the Fed left monetary policy loose for too long and had to embark on significant tightening to bring inflation down. As of October 2023, the PCE price index, the measure of inflation the Fed targets, grew 3.0%, compared to 6.3% in October 2022. The Fed's inflation target is 2.0%.

Maryland's economy has structural factors in its favor. Typically, the State's economy and employment contract 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. The other side of the coin is that Maryland's economy tends to grow less in expansions. Maryland's total personal income grew 5.6% year over year,

without adjusting for inflation, in the second quarter of calendar year 2023, about even with national growth over that time. Since the first quarter of calendar year 2020 through the second quarter of calendar year 2023; however, Maryland's personal income has grown 18.1% compared to 21.8% for the nation.

Maryland's employment recovery has also lagged. In October 2023, the number of jobs in Maryland was 0.6% below its pre-pandemic peak, compared to 3.0% above the pre-pandemic peak for the nation. Year over year employment growth in October 2023 was 1.6%. Despite lower job growth, Maryland has the lowest unemployment rate in the nation. This is because only people who are out of work and actively seeking employment are counted as unemployed. People who are out of work and not actively seeking employment are not in the labor force and are not counted among the unemployed. Maryland's LFPR fell from 69.3% in February 2020 to 65.6% by June 2020. In October 2023, Maryland's LFPR was 65.2%. Absent a recovery in labor participation, job growth in Maryland will be constrained going forward due to how few unemployed workers there are to fill openings.

In the second quarter of 2023, the most recent personal income data at the state level, total wages grew 8.5% year-over-year and are 7.6% higher than the pre-pandemic peak, before adjusting for inflation. The average wage grew 6.1%. Adjusting for inflation, the real average wage grew 2.1%. The first two quarters of calendar year 2023 are the first quarters of positive real wage growth since the first quarter of calendar year 2021.

This is an especially challenging time to accurately forecast the economy and revenues. NGDP growth has slowed significantly but remains elevated, while inflation remains above the Fed's target. Our near-term outlook has changed little; it continues to call for a soft landing – for growth to slow significantly but remain positive. While soft landings have been difficult to achieve in Fed history, this outlook seeks to balance the risks to both the upside and downside, in terms of nominal revenue collection.

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 monetary policy as well as demographic trends that held down productivity and wage growth – most significantly, millennials entering the labor force. We expect job growth in Maryland to slow to 0.7% in calendar year 2024 and fall further to 0.2% in calendar year 2025. This significant slowdown is due to slower expected growth in Maryland's population and labor force. The Bureau expects average wage growth to slow to 3.3% in calendar year 2024 and then increase to 3.6% in calendar year 2025. As a result, total wage income is expected to grow 4.0% and 3.9% in calendar years 2024 and 2025, respectively.

Major Initiatives and Long-Term Financial Planning:

Safeguarding Marylanders in the event of economic decline remains the primary directive of State leadership. The State budgeted to maintain the Rainy Day Fund at the State's target of $2.5 billion in FY24 and preserved an additional budgetary cushion with $820 million in General Fund surplus balance external to the Rainy Day Fund. This surplus will serve as a strong hedge against revenue volatility over the next year.

The Fair Wage Act of 2023 increased Maryland's minimum wage from $13.25 to $15.00 an hour. Data suggests that more than 152,000 children in Maryland live in households that will see an increase in income as a result of this legislation.

Record funding of $8.8 billion for K-12 education has resulted in a $475 million increase in funding to support low-income students, a 32% increase over FY23. For the second consecutive year, more than $1 billion was allocated for school construction. The Blueprint for Maryland's Future Fund was infused with $500 million from budget realignments.

This fiscal year 2024 budget sets aside $500 million for new investments in strategic transportation projects across the state, projects that will allow Maryland to move efficiently from where they live to where opportunity lies. The budget also prioritizes funding for new investments aligned with the Innovation Economy Infrastructure Act.

The State's General Fund is projected to contribute about $1.5 billion to the various State Pension Funds in FY24, an increase of $80 million compared to FY23. Contributions are currently projected to increase by more than $240 million over the subsequent four years through FY28.

New legislation signed in FY23 permanently extended the state's earned income tax credit and expanded the eligibility for the state's Child Tax Credit. These credits have clear evidence-based results showing material reductions to the number of children living in poverty and the severity of poverty as well as improvements to child health outcomes. The State budgeted $171 million to fund both initiatives.

Certificate of Achievement:

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, 2022. 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 42 consecutive years (Fiscal Years ended 1980 – 2022). 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 remain grateful to them for their hard work and perseverance, despite the untimely passing of their division director, Sandy Zinck. We all miss her, and this ACFR is dedicated to her.

Thank you for reviewing this document and please do not hesitate to be in touch.

My Best,

Brooke E. Lierman.
Comptroller of Maryland

Financial Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT
STATE OF MARYLAND

Independent Auditors Report

CliftonLarsonAllen LLP
CLAconnect.com

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, 2023, 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, 2023, 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 Maryland Prepaid College Trust	14%	73%
Aggregate Discretely Presented Component Units	Maryland Environmental Service Maryland Technology Development Corporation University System of Maryland Foundation, Inc. University of Maryland College Park Foundation, Inc. University of Maryland Baltimore Foundation, Inc. University of Maryland Faculty Physicians, Inc. University of Maryland Pediatric Associates P.A. University of Maryland Orthopedic Associates, P.A. 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. UMUC Ventures, Inc. and Subsidiaries Morgan State University Foundation, Inc.	21%	12%
Economic Development Loan Programs - Major Proprietary Fund	Department of Housing and Community Development State Funded Loan Programs	13%	6%
Maryland Lottery and Gaming Control Agency - Major Proprietary Fund	Maryland Lottery and Gaming Control Agency	100%	100%
Maryland Prepaid College Trust Fund -Major Proprietary Fund	Maryland Prepaid College Trust Fund	100%	100%
Aggregate Remaining Fund Information	Maryland Teachers and State Employees Supplemental Retirement Plans Maryland Local Government Investment Pool	14%	44%

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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, Change in Reporting Entity, and Correction of an Error

As discussed in Note 1 to the financial statements, effective July 1, 2022, the State adopted new accounting guidance for subscription-based information technology arrangements (SBITAs). The guidance requires entities to recognize a right-to-use subscription asset and corresponding subscription liability. As discussed in Note 26, the 2022 financial statements have been restated for a change within the financial reporting entity and to correct an error. Our opinion is not modified with respect to these matters.

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

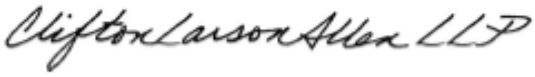
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The State's basic financial statements. The combining financial statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part 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.

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

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
March 13, 2024

TREASURY DEPARTMENT
CRESCITE ET MULTIPLICAMINI
COMPTROLLER'S OFFICE

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, 2023. 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 $9.5 billion in fiscal year 2023 and a surplus of $2.6 billion in fiscal year 2022.
- Of the surplus in fiscal year 2023, a deficit balance of $20.5 billion was reported as total unrestricted net position, which includes a $22.2 billion deficit balance in governmental activities and a $1.7 billion balance in business-type activities.
- The State's total net position increased by a total of $6.9 billion as a result of this year's operations. The net position for governmental activities increased by $5.7 billion. Net position of business-type activities increased by $719.2 million.
- The State's governmental activities had total expenses of $49.2 billion; total revenues of $53.5 billion; net transfers from business-type activities of $1.4 billion for a net increase in net position of $5.7 billion.
- Business-type activities had total expenses of $4.9 billion; program revenues of $7.0 billion; general revenues of $73.4 million; and transfers out of $1.4 billion for a net increase in net position of $719.2 million.
- Total State revenues were $60.5 billion, while total costs for all programs were $54 billion.

Fund Level

- Governmental funds reported a combined fund balance of $14.1 billion, an increase of $0.6 billion (4.6%) from prior year's balance of $13.5 billion.
- The general fund reported an unassigned fund balance surplus of $3.0 billion and a remaining fund balance (nonspendable, restricted, and committed) of $8.3 billion, compared to an unassigned fund balance surplus of $4.8 billion and a remaining fund balance of $5.9 billion last year. This represents a net increase of $487 million in general fund, fund balance. The total unassigned fund balance surplus in the governmental funds was $3.0 billion in the current year and $4.8 billion in the prior year.
- Governmental funds reported a total nonspendable, restricted, committed, and assigned fund balance of $11.1 billion in 2023, compared to $8.6 billion in the prior year.

Long-term Debt

- Total bonds and liabilities under long-term leases at year end were $22.5 billion, net-of-related premiums, discounts and adjustments, a net decrease of $(459.6) million in 2023 (2)% from the prior year.

- $0.4 billion General Obligation Bonds, $143.6 million Transportation Bonds with $66 million and $22 million net premiums, respectively, and $0.9 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, Maryland Prepaid College Trust, 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 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 42 and 45) 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 lease and contract 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, note proceeds, lease and subscription issued 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 pages36 - 38of 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 41 and 43 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 seven enterprise funds, five 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, the Maryland Transportation Authority, and the Maryland Prepaid College Trust. 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 48-53 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 58 - 59 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 61 - 62 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 65-152 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 $9.5 billion surplus at the end of 2023 and $2.6 billion surplus at the end of 2022.

Net Position
as of June 30, 2023

(Expressed in Millions. Negative numbers are presented in parentheses and may not be read by all screen readers).

	Govern-mental Activities 2023	Govern-mental Activities 2022	Business-type Activities 2023	Business-type Activities 2022	Total 2023	Total 2022
Current and other assets	$ 21,275.87	$ 23,429.84	$12,564.65	$ 9,842.39	$ 33,840.52	$ 33,272.23
Capital assets	29,179.71	28,635.76	7,390.65	7,145.76	36,570.36	35,781.51
Total assets	$ 50,455.58	$ 52,065.59	$19,955.30	$ 16,988.15	$ 70,410.87	$ 69,053.74
Total deferred outflows of resources	$ 5,550.95	$ 6,536.36	$ 150.30	$ 102.05	$ 5,701.25	$ 6,638.40
Long-term liabilities	45,149.33	43,778.36	6,888.99	5,794.21	52,038.32	49,572.58
Current and other liabilities	6,989.92	9,933.65	1,606.19	861.92	8,596.10	10,795.57
Total liabilities	52,139.25	53,712.02	8,495.18	6,656.13	60,634.42	60,368.15
Total deferred inflows of resources	$ 5,835.72	$ 12,580.86	$ 161.36	$ 191.60	$ 5,997.07	$ 12,772.46
Net position:						
Net invested in capital assets	$ 19,558.01	$ 19,718.52	$ 4,899.69	$ 4,617.49	$ 24,457.70	$24,336.00
Restricted	653	292	4,829	4,329	5,481	4,622
Unrestricted	(22,179)	(27,702)	1,721	1,296	(20,458)	(26,406)
Total net position (deficit)	$ (1,968.43)	$ (7,690.93)	$ 11,449.06	$ 10,242.46	$ 9,480.63	$ 2,551.54

The largest portion of the State's net position, $24.5 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, $5.5 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 $20.5 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, 2023, the State recognized long term liabilities of $(22.2) 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.

Changes in Net Position
For the Year Ended June 30

(Expressed in Millions. Negative numbers are presented in parentheses and may not be read by all screen readers)

	Governmental Activities 2023	Governmental Activities 2022	Business-type Activities 2023	Business-type Activities 2022	Total 2023	Total 2022
Revenues:						
Program revenues:						
Charges for services	$ 3,583	$ 4,437	$ 6,812	$ 7,404	$ 10,395	$ 11,841
Operating grants and contributions	19,652	22,019	184	1,498	19,836	23,517
Capital grants and contributions	1,284	1,043	—	—	1,284	1,043
General revenues:						
Income taxes	15,186	17,398	—	—	15,186	17,398
Sales and use taxes	6,786	6,685	—	—	6,786	6,685
Motor vehicle taxes	3,022	2,834	—	—	3,022	2,834
Tobacco taxes	449	479	—	—	449	479
Insurance company taxes	712	660	—	—	712	660
Property taxes	1,176	1,288	—	—	1,176	1,288
Estate inheritance taxes	303	271	—	—	303	271
Other taxes	715	411	—	—	715	411
Unrestricted investment earnings	600	(55)	73	(18)	673	(73)
Total revenues	53,467	57,471	7,069	8,884	60,536	66,355
Expenses:						
General government	2,755	1,949	—	—	2,755	1,949
Health and mental hygiene	19,800	18,561	—	—	19,800	18,561
Education	10,619	9,738	—	—	10,619	9,738
Aid for higher education	3,535	2,858	—	—	3,535	2,858
Human resources	3,544	4,429	—	—	3,544	4,429
Public safety	1,716	1,873	—	—	1,716	1,873
Transportation	4,210	4,992	—	—	4,210	4,992
Judicial	674	777	—	—	674	777

	Govern-mental Activities 2023	Govern-mental Activities 2022	Business-type Activities 2023	Business-type Activities 2022	Total 2023	Total 2022
Labor, licensing and regulation	482	1,453	—	—	482	1,453
Natural resources and recreation	563	443	—	—	563	443
Housing and community development	76	1,535	—	—	76	1,535
Environment	116	104	—	—	116	104
Agriculture	77	99	—	—	77	99
Commerce	284	72	—	—	284	72
Intergovernmental grants and revenue sharing	654	667	—	—	654	667
Interest	89	141	—	—	89	141
Economic development insurance programs	—	—	2	2	2	2
Economic development loan programs	—	—	304	368	304	368
Unemployment insurance program	—	—	403	1,825	403	1,825
Maryland Lottery and Gaming Control Agency	—	—	3,426	3,199	3,425	3,199
Maryland Transportation Authority	—	—	694	656	694	656
Maryland Prepaid College Trust (529)	—	—	20	—	20	—
Maryland Correctional Enterprises	—	—	50	49	50	49
Total expenses	49,194	49,689	4,900	6,101	54,094	55,791
Increase (decrease) in net position before transfers	4,273	7,782	2,169	2,783	6,442	10,564
Transfers	1,450	1,368	(1,450)	(1,368)	—	—
Change in net position	5,723	9,149	719	1,415	6,443	10,565
Net position (deficit) - beginning	(7,691)	(16,840)	10,729	8,827	3,039	(8,013)
Net position (deficit) - ending	$ (1,967)	$ (7,691)	$ 11,448	$ 10,242	$ 9,482	$ 2,552

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.

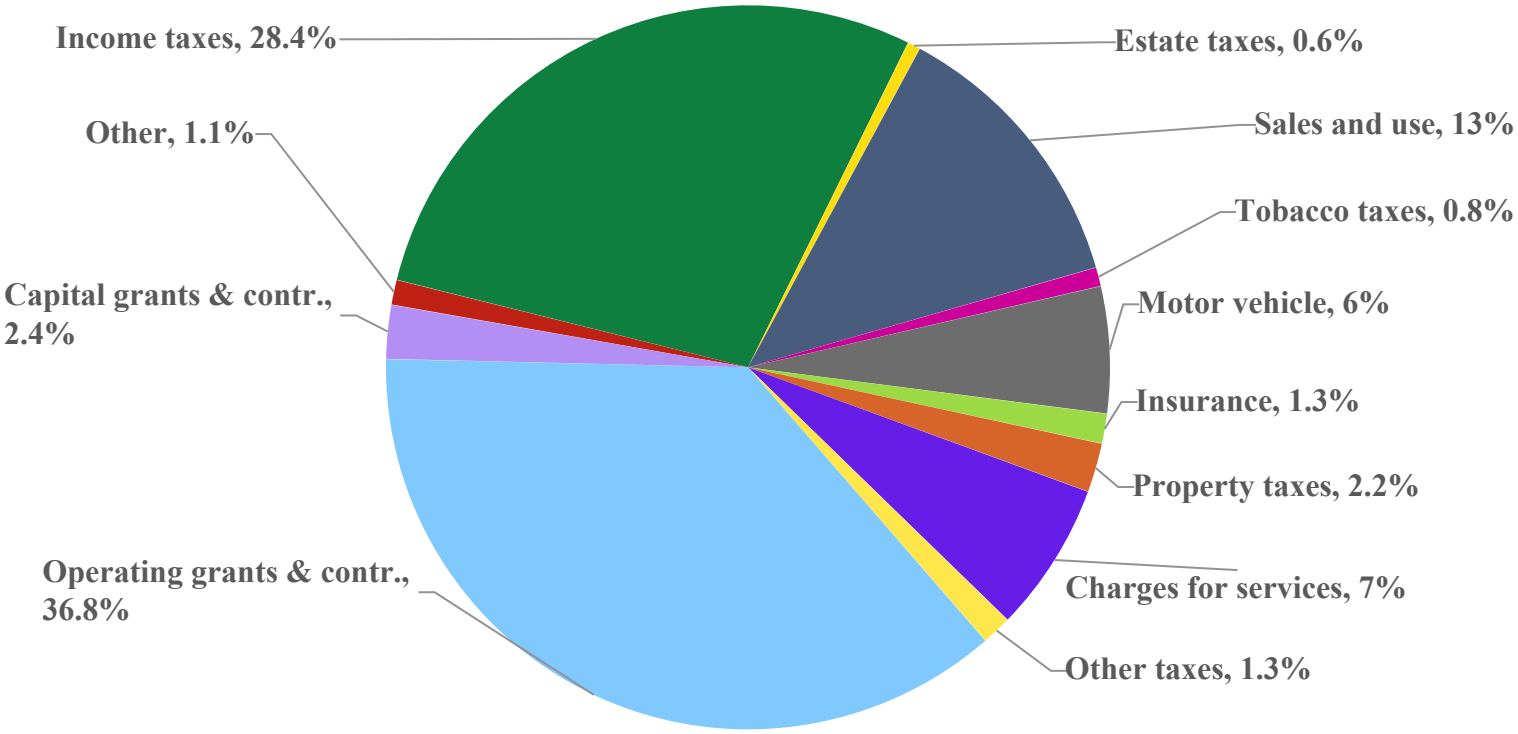
Analysis of Changes in Net Position
For the Year Ended June 30, 2023, Compared to June 30, 2022

(Expressed in Millions. Negative numbers are presented in parentheses and may not be read by all screen readers)

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total Primary Government	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
Revenues:						
Program revenues:						
Charges for services	$ (854)	-19.2%	$ (592)	-8.0%	$ (1,446)	-12.2%
Operating grants and contributions	(2,367)	-10.7%	(1,314)	-87.7%	(3,681)	-15.7%
Capital grants and contributions	241	23.1%	—	—%	241	23.1%
General revenues:						
Income taxes	(2,212)	-12.7%	—	—%	(2,212)	—%
Sales and use taxes	101	1.5%	—	—%	101	0.6%
Motor vehicle taxes	188	6.6%	—	—%	188	2.8%
Tobacco taxes	(30)	-6.3%	—	—%	(30)	-1.1%
Insurance company taxes	52	7.9%	—	—%	52	10.9%
Property taxes	(112)	-8.7%	—	—%	(112)	-17.0%
Estate inheritance taxes	32	11.8%	—	—%	32	2.5%
Other taxes	304	74.0%	—	—%	304	112.2%
Unrestricted investment earnings	655	-1190.9%	91	-505.6%	746	181.5%
Total revenues	(4,002)	-1123.6%	(1,815)	-601.3%	(5,817)	-601.0%
Expenses:						
General government	806	41.4%	—	—%	806	41.4%
Health and mental hygiene	1,239	6.7%	—	—%	1,239	6.7%
Education	881	9.0%	—	—%	881	9.0%
Aid for higher education	677	23.7%	—	—%	677	23.7%
Human resources	(885)	-20.0%	—	—%	(885)	-20.0%
Public safety	(157)	-8.4%	—	—%	(157)	-8.4%
Transportation	(782)	-15.7%	—	—%	(782)	-15.7%
Judicial	(103)	-13.3%	—	—%	(103)	-13.3%

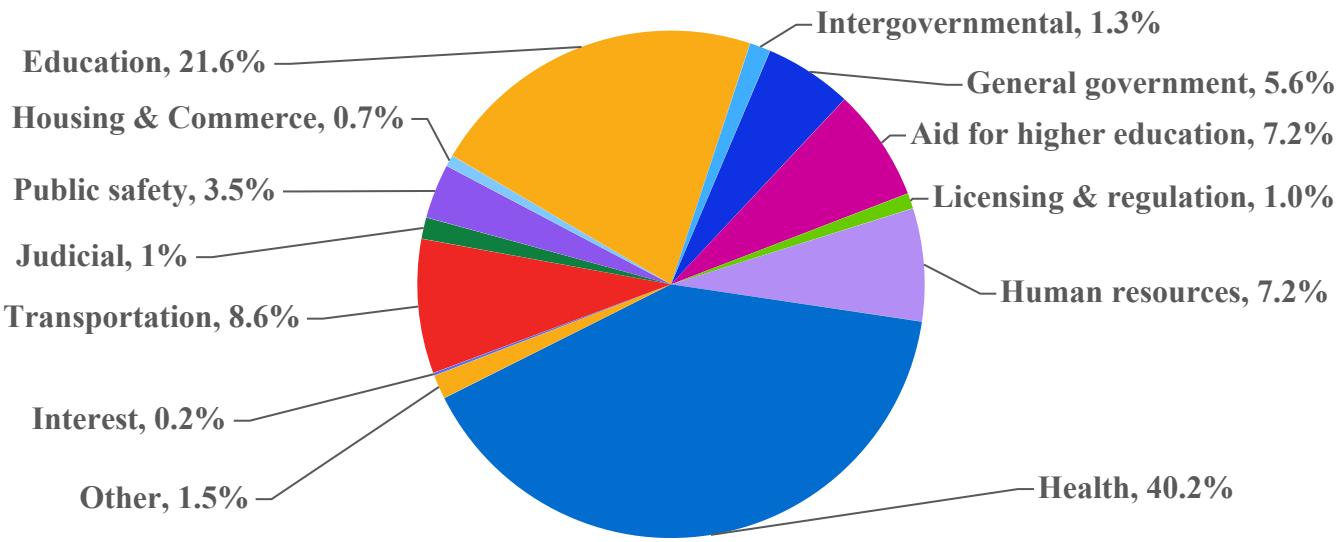
	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total Primary Government	Total Primary Government
	Amount of Increase/ (Decrease)	Percentage of Increase/ -Decrease	Amount of Increase/ (Decrease)	Percentage of Increase/ -Decrease	Amount of Increase/ (Decrease)	Percentage of Increase/ -Decrease
Labor, licensing and regulation	(971)	-66.8%	—	—%	(971)	-66.8%
Natural resources and recreation	120	27.1%	—	—%	120	27.1%
Housing and community development	(1,459)	-95.0%	—	—%	(1,459)	-95.0%
Environment	12	11.5%	—	—%	12	11.5%
Agriculture	(22)	-22.2%	—	—%	(22)	-22.2%
Commerce	212	294.4%	—	—%	212	294.4%
Intergovernmental grants and revenue sharing	(13)	-1.9%	—	—%	(13)	-1.9%
Interest	(52)	-36.9%	—	—%	(52)	-36.9%
Economic development loan programs	—	—%	(64)	-17.4%	(64)	-17.4%
Unemployment insurance program	—	—%	(1,422)	-77.9%	(1,422)	-77.9%
Maryland Lottery and Gaming Control Agency	—	—%	226	7.1%	226	7.1%
Transportation Authority	—	—%	38	5.8%	38	5.8%
Maryland Correctional Enterprises	—	—%	1	2.0%	1	2.0%
Total expenses	$ (497)	133.6%	$ (1,221)	-80.4%	$ (1,718)	54.0%

2023 REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



Source		Revenue	Percent
Operating grants & contributions	$	19,652	36.8 %
Income taxes	$	15,186	28.4 %
Sales and use	$	6,786	13 %
Charges for services	$	3,583	7 %
Motor vehicle	$	3,022	6 %
Capital grants & contributions	$	1,284	2.4 %
Property taxes	$	1,176	2.2 %
Other taxes	$	715	1.3 %
Insurance	$	712	1.3 %
Other	$	600	1.1 %
Tobacco taxes	$	449	0.8 %
Estate taxes	$	303	0.6 %

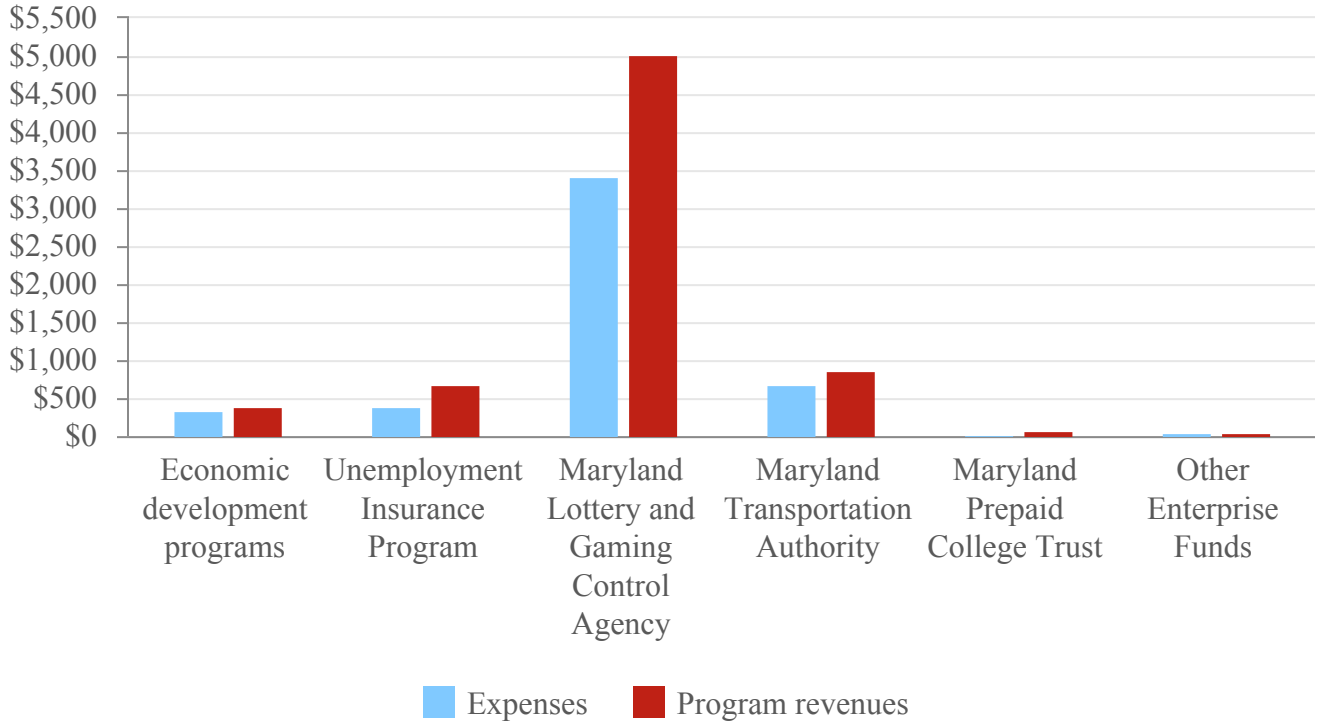
2023 EXPENSES BY FUNCTION - GOVERNMENTAL ACTIVITIES



Function		Revenue	Percent
Health	$	19,800	40.2 %
Education	$	10,619	21.6 %
Transportation	$	4,210	8.6 %
Human resources	$	3,544	7.2 %
Aid for higher education	$	3,535	7.2 %
General government	$	2,755	5.6 %
Public safety	$	1,716	3.5 %
Other	$	756	1.5 %
Judicial	$	674	1.0 %
Intergovernmental	$	654	1.3 %
Licensing & regulation	$	482	1.0 %
Housing & Commerce	$	359	0.7 %
Interest	$	89	0.2 %

2023 EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES

(Expressed in Millions)



	Economic development programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Maryland Prepaid College Trust	Other Enterprise Funds
Expenses	$343,599,000	$403,146,000	$3,423,189,000	$690,770,000	$20,328,000	$52,130,167
Program revenues	$382,307,000	$675,215,000	$5,034,417,000	$879,416,000	$81,076,000	$56,263,079

Governmental Activities

- Liabilities and deferred inflows exceeded assets and deferred outflows by $2.0 billion at the end of fiscal year 2023. For the current year, there was an increase in net position of $5.7 billion from the previous year.
- Included in the increase in net position, capital assets increased by $544.0 million, deferred outflows, net of deferred inflows, increased by $5.8 billion and long-term liabilities increased by $1.4 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 decreases in bonds and notes payable of $1.2 billion; an increase in the State's net pension liability (NPL) of $4.3 million; and the State's net OPEB liability in the current year in excess of the net OPEB liability in the prior year $1.6 billion. The increase in bonds and notes payable is discussed in the Long-Term Debt section of this analysis. The increase in the NPL of $4.3 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 decreased by $2.3 billion, primarily due to a decrease in federal grants activity during the fiscal year 2023. Key elements of this decrease 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 consist of personal and corporate income tax decreased from $17.4 billion to $15.6 billion in fiscal year 2023. 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 $150 million in fiscal year 2023. 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 $2.2 billion before net transfers of $1.4 billion to governmental activities, for a net increase of $0.7 billion in net position. The increase compares to an increase of $2.8 billion before net transfers of $1.4 billion, for a net increase of $1.4 billion in net position, in the prior year. Key elements of this decrease are as follows:
- Net position of the Maryland Transportation Authority increased by $185 million compared to an increase of $167 million in the prior year. Net operating income was $254 million compared to $296 million in the prior year.
- The Unemployment Insurance Program net position increased by $272.1 million in 2023. Net position increased by $1.1 billion in 2022. Net operating gain was $183.5 million compared to the prior year's loss of $301.1 million. Charges for services (unemployment taxes) decreased by $108 million (16%) and benefit payments were reduced by $1.4 billion (78%). Federal payments for extended benefits and other programs decreased by $2.1 billion compared to a decrease of $6.9 billion in the prior year.
- Net position for the Economic Development Loan Programs increased by $195 million in 2023 compared to an increase of $107million in the prior year. Majority of the increase was attributable from the Maryland Water Infrastructure Financing Administration. Net income of the Administration increased by $146 million compared to an increase of $120.9 million in 2022, primarily due to a $27.9 million increase in contributions from Federal and State governments from $58.7 million in fiscal year 2022 to $86.7 million in fiscal year 2023. Net income of the State Funded Loan Programs increased by $73.5 million compared to an increase of $84.4 million in the prior year for programs related to financing housing opportunities.
- Lottery ticket sales were $2.8 billion in 2023, an increase of $153 million, or 5.54%, from 2022. In 2023 in Maryland's six casinos, gross video lottery terminal (VLT) and table game revenue was $2.3 billion, an increase of $510 million, 23%, 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 $446 million, or 13.0%, over 2022. Transfers to governmental activities by MLGCA were $1.6 billion in 2023 and $1.5 billion in 2022.

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 $14.1 billion, an increase of $623.8 million from the prior year. The combined fund balance includes a surplus of $3.0 billion in unassigned governmental funds, all $3.0 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 ($964.7 million); 2) restricted by outside parties or to pay debt service on general obligation bonds and transportation bonds from specific taxes ($652.8 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 ($8.4 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 ($1.1 billion). The committed fund balance includes the $3.5 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 $3.0 billion, while total fund balance was $11.3 billion. The fund

balance of the State's General Fund increased by $0.5 billion during 2023, compared to an increase of $5.3 billion for 2022. Revenues decreased by $3.6 billion (7.2%) to $46.9 billion primarily due to the State's receipt of Federal Coronavirus Relief Funds (CRF). Expenditures increased by $0.7 billion (1.6%) 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 $1.2 billion (6.4%).

Transfers into the General Fund were $1.7 billion in 2023 and $1.5 billion in 2022. Transfers consisted primarily of $1.6 billion transferred from MLGCA in 2023. Transfers out from the general fund were $1.8 billion this year compared to $1.1 billion for the prior year. This increase was mainly due to an 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 $623 million as of June 30, 2023, an increase of $2 million compared to an increase of $353 million in the prior fiscal year. Revenues increased by $251 million (4.8%), expenditures increased by $49 million (0.9%), and other sources of financial resources decreased by $554 million (116.4%). 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 $0.9 billion less than the estimates for the previous six-year program. Total projected revenues amount to $37.5 billion for the six-year period (fiscal years 2024-2029). 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 $127 million in expenditures, or 0.4%. The difference between the final budget, $28.5 billion, and actual expenditures, $26.3 billion, was $2.3 billion, or 7.9%. Of this amount, $1.6 billion was returned to the General Fund, and $0.7 billion was encumbered for future spending. The variance for the State Police (1.7%) primarily relates to State Law Enforcement Labor Alliance bargaining unit provisions ($20 million) and for other statewide salary enhancements that were transferred by budget amendment from the Department of Budget and Management (DBM) ($5 million). The general fund variance in Housing and Community Development is primarily due to fiscal year 2023 budget amendments and deficiencies for the following programs: $11.3 million in Neighborhood Revitalization, $56.5 million in Neighborhood Revitalization (Capital Appropriation), $485,506 in Rental Services Programs, $42.3 million in Rental Housing Programs (Capital Appropriation), $1.8 million in Special Loan Programs (Capital Appropriation), and $1.7 million in Partnership Rental Housing (Capital Appropriation). The difference in the Legislative (37.3%) is primarily related to the General Assembly. The General Fund variance of $22.7 million (8.1%) in the Budget and Management 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 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. The variance in General Services (40.6%) was primarily due to unexpended and unencumbered PAYGO funds at the year end.

Significant Differences between Original Budget, Final Budget, and Actual Amounts for the year ended June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

General Fund

Expenditures and encumbrances by function:	Original Budget	Final Budget	Original versus Final budget	Percentage Change	Actual Amounts	Final Budget versus Actual	Percentage Change
Payments of revenue to civil divisions of the State	$ 173,508	$ 173,508	$ —	0.0 %	$ 173,508	$ —	0.0 %
Public debt	430,000	649,000	219,000	50.9 %	649,000	—	0.0 %
Legislative	181,970	189,259	7,289	4.0 %	118,576	70,683	37.3 %
Judicial review and legal	799,012	826,875	27,863	3.5 %	799,766	27,109	3.3 %
Executive and administrative control	492,595	559,930	67,335	13.7 %	532,660	27,270	4.9 %
Financial and revenue administration	245,944	274,810	28,866	11.7 %	242,836	31,974	11.6 %
Budget and management	720,096	279,338	(440,758)	(61.2)%	256,633	22,705	8.1 %
General services	332,524	347,583	15,059	4.5 %	206,468	141,115	40.6 %
Service and Civic Innovation	—	4,606	4,606	100.0 %	337	4,269	92.7 %
Transportation and Highways	21,500	21,500	—	0.0 %	6,431	15,069	70.1 %
Natural resources and recreation	102,468	110,331	7,863	7.7 %	100,495	9,836	8.9 %
Agriculture	42,967	45,127	2,160	5.0 %	43,275	1,852	4.1 %
Health, hospitals and mental hygiene	6,867,361	6,602,559	(264,802)	(3.9)%	6,386,274	216,285	3.3 %
Human resources	755,679	799,232	43,553	5.8 %	790,906	8,326	1.0 %
Labor, licensing and regulation	62,593	65,886	3,293	5.3 %	56,626	9,260	14.1 %
Public safety and correctional services	1,349,537	1,437,688	88,151	6.5 %	1,408,392	29,296	2.0 %
Public education	10,436,480	10,685,478	248,998	2.4 %	10,376,512	308,966	2.9 %
Housing and community development	303,194	303,461	267	0.1 %	106,374	197,087	64.9 %
Commerce	200,969	202,829	1,860	0.9 %	178,202	24,627	12.1 %
Maryland technology development corporation	38,826	39,076	250	0.6 %	39,076	—	— %
Environment	68,036	83,076	15,040	22.1 %	72,366	10,710	12.9 %
Juvenile services	283,852	296,686	12,834	4.5 %	291,172	5,514	1.9 %
State police	368,093	406,792	38,699	10.5 %	399,682	7,110	1.7 %
State reserve fund	4,205,389	4,205,389	—	0.0 %	3,039,178	1,166,211	27.7 %
Reversions	(75,000)	(75,000)	—	0.0 %	—	(75,000)	100.0 %
Total expenditures and encumbrances	$ 28,407,593	$28,535,019	$ 127,426	0.4 %	$26,274,745	$ 2,260,274	7.9 %

Capital Assets and Debt Administration

Capital assets

As of June 30, 2023, the State had invested $36.6 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 ($1.4 billion for governmental activities and $200 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 $0.8 billion (an increase of $0.5 billion for governmental activities and an increase of $245 million for business-type activities).

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

Capital Assets	Govern-mental Activities 2023	Govern-mental Activities 2022	Business-type Activities 2023	Business-type Activities 2022	Total 2023	Total 2022
Capital assets, not depreciated or amortized						
Land and improvements	$ 4,003	$ 4,008	$ 407	$ 407	$ 4,410	$ 4,415
Land use rights	1,265	1,238	—	—	1,265	1,238
Art and historical treasures	23	23	—	—	23	23
Construction in progress	9,295	8,693	1,899	1,702	11,194	10,395
Capital assets, being depreciated or amortized						
Structures and improvements	3,028	3,165	218	188	3,245	3,352
Equipment	931	956	43	43	974	999
Infrastructure	10,065	10,019	4,820	4,800	14,885	14,818
Right-of use assets	570	551	4	6	574	557
Total	$ 29,180	$ 28,651	$ 7,391	$ 7,146	$ 36,570	$ 35,797

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, 2023, the State had outstanding bonds, net of related premiums, discounts and adjustments, totaling $21.9 billion. Of this amount, $11.6 billion were general obligation bonds, backed by the full faith and credit of the State. The remaining $10.3 billion were secured solely by the specified revenue sources.

Outstanding Bond Debt as of June 30,

(Expressed in Millions)

Debt	Govern-mental Activities 2023	Govern-mental Activities 2022	Business-type Activities 2023	Business-type Activities 2022	Total 2023	Total 2022
General Obligation Bonds (backed by the State)	$ 11,566	$ 12,321	$ —	$ —	$ 11,566	$ 12,321
Transportation Bonds (backed by specific revenues)	4,062	4,470	—	—	4,062	4,470
Revenue bonds (backed by specific revenues)	—	—	6,245	5,680	6,245	5,680
Total	$ 15,628	$ 16,791	$ 6,245	$ 5,680	$ 21,872	$ 22,471

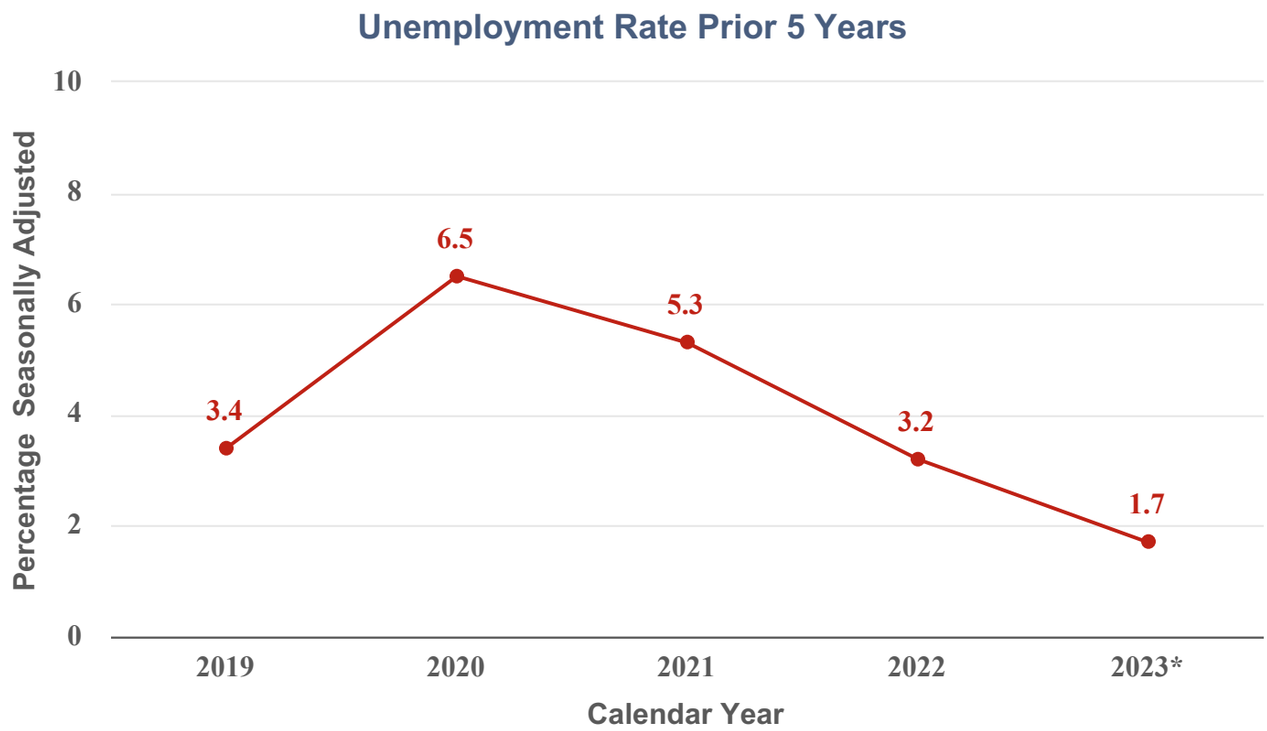
The total decrease in bonded debt in the current fiscal year was $0.6 billion ($756 million decrease related to general obligation bonds, $407.6 million decrease related to transportation bonds, and $565 million increase related to revenue bonds). The State's general obligation bonds are rated Aaa by Moody's and AAA by Standard and Poors and Fitch. During fiscal year 2023, the State issued general obligation debt totaling $0.4 billion at a premium of $66 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, 2023, was $3.7 billion. The actual par amount in Consolidated Transportation Bonds outstanding was $3.3 billion.

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

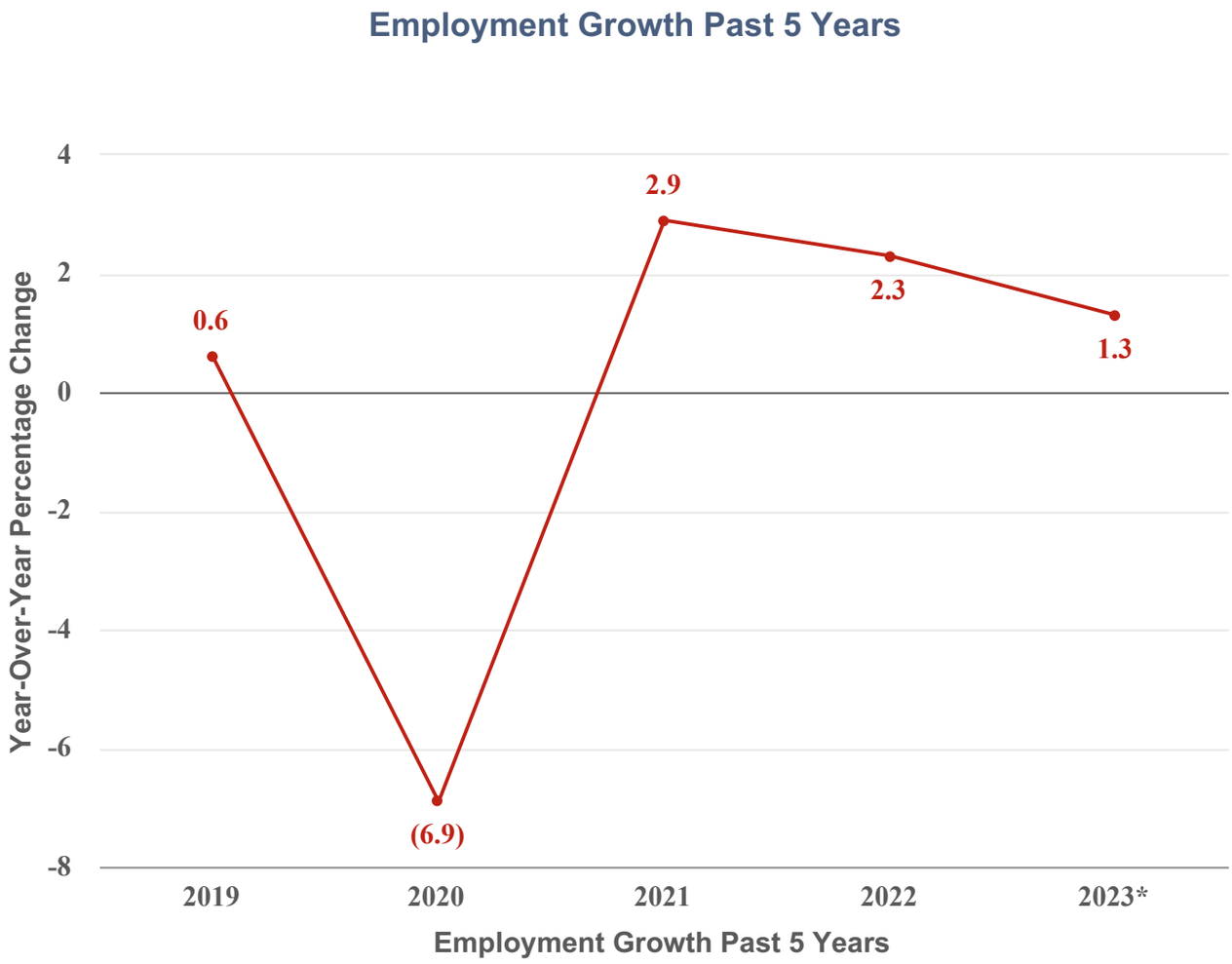
Economic Factors and Next Year's Budget

The forecast of the Maryland economy by the Board of Revenue Estimates is the basis for Maryland's revenue outlook. Employment growth of 1.3% is expected in calendar year 2023 and 0.7% in calendar year 2024. The calendar year 2023 year-to-date unemployment rate was 1.7% as of October 2023 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:



	Calendar Year 2019	Calendar Year 2020	Calendar Year 2021	Calendar Year 2022	Calendar Year 2023*
Percentage Seasonally Adjusted	3.4	6.5	5.3	3.2	1.7*

**Estimated*



	Calendar Year 2019	Calendar Year 2020	Calendar Year 2021	Calendar Year 2022	Calendar Year 2023*
Year-Over-Year Percentage Change	0.6	(6.9)	2.9	2.3	1.3

**Estimated*

Increase in personal income of 5.3% and growth of 4.2% in calendar years 2023 and 2024, respectively, is expected. General fund revenues are estimated to increase by 4.1% in fiscal year 2024.

Maryland's budget in fiscal year 2024 is $63 billion, a 3% decrease over 2023. The fiscal year 2024 budget conforms to the legislature's Spending Affordability Committee's guidelines. The general fund budget is $27.0 billion, a 3.15% decrease over 2023, and includes a projected $364 million fiscal year 2024 surplus. Reserves are projected to total $2.4 billion as of June 30, 2024.

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, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	Primary Governmental Activities	Primary Business-type Activities	Total	Component Units
Assets:				
Cash	$ 541,803	$ 184,858	$ 726,661	$ 339,571
Equity in pooled invested cash	10,507,898	890,956	11,398,855	3,698,282
Investments	864,487	1,877,232	2,741,719	174,991
Endowment investments	—	—	—	449,545
Foundation investments	—	—	—	2,408,125
Inventories	274,772	19,824	294,596	10,626
Prepaid items	665,860	—	665,860	24,907
Taxes receivable, net	2,608,914	—	2,608,914	—
Intergovernmental receivables	2,979,197	—	2,979,197	—
Tuition contracts receivable	—	112,362	112,362	142,577
Due from component units	4,793	—	4,793	—
Other accounts receivable, net	2,155,573	272,642	2,428,215	664,632
Loans and notes receivable, net	24,820	2,513,904	2,538,724	69,827
Leases receivable, net	—	244,096	244,096	151,738
Other assets	2,752	27,490	30,242	266,388
Restricted assets:				
Cash	211,229	2,712,579	2,923,808	33,848
Equity in pooled invested cash	337,472	87,607	425,079	—
Investments	29,083	2,129,288	2,158,371	1,029,557
Taxes receivable, net	65,624	—	65,624	—
Loans and notes receivable	1,592	1,200,095	1,201,687	—
Other accounts receivable	—	291,712	291,712	—
Capital assets, not being depreciated:				
Land	4,003,329	406,882	4,410,211	251,535
Land use rights	1,265,273	—	1,265,273	—
Art and historical treasures	23,068	—	23,068	—
Construction in progress	9,294,593	1,898,986	11,193,579	964,806
Capital assets, net of accumulated depreciation and amortization:				
Structures and other improvements	3,027,744	217,672	3,245,416	6,684,246
Equipment	930,705	43,065	973,770	541,857
Infrastructure	10,064,834	4,819,972	14,884,806	283,918
Right-of-Use assets	570,162	4,074	574,236	32,606
Total capital assets	29,179,708	7,390,651	36,570,359	8,758,968
Total assets	$ 50,455,578	$ 19,955,296	$ 70,410,874	$ 18,223,584
Deferred outflows of resources:	$ 5,550,951	$ 150,300	$ 5,701,251	$ 392,211
Liabilities:				
Bank overdrafts	$ —	$ —	$ —	$ —

	Primary Governmental Activities	Primary Business-type Activities	Total	Component Units
Salaries payable	261,615	—	261,615	207,723
Vouchers payable	698,679	—	698,679	—
Accounts payable and accrued liabilities	3,880,507	525,548	4,406,055	685,951
Internal balances	(344,192)	344,192	—	—
Due to primary government	—	—	—	4,793
Due to component units	—	—	—	—
Accounts payable to political subdivisions	109,975	—	109,975	—
Unearned revenue	416,284	75,220	491,504	583,246
Accrued insurance on loan losses	—	9,849	9,849	729
Other liabilities	—	—	—	1,489
Bonds and notes payable:				
Due within one year	1,381,913	466,899	1,848,812	142,213
Due in more than one year	14,245,953	5,777,634	20,023,587	3,441,311
Other noncurrent liabilities:				
Due within one year	585,139	184,477	769,616	253,881
Due in more than one year	30,903,374	1,111,356	32,014,731	2,029,608
Total liabilities	$ 52,139,247	$ 8,495,176	$ 60,634,422	$ 7,350,945
Deferred inflows of resources	$ 5,835,717	$ 161,356	$ 5,997,073	$ 563,597
Net Position:				
Net investment in capital assets	19,558,008	4,899,688	24,457,696	6,853,699
Restricted for:				
Debt service	439,351	307,132	746,483	1,003,330
Capital improvements	—	—	—	1,928
Higher education-nonexpendable	—	—	—	1,574,950
Higher education-expendable	—	—	—	950,157
Unemployment compensation benefits	—	1,972,900	1,972,900	—
Loan programs	—	2,460,804	2,460,804	23,613
Insurance programs	—	87,679	87,679	—
Other	213,451	—	213,451	—
Unrestricted (deficit)	(22,179,245)	1,720,861	(20,458,383)	293,576
Total net position (deficit)	$ (1,968,435)	$ 11,449,064	$ 9,480,630	$ 10,701,252

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

STATE OF MARYLAND

Statement of Activities
June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

Functions/Programs	Expenses	Program Revenues Charges for Services	Program Revenues Operating Grants and Contributions	Program Revenues Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position Primary Government Governmental Activities	Net (Expense) Revenues and Changes in Net Position Primary Government Business-type Activities	Total	Component Units
Primary government - Governmental activities:								
General government	$ 2,755,355	$ 1,081,866	$ 1,242,829	$ —	$ (430,660)	$ —	$ (430,660)	$ —
Health and mental hygiene	19,800,159	771,500	11,621,905	—	(7,406,753)	—	(7,406,753)	—
Education	10,619,488	54,396	2,336,406	—	(8,228,686)	—	(8,228,686)	—
Aid for higher education	3,535,033	124,629	601	—	(3,409,803)	—	(3,409,803)	—
Human resources	3,543,958	96,497	2,810,727	—	(636,734)	—	(636,734)	—
Public safety	1,715,798	134,115	73,744	—	(1,507,939)	—	(1,507,939)	—
Transportation	4,209,629	518,983	521,950	1,283,674	(1,885,022)	—	(1,885,022)	—
Judicial	674,007	319,890	9,567	—	(344,549)	—	(344,549)	—
Labor, licensing and regulation	482,294	28,149	244,328	—	(209,817)	—	(209,817)	—
Natural resources and recreation	563,337	307,238	39,568	—	(216,531)	—	(216,531)	—
Housing and community development	75,649	32,253	713,149	—	669,753	—	669,753	—
Environment	115,868	45,374	24,813	—	(45,682)	—	(45,682)	—
Agriculture	76,822	21,926	7,763	—	(47,133)	—	(47,133)	—
Commerce	283,533	46,419	4,917	—	(232,198)	—	(232,198)	—
Intergovernmental grants and revenue sharing	653,709	—	—	—	(653,709)	—	(653,709)	—
Interest	89,356	—	—	—	(89,356)	—	(89,356)	—
Total governmental activities	$49,193,996	$ 3,583,234	$ 19,652,267	$ 1,283,674	$ (24,674,820)	$ —	$ (24,674,820)	$ —

Functions/Programs	Expenses	Program Revenues Charges for Services	Program Revenues Operating Grants and Contributions	Program Revenues Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position Primary Government Governmental Activities	Net (Expense) Revenues and Changes in Net Position Primary Government Business-type Activities	Total	Component Units
Business-type activities:								
Economic development - insurance programs	2,130	2,183	2,672	—	—	2,725	2,725	—
Economic development - water quality loan programs	125,788	157,814	86,973	—	—	118,999	118,999	—
Economic development - housing loan programs	178,238	85,306	955	—	—	(91,977)	(91,977)	—
Unemployment insurance program	403,146	586,692	88,523	—	—	272,069	272,069	—
Maryland Lottery and Gaming Control Agency	3,425,853	5,034,417	—	—	—	1,608,564	1,608,564	—
Maryland Transportation Authority	694,102	861,833	4,549	—	—	172,280	172,280	—
Maryland Prepaid College Trust (529)	20,328	32,356	—	—	—	12,028	12,028	—
Maryland Correctional Enterprises	50,016	51,408	—	—	—	1,392	1,392	—
Total business-type activities	$ 4,899,602	$ 6,812,009	$ 183,672	$ —	$ —	$ 2,096,080	$ 2,096,080	$ —
Total primary government	$54,093,597	$ 10,395,243	$ 19,835,939	$ 1,283,674	$ (24,674,820)	$ 2,096,080	$ (22,578,740)	$ —
Component Units-								
Higher education	$ 6,988,438	$ 2,911,775	$ 2,077,214	$ 399,497	$ —	$ —	$ —	$ (1,599,952)
Maryland Stadium Authority	411,820	48,602	152,510	—	—	—	—	(210,708)
Other component units	275,045	215,474	70,601	—	—	—	—	11,030
Total component units	$ 7,675,303	$ 3,175,851	$ 2,300,325	$ 399,497	$ —	$ —	$ —	$ (1,799,630)

Functions/Programs	Net (Expense) Revenues and Changes in Net Position Primary Government Governmental Activities	Net (Expense) Revenues and Changes in Net Position Primary Government Business-type Activities	Total	Component Units
General revenues:				
Income taxes	$ 15,185,609	$ —	$ 15,185,609	$ —
Sales and use taxes	6,786,382	—	6,786,382	—
Motor vehicle taxes	3,021,737	—	3,021,737	—
Tobacco taxes	448,657	—	448,657	—
Insurance company taxes	711,898	—	711,898	—
Property taxes	1,175,561	—	1,175,561	—
Estate inheritance taxes	302,888	—	302,888	—
Other taxes	715,124	—	715,124	—
Grants and contribution not restricted to specific programs	—	—	—	2,180,210
Unrestricted investment earnings (loss)	599,807	73,440	673,247	302,061
Additions to permanent endowments	—	—	—	152,415
Transfers	1,449,648	(1,449,648)	—	—
Total general revenues, additions to permanent endowments, and transfers	30,397,311	(1,376,208)	29,021,103	2,634,686
Changes in net position	5,722,491	719,872	6,442,363	835,056
Net position (deficit), beginning of the year, as restated	(7,690,926)	10,729,192	3,038,267	9,866,196
Net position (deficit), end of the year	$ (1,968,435)	$ 11,449,064	$ 9,480,630	$ 10,701,251

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

STATE OF MARYLAND

Balance Sheet
Governmental Funds
June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	General	Special Revenue Maryland Department of Transportation	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash	$ 541,803	$ —	$ —	$ 541,803
Equity in pooled invested cash	9,315,110	—	1,192,788	10,507,898
Investments	—	—	864,488	864,487
Prepaid items	466,129	199,731	—	665,860
Taxes receivable, net	2,442,816	166,098	—	2,608,914
Intergovernmental receivables	2,341,207	637,990	—	2,979,197
Other accounts receivable	1,357,768	695,293	102,513	2,155,573
Due from other funds	449,627	250,004	—	699,631
Due from component units	4,793	—	—	4,793
Inventories	171,489	103,283	—	274,772
Loans and notes receivable, net	24,820	—	—	24,820
Restricted assets:				
Cash	—	167,864	—	167,864
Cash with fiscal agent	—	—	43,365	43,365
Equity in pooled invested cash	—	—	337,472	337,472
Investments	67	—	29,016	29,083
Taxes receivable, net	—	—	65,624	65,624
Loans and notes receivable, net	—	—	1,592	1,592
Total assets	$ 17,115,628	$ 2,220,263	$ 2,636,858	$ 21,972,749
Liabilities:				
Salaries payable	$ 237,687	$ 23,928	$ —	$ 261,615
Vouchers payable	669,702	—	28,977	698,679
Accounts payable and accrued liabilities	2,608,073	616,420	188,735	3,413,228
Due to other funds	504,012	66,700	98,780	669,492
Accounts payable to political subdivisions	25,102	75,651	9,222	109,975
Unearned revenue	384,494	31,790	—	416,284
Accrued self-insurance costs	127,297	—	—	127,297
Total liabilities	$ 4,556,367	$ 814,489	$ 325,714	$ 5,696,570
Deferred inflows of resources	$ 1,298,433	$ 782,478	$ 94,352	$ 2,175,263
Fund balances:				
Nonspendable	$ 661,660	$ 303,014	$ —	$ 964,674
Restricted	165,002	—	487,800	652,803
Committed	7,447,892	—	980,044	8,427,936
Assigned	—	320,282	748,994	1,069,276
Unassigned	2,986,274	—	(47)	2,986,227
Total fund balances	11,260,829	623,296	2,216,792	14,100,917
Total liabilities and fund balances	$ 17,115,628	$ 2,220,263	$ 2,636,858	$ 21,972,749

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, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

Amounts reported for governmental activities in the Statement of Net Position (pages 36 - 37 differ from the amounts for the governmental funds' fund balances because of:	
Amount in governmental funds, fund balance (page 41)	$14,100,917
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	29,179,708
Taxes and other receivables that will not be available to pay for current period expenditures and, therefore, are deferred in the funds	2,175,263
Accrued interest payable on bonds and lease liability are not liquidated with current financial resources in the governmental funds	(153,226)
Other long-term assets not available to pay for current period expenditures	2,752
Deferred outflows of resources not recognized as current period expenditures	5,550,951
Deferred inflows of resources not recognized as current period revenues	(5,835,717)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds:	
General Obligation Bonds	(10,001,238)
Premiums to be amortized over the life of the debt	(1,564,369)
Transportation Bonds	(3,707,395)
Premiums to be amortized over the life of the debt	(354,864)
Unearned revenue	—
Accrued self-insurance costs	(243,585)
Accrued annual leave	(448,766)
Pension liabilities	(17,646,638)
Other post-employment benefits liability	(11,869,362)
Pollution remediation	(39,620)
Intergovernmental financing agreements	(423,060)
Obligations under lease liability	(574,887)
Obligations under lease liabilities with component units	(69,197)
Obligations under subscription arrangements	(46,034)
Other long-term obligations	(67)
Net Position (deficit) of governmental activities (pages 36 - 37)	$(1,968,435)

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, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	General	Special Revenue Maryland Department of Transportation	Other Governmental Funds	Total Governmental Funds
Revenues:				
Income taxes	$ 15,202,834	$ —	$ —	$ 15,202,834
Sales and use taxes	6,790,832	—	—	6,790,832
Motor vehicle taxes	—	3,021,737	—	3,021,737
Tobacco taxes	448,657	—	—	448,657
Insurance company taxes	711,898	—	—	711,898
Property taxes	229,606	—	945,955	1,175,561
Estate inheritance taxes	302,888	—	—	302,888
Other taxes	403,451	—	—	403,451
Other licenses and fees	854,077	—	—	854,077
Charges for services	1,330,444	515,691	—	1,846,135
Interest and other investment income	361,663	4,177	36,251	402,092
Federal revenue	19,127,044	1,217,302	6,437	20,350,783
Impaired asset recovery	—	399,893	—	399,893
Other	1,137,812	286,210	98,434	1,522,456
Total revenues	$ 46,901,207	$ 5,445,010	$ 1,087,076	$ 53,433,294
Expenditures:				
Current:				
General government	2,521,191	—	271	2,521,462
Health and mental hygiene	20,094,418	—	675	20,095,093
Education	10,882,297	—	446,042	11,328,339
Aid to higher education	3,300,060	—	237,381	3,537,441
Human resources	3,855,235	—	—	3,855,235
Public safety	2,414,929	—	—	2,414,929
Transportation	—	2,054,174	—	2,054,174
Judicial	977,999	—	—	977,999
Labor, licensing and regulation	545,680	—	—	545,680
Natural resources and recreation	542,913	—	—	542,913
Housing and community development	89,673	—	—	89,673
Environment	160,985	—	—	160,985
Agriculture	119,884	—	—	119,884
Commerce	291,990	—	37	292,028
Intergovernmental grants and revenue sharing	434,930	1,082,955	218,779	1,736,664
Impaired asset recovery	—	399,893	—	399,893
Capital outlays	124,162	1,827,841	233,422	2,185,424
Debt service:				
Principal retirement	88,010	—	1,315,588	1,403,598

	General	Special Revenue Maryland Department of Transportation	Other Governmental Funds	Total Governmental Funds
Interest	26,191	—	593,921	620,112
Bond issuance costs	257	—	586	843
Total expenditures	$ 46,470,804	$ 5,364,863	$ 3,046,701	$ 54,882,369
Excess (deficiency) of revenues over (under) expenditures	430,403	80,147	(1,959,625)	(1,449,075)
Other financing sources (uses):				
Financing agreement issuance	6,096	23,817	—	29,913
Bonds issued	—	—	400,000	400,000
Refunding bonds issued	—	143,585	—	143,585
Bond premium	—	21,740	65,705	87,445
Advanced lease payments	124,162	—	—	124,162
Payments to refunded bond escrow agent	—	(161,910)	—	(161,910)
Transfers in	1,694,072	375,098	1,857,217	3,926,387
Transfers out	(1,767,621)	(480,461)	(228,658)	(2,476,740)
Total other sources (uses) of financial resources	56,708.66	(78,130.20)	2,094,264.22	2,072,842.67
Net changes in fund balances	487,112	2,017	134,639	623,768
Fund balances, beginning of year, as restated	10,773,717	621,279	2,082,153	13,477,149
Fund balances, end of year	$ 11,260,828	$ 623,296	$ 2,216,792	$ 14,100,916

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, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

Amounts reported for governmental activities in the Statement of Net Activities (pages 38 - 40) 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 44)		$ 623,768
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	1,978,847	
Depreciation/amortization expense	(1,415,425)	563,422
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		(74,327)
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	230,872	
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	6,745,138	
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	(985,405)	5,990,605
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.		
Premiums on debt issuances	(87,445)	
Debt issued, General Obligation Bonds	(400,000)	
Debt issued, Transportation Bonds	(143,585)	
Amortization of premiums on debt issuance	316,846	
Proceeds from intergovernmental financing agreements	8,722	
Principal repayments:		
General Obligation Bonds	987,355	
Transportation Bonds	490,030	1,171,923
Proceeds from intergovernmental financing agreements		
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:		
Net activity for leases	(15,198)	
Net activity for SBITA	(46,034)	
Accrued interest	113,538	
Compensated absences	(35,038)	
Self-insurance	12,556	
Net pension liability	(4,279,779)	
Net Other post-employment benefits liability	1,565,466	
Other long-term obligations	131,590	(2,552,899)
Change in net position of governmental activities (pages 38 -40)		$ 5,722,490

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

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.

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.

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, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Maryland Prepaid College Trust (529)	Other Enterprise Funds	Total
Assets-							
Current assets:							
Cash	$ —	$ —	$ 2,983	$ 164,871	$ 17,004	$ —	$ 184,858
Equity in pooled invested cash	437,160	—	436,493	—	—	17,303	890,956
Investments	—	—	—	269,919	1,145,285	—	1,415,204
Tuition contracts receivable	—	—	—	—	112,362	—	112,362
Other accounts receivable	15,188	—	79,646	145,741	19,058	13,009	272,642
Due from other funds	127,289	946	—	30,504	—	—	158,739
Inventories	—	—	—	5,512	—	14,312	19,824
Loans and notes receivable, net	111,380	—	—	—	—	—	111,380
Leases receivable, net	—	—	—	21,920	—	—	21,920
Other assets	43	—	107	546	28	174	898
Current restricted assets:							
Cash	600,255	151,858	4,741	264,182	—	—	1,021,036
Cash on deposit with U.S. Treasury	—	1,691,543	—	—	—	—	1,691,543
Equity in pooled invested cash	—	—	—	—	—	87,607	87,607
Investments	436,784	—	3,258	—	—	—	440,042
Loans and notes receivable, net	59,166	—	—	—	—	—	59,166
Other accounts receivable	40,313	251,399	—	—	—	—	291,712
Total current assets	1,827,578	2,095,746	527,228	903,195	1,293,737	132,405	6,779,889
Non-current assets:							
Investments	5,372	—	—	454,165	—	2,491	462,028
Loans and notes receivable, net.	2,402,524	—	—	—	—	—	2,402,524
Leases receivable, net	—	—	—	222,176	—	—	222,176
Other assets	—	—	—	26,592	—	—	26,592
Restricted non-current assets:							
Investments	1,658,807	—	22,892	7,547	—	—	1,689,246
Loans and notes receivable, net	1,140,929	—	—	—	—	—	1,140,929

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Maryland Prepaid College Trust (529)	Other Enterprise Funds	Total
Capital assets, net of accumulated depreciation:							
Land	—	—	—	406,882	—	—	406,882
Structures and improvements	—	—	—	213,246	—	4,426	217,672
Equipment	1	—	548	38,971	—	3,545	43,065
Infrastructure	—	—	—	4,819,972	—	—	4,819,972
Right-of-Use Assets	—	—	2,726	1,348	—	—	4,074
Construction in progress	—	—	—	1,898,986	—	—	1,898,986
Total non-current assets	5,207,633	—	26,166	8,089,885	—	10,462	13,334,146
Total assets	7,035,211	2,095,746	553,394	8,993,080	1,293,737	142,867	20,114,035
Deferred outflows of resources	—	—	18,331	129,384	—	2,585	150,300
Liabilities-							
Current liabilities:							
Accounts payable and accrued liabilities	110,713	122,846	93,995	194,633	588	2,773	525,548
Due to other funds	1,476	—	411,955	89,500	—	—	502,931
Accrued insurance on loan losses	—	—	—	—	—	9,849	9,849
Other liabilities	12,885	—	5,871	14,547	149,980	1,194	184,477
Unearned revenue	1,023	—	2,551	64,878	5,826	942	75,220
Revenue bonds and notes payable - current	389,479	—	—	77,420	—	—	466,899
Total current liabilities	515,576	122,846	514,372	440,978	156,394	14,758	1,764,924
Non-current liabilities:							
Other liabilities	41,340	—	59,886	288,871	708,362	12,897	1,111,356
Revenue bonds and notes payable	3,081,220	—	—	2,696,414	—	—	5,777,634
Total non-current liabilities	3,122,560	—	59,886	2,985,285	708,362	12,897	6,888,990
Total liabilities	3,638,136	122,846	574,258	3,426,263	864,756	27,656	8,653,915
Deferred inflows of resources	477	—	13,128	146,003	—	1,748	161,356

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Maryland Prepaid College Trust (529)	Other Enterprise Funds	Total
Net Position-							
Net investment in capital assets	1	—	708	4,891,008	—	7,971	4,899,688
Restricted for:							
Debt service	207,071	—	—	100,061	—	—	307,132
Capital improvements	—	—	—	—	—	—	—
Unemployment compensation benefits	—	1,972,900	—	—	—	—	1,972,900
Loan programs	2,460,804	—	—	—	—	—	2,460,804
Insurance programs	—	—	—	—	—	87,679	87,679
Unrestricted	728,722	—	(16,369)	559,129	428,981	20,398	1,720,861
Total net position	$ 3,396,598	$ 1,972,900	$ (15,661)	$ 5,550,198	$ 428,981	$ 116,048	$ 11,449,064

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

Statement of Revenues, Expenses and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Maryland Prepaid College Trust (529)	Other Enterprise Funds	Total
Operating revenues:							
Lottery ticket sales	$ —	$ —	$ 2,764,379	$ —	$ —	$ —	$ 2,764,379
Charges for services and sales	150,792	586,692	2,264,366	859,877	32,356	52,267	3,946,350
Loan and grant recoveries	—	—	—	—	—	—	—
Unrestricted interest on loan income	22,458	—	—	—	—	525	22,983
Restricted interest on loan income	51,086	—	—	—	—	—	51,086
Other	7,137	—	5,672	1,956	—	799	15,564
Total operating revenues	231,473	586,692	5,034,417	861,833	32,356	53,591	6,800,362
Operating expenses:							
Prizes and claims	—	—	1,729,579	—	—	—	1,729,579
Commissions and bonuses	—	—	1,572,693	—	—	—	1,572,693
Cost of sales and services	—	—	64,519	—	—	39,367	103,886
Operation and maintenance of facilities	—	—	—	374,961	—	—	374,961
General and administrative	62,420	—	55,471	35,972	5,558	11,110	170,531
Benefit payments	—	403,146	—	—	14,770	—	417,916
Capital grant distributions	166,626	—	—	—	—	—	166,626
Depreciation and amortization	9	—	2,259	197,049	—	916	200,233
Provision for insurance on loan losses	9,656	—	—	—	—	745	10,401
Other	5,584	—	—	—	—	—	5,584
Total operating expenses	244,295	403,146	3,424,521	607,982	20,328	52,138	4,752,410
Operating income (loss)	(12,822)	183,546	1,609,896	253,851	12,028	1,453	2,047,952
Non-operating revenues (expenses):							
Unrestricted interest and other investment income (expenses)	11,686	—	—	13,034	48,720	—	73,440
Restricted interest and other investment income (expenses)	40,788	26,983	—	4,549	—	2,672	74,992
Interest expense	(99,304)	—	—	(84,454)	—	—	(183,758)
Federal grants and distributions	86,713	61,540	—	—	—	—	148,253

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Maryland Prepaid College Trust (529)	Other Enterprise Funds	Total
Other	11,647	—	(1,332)	(1,666)	—	(8)	8,641
Total non-operating revenues (expenses)	51,530	88,523	(1,332)	(68,537)	48,720	2,664	121,568
Income before transfers	38,708	272,069	1,608,564	185,314	60,748	4,117	2,169,520
Transfers in	156,489	—	—	—	—	—	156,489
Transfers out	—	—	(1,606,137)	—	—	—	(1,606,137)
Change in net position	195,197	272,069	2,427	185,314	60,748	4,117	719,872
Total net position (deficit) - beginning, as restated	3,201,401	1,700,831	(18,088)	5,364,884	368,233	111,931	10,729,192
Total net position (deficit) - ending	$ 3,396,598	$ 1,972,900	$ (15,661)	$ 5,550,198	$ 428,981	$ 116,048	$ 11,449,064

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, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Maryland Prepaid College Trust (529)	Other Enterprise Funds	Total
Cash flows from operating activities:							
Receipts from customers	$ 31,702	$ 568,465	$ 5,029,125	$ 999,208	$ 29,973	$ 56,239	$ 6,714,712
Payments to suppliers	—	—	(86,378)	(263,732)	(5,179)	(38,094)	(393,383)
Payments to employees	(31,822)	—	(31,378)	(184,451)	(1,252)	(16,872)	(265,775)
Other receipts	144,057	—	—	18,752	—	1,466	164,275
Other payments	(221,097)	(397,726)	(1,572,684)	—	(46,299)	(843)	(2,238,649)
Lottery prize payments	—	—	(1,725,378)	—	—	—	(1,725,378)
Net cash provided by (used in) operating activities	(77,160)	170,739	1,613,307	569,777	(22,757)	1,897	2,255,803
Cash flows from non-capital financing activities:							
Proceeds from the sale of revenue bonds	702,553	—	—	—	—	—	702,553
Payment on revenue bonds	(255,657)	—	—	(21,029)	—	—	(276,686)
Interest payments	(96,777)	—	—	(14,346)		—	(111,123)
Transfers in	147,411	—	—	—	—	—	147,411
Transfers out	—	—	(1,376,161)	—	—	—	(1,376,161)
Grants	99,549	61,540	—	—	—	—	161,089
Lottery installment payments	—	—	(4,185)	—	—	—	(4,185)
Net cash provided by (used in) non-capital financing activities	597,079	61,540	(1,380,346)	(35,375)	—	—	(757,102)
Cash flows from capital and related financing activities:							
Proceeds from notes payable and revenue bonds	—	—	—	202,354	—	—	202,354
Principal paid on notes payable and revenue bonds	—	—	—	(39,995)	—	—	(39,995)
Interest payments	—	—	—	(85,279)	—	—	(85,279)

STATE OF MARYLAND

Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2023
(Continued)

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen reader)

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Maryland Prepaid College Trust (529)	Other Enterprise Funds	Total
Acquisition of capital assets	—	—	(2,804)	(445,037)	—	(687)	(448,528)
Net cash provided by (used in) capital related financing activities	—	—	(2,804)	(367,957)	—	(687)	(371,448)
Cash flows from investing activities:							
Receipts from collections of loans	223,165	—	—	32,866	—	—	256,031
Receipts from sales of debt instruments-other entities	600,887	—	4,185	139,714	(5,962)	—	738,824
Interest received as returns on loans	80,336	—	—	—	—	—	80,336
Interest received on debt instruments of other entities	32,805	26,983	—	(235)	24,121	2,672	86,346
Disbursements for loans	(349,276)	—	—	(49,923)	—	—	(399,199)
Disbursements for debt instruments of other entities	(1,057,517)	—	—	(398,019)	—	—	(1,455,536)
Net cash provided by (used in) investing activities	(469,600)	26,983	4,185	(275,597)	18,159	2,672	(693,198)
Net change in cash and cash equivalents	50,319	259,262	234,342	(109,152)	(4,598)	3,881	434,054
Balance - beginning of the year	987,096	1,584,138	209,875	538,205	21,602	101,029	3,441,945
Balance - end of the year	$ 1,037,415	$ 1,843,400	$ 444,217	$ 429,053	$ 17,004	$ 104,910	$ 3,875,999

STATE OF MARYLAND

Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2023
(Continued)

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen reader.)

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Maryland Prepaid College Trust (529)	Other Enterprise Funds	Total
Reconciliation of operating income (loss) to net cash from operating activities:							
Operating income (loss)	$ (12,822)	$ 183,546	$ 1,609,896	$ 253,851	$ 12,028	$ 1,453	$ 2,047,952
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation and amortization	9	—	2,247	197,049	—	916	200,221
Interest paid as returns on loans	(78,903)	—	—	—	—	—	(78,903)
Deferred inflows of resources	—	—	(2,708)	(11,134)	—	—	(13,842)
Deferred outflows of resources	—	—	(5,521)	(39,151)	—	(2,588)	(47,260)
Deferred prize payments	—	—	—	—	—	—	—

STATE OF MARYLAND

Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2023
(Continued)

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen reader.)

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Maryland Prepaid College Trust (529)	Other Enterprise Funds	Total
Effect of changes in non-cash operating assets and liabilities:							
Other accounts receivable	389	(18,227)	(5,461)	104,076	(3,821)	2,995	79,951
Due from other funds	1,721	—	—	—	—	338	2,059
Inventories	—	—	—	(429)	—	(2,489)	(2,918)
Loans and notes receivable	6,554	—	—	—	—	(45)	6,509
Other assets	—	—	(21)	—	—	108	87
Accounts payable and accrued liabilities	3,375	5,421	1,740	(44,711)	(972)	73	(35,074)
Due to other funds	(49)	—	—	26,364	—	—	26,315
Accrued insurance on loan losses	(1,599)	—	—	—	—	327	(1,272)
Other liabilities	4,042	—	12,949	68,668	(29,992)	1,054	56,721
Unearned revenue	123	—	185	15,194	—	(247)	15,255
Total adjustments	(64,338)	(12,806)	3,410	315,926	(34,785)	443	207,850
Net cash provided (used in) by operating activities	$ (77,160)	$ 170,740	$ 1,613,306	$ 569,777	$ (22,757)	$ 1,897	$ 2,255,803
Noncash transactions (amounts expressed in thousands):							
Unrealized gain (loss) on investments	$ (650)	$ —	$ (1,484)	$ —	$ 24,599	$ —	$ 22,465

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

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), amounts withheld from employee's payroll (Insurance Premium) and restitution for legal settlements for Opioid and Consumer Protection Rights (Restitution).

STATE OF MARYLAND

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by screen readers.)

	Pension and Other Post-Employment Benefits Trust Funds	Investment Trust Fund	Custodial Funds
Assets:			
Cash	$ 1,386,138	$ —	$ 62,162
Equity in pooled invested cash	—	—	4,141,265
Investments:			
US Treasury and agency obligations	6,344,991	5,177,080	—
Repurchase agreements	—	655,927	—
Bonds	5,288,365	—	—
Corporate equity securities	20,386,104	—	—
Commercial paper	—	1,099,178	—
Mortgage related securities	1,669,231	—	—
Mutual funds	3,751,282	1,019,361	—
Guaranteed investment contracts	832,125	—	—
Real estate	70,991	—	—
Annuity contracts	52,262	—	—
Commingled funds	30,984,862	—	—
Investment held by borrowers	—	—	—
Total investments	69,380,214	7,951,546	—
Taxes receivable, net	—	—	328,842
Intergovernmental receivables	—	—	214,795
Other receivables	790,151	19,056	—
Accounts receivable, net	—	—	145,239
Due from other funds	—	—	314,053
Collateral for lent securities	5,686,982	—	—
Other assets	43,231	—	—
Total assets	77,286,717	7,970,602	5,206,356
Liabilities:			
Accounts payable and accrued liabilities	1,073,571	38,431	87,224
Accounts payable to political subdivisions	—	—	620,316
Collateral obligation for lent securities	5,686,982	—	—
Total liabilities	6,760,553	38,431	707,539
Net position:			
Restricted for:			
Pension benefits	65,380,339	—	—
Deferred compensation benefits	4,682,576	—	—
Local Government Investment Pool participants	—	7,932,170	—
Postretirement health benefits	463,249	—	—
Individuals, organizations, other governments	—	—	4,498,817
Total net position	$ 70,526,164	$ 7,932,170	$ 4,498,817

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, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by screen readers.)

	Pension and Other Post-Employment Benefits Trust Funds	Investment Trust Fund	Custodial Funds
Additions:			
Contributions:			
Employers	$ 2,548,260	$ —	$ —
Members	1,161,975	12,854,416	—
Sponsors	738,603	—	—
Participants, individuals, and local governments	—	—	8,451,390
Total contributions	4,448,838	12,854,416	8,451,390
Investment earnings:			
Net increase (decrease) in fair value of investments	(1,295,233)	—	—
Interest	646,477	376,456	3,905
Dividends	2,306,842	—	—
Total investment earnings	1,658,086	376,456	3,905
Less: investment expense	430,746	2,995	—
Net investment earnings	1,227,340	373,461	3,905
Total additions	5,676,178	13,227,877	8,455,295
Deductions:			
Benefit payments	5,724,617	—	—
Distributions to participants, individuals and local governments	—	373,454	8,050,974
Redemptions (unit transactions at $1.00 per unit)	—	13,017,787	—
Refunds	101,739	—	—
Administrative expenses	56,117	—	—
Total deductions	5,882,473	13,391,241	8,050,975
Net increase	(206,295)	(163,363)	404,319
Net position - beginning	70,732,459	8,095,533	4,094,497
Net position - ending	$ 70,526,164	$ 7,932,170	$ 4,498,816

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

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 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, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by screen readers.)

	Higher Education	Maryland Stadium Authority	Other Component Units	Total
Assets:				
Cash	$ 264,960	$ —	$ 74,611	$ 339,571
Equity in pooled invested cash	3,425,505	149,616	123,161	3,698,282
Investments	43,610	—	131,381	174,991
Endowment investments	449,545	—	—	449,545
Foundation investments	2,408,125	—	—	2,408,125
Tuition contracts receivable	142,577	—	—	142,577
Other accounts receivable	613,135	13,869	37,628	664,632
Inventories	10,626	—	—	10,626
Prepaid items	24,813	—	94	24,907
Loans and notes receivable, net	27,432	—	42,395	69,827
Leases receivable, net	58,008	64,849	28,880	151,738
Other assets	233,528	15,955	16,906	266,388
Restricted assets:				
Cash	32,217	—	1,631	33,848
Investments	23,587	1,003,090	2,880	1,029,557
Capital assets (net of accumulated depreciation and amortization):				
Land	242,127	—	9,408	251,535
Structures and improvements	6,587,499	51,831	44,916	6,684,246
Infrastructure	283,809	—	109	283,918
Right-of-Use Assets	27,234	17	5,355	32,606
Equipment	533,566	546	7,745	541,857
Construction in progress	959,956	—	4,850	964,806
Total assets	16,391,861	1,299,774	531,949	18,223,584
Deferred outflows of resources	374,668	15,706	1,837	392,211
Liabilities:				
Salaries payable	207,723	—	—	207,723
Accounts payable and accrued liabilities	478,594	135,118	72,239	685,951
Due to primary government	—	—	4,793	4,793
Unearned revenue	578,584	—	4,662	583,246
Accrued insurance on loan losses	—	—	729	729
Other liabilities	958	—	531	1,489
Bonds and notes payable:				
Due within one year	97,322	42,835	2,056	142,213
Due in more than one year	1,181,203	2,242,802	17,307	3,441,311
Other noncurrent liabilities:				
Due within one year	206,228	8	47,645	253,881
Due in more than one year	1,994,411	21,585	13,612	2,029,608
Total liabilities	4,745,022	2,442,348	163,574	7,350,945
Deferred inflows of resources:	527,163	16,867	19,567	563,597
Net position				
Net investment in capital assets	$ 6,791,042	$ 15,352	$ 47,304	$ 6,853,699
Restricted:				
Debt service	—	1,003,330	—	1,003,330
Capital improvements and deposits	—	—	1,928	1,928
Nonexpendable:				
Scholarships and fellowships	597,266	—	—	597,266
Research	25,593	—	—	25,593
Other	952,091	—	—	952,091
Expendable:				
Debt service	4,608	—	—	4,608
Capital projects	4,892	—	—	4,892
Loans and notes receivable	23,613	—	—	23,613
Scholarships and fellowships	216,367	—	—	216,367
Research	141,624	—	—	141,624
Other	582,666	—	—	582,666
Unrestricted	2,154,582	(2,162,418)	301,412	293,576
Total net position (deficit)	$ 11,494,344	$ (1,143,736)	$ 350,644	$ 10,701,252

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, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by screen readers.)

	Higher Education	Maryland Stadium Authority	Other Component Units	Total
Expenses:				
General and administrative	$ —	$ 15,450	$ 34,035	$ 49,485
Operation and maintenance of facilities	510,757	40,135	192,596	743,488
Provision for insurance on loan losses, net	—	—	517	517
Instruction	1,733,758	—	—	1,733,758
Research	1,327,061	—	—	1,327,061
Public service	575,334	—	—	575,334
Academic support	607,124	—	—	607,124
Student services	386,507	—	—	386,507
Institutional support	716,301	—	—	716,301
Scholarships and fellowships	169,032	—	—	169,032
Auxiliary	795,357	—	—	795,357
Interest on long-term debt	37,914	86,165	771	124,850
Depreciation and amortization	5,307	5,801	5,585	16,692
Foundation expenses	90,649	—	—	90,649
Other	33,337	264,269	41,541	339,147
Total expenses	6,988,438	411,820	275,045	7,675,303
Program revenues:				
Charges for services:				
Student tuition and fees (net of $450,068) in allowances)	1,454,474	—	—	1,454,474
Auxiliary enterprises (net of $51,400) in allowances)	767,156	—	—	767,156
Restricted investment earnings	107,689	—	—	107,689
Other	582,456	48,602	215,474	846,532
Total charges for services	2,911,775	48,602	215,474	3,175,850
Operating grants and contributions	2,077,214	152,510	70,601	2,300,325
Capital grants and contributions	399,497	—	—	399,497
Total program revenues	5,388,486	201,112	286,075	5,875,672
Net program revenue (expense)	(1,599,952)	(210,708)	11,030	(1,799,630)
General revenues:				
Grants and contributions not restricted to specific programs	2,180,210	—	—	2,180,210
Unrestricted investment earnings (losses)	299,316	—	2,744	302,061
Additions to permanent endowments	152,415	—	—	152,415
Total general revenues and additions to permanent endowments	2,631,942	—	2,744	2,634,686
Change in net position	1,031,990	(210,708)	13,774	835,056
Net position (deficit)- beginning of the year, as restated	10,462,354	(933,028)	336,870	9,866,196
Net position (deficit) - end of the year	$11,494,344	$ (1,143,736)	$ 350,645	$10,701,253

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

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FOR THE YEAR ENDED JUNE 30, 2023

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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.

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, 2023, the Economic Development Loan Programs, major enterprise funds, had transactions with MEDCO that included loans, investments and grants totaling $4,916,032.

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.

5) 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. The Maryland Prepaid College Trust was reclassified from Component Units to Enterprise Fund in fiscal year 2023, the beginning balances were restated see Note 26.

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 2023, the State adopted new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, issued in March 2020, establishes standards of accounting and financial reporting for public-private and public-public partnerships (PPPs) and availability payment arrangements (APAs) for state and local governments. This Statement enacts guidelines for their cognition, measurement, modification, termination, and disclosure aspects of PPPs and APAs. This Statement enhances the usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions.

- Statement No. 96, Subscription-Based Information Technology Arrangements, issued in May 2020, establishes uniform accounting and financial reporting requirements for SBITAs. This Statement improves the comparability of financial statements and enhances the understandability, reliability, relevance, and consistency of information about SBITAs. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

- Statement No. 99, Omnibus 2022,issued in April 2022, establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), non-monetary transactions, pledges of future revenues, the focus of government-wide financial statements, and terminology. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years that ends June30, 2023.

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

- 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 17). 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 18). 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 land and land improvements, land use rights, 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:

Assets	Years
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 assets	Lease/Subscription Term

Right-to-use Assets:

GASB Statements No. 87 and No. 96 requires the recognition of certain assets and liabilities and recognizes an inflow or outflow of resources based on the payment provisions of the contract. The liability is measured at the present value of payments expected to be made during the contract term and reduced as payments are made. Assets are measured at the amount of the initial measurement of the liability, plus any payments made at or before the commencement of the contract term. Assets are amortized over the shorter of the contract term or useful life of the underlying assets. The receivable is measured at the present value of contract 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 2023 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 19.

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 and amortization 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, 2023, reconcile to cash deposit and investment disclosures as follows (amounts expressed in thousands):

Government-wide statement of net position:	
Cash	$ 1,066,232
Equity in pooled invested cash	15,097,137
Investments	5,774,381
Restricted cash	2,957,656
Restricted equity in pooled invested cash	425,079
Restricted investments	3,187,929
Statement of fiduciary net position:	
Cash	1,448,300
Equity in pooled invested cash	4,141,265
Investments	77,331,760
Collateral for lent securities	5,686,982
Total cash and investments per basic financial statements	117,116,720
Less: cash and investments of higher education foundations not subject to disclosure	2,599,696
Total cash and investments per Note 3	$ 114,517,024

Cash deposit:	
Governmental funds	$ 1,001,386
Enterprise funds	1,890,060
Fiduciary funds	192,311
Component units	138,577
Investments:	
Governmental funds	20,308,697
Enterprise funds	5,013,895
Fiduciary funds	84,274,731
Component units	1,697,367
Total cash deposits and investments	$ 114,517,024

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, 2023, the carrying value for the bank deposits of the governmental funds, enterprise funds, fiduciary funds and component units were $1,001,386, $1,890,060, $192,311, and $138,577, respectively. The bank balances were $1,001,386, $1,889,849, $192,311 and $137,803, 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, 2023, $43,889, and $31,787,514, 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, 2023, are as follows:

- U.S. agency securities ($6,519,335) 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 ($1,178,605) 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 ($4,353,055) 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 ($1,625,320) and money market mutual funds ($2,100,786) are valued at amortized cost.
- Commercial Paper ($4,465,651) is valued at amortized cost, which approximates fair value.

The investments and maturities as of June 30, 2023, for the governmental funds of the primary government were as follows (Amounts expressed in thousands):

Investment Maturities (in Years)

Investment Type	Fair Value	Maturity Less than 1 Year	Maturity 1-3 Years	Maturity More than 3 Years
U.S. Agencies	$ 6,519,335	$ 1,849,399	$ 2,164,967	$ 2,504,969
Supranationals	1,178,605	593,219	283,754	301,632
Asset Backed Securities	65,944	18,000	47,944	—
Repurchase Agreements	4,353,055	4,353,055	—	—
Commercial Paper	4,465,651	4,465,651	—	—
Money Market Mutual Funds	2,100,786	2,100,786	—	—
Local Government Investment Pool	1,625,320	1,625,320	—	—
Total Investments	$ 20,308,697	$ 15,005,430	$ 2,496,665	$ 2,806,601

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 2023 were $43,365,000.

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 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, 2023, for the enterprise funds of the primary government were as follows *(Amounts expressed in thousands)*:

Investment Maturities (in Years)

Investment Type	Fair Value	Less than 1	1-5	6-10	11-15	More than 15
U.S. Treasury obligations	$ 490,955	$ 347,655	$ 128,345	$ 8,456	$ 6,486	$ 13
U.S. Government agency obligations	2,280,324	415,976	139,362	5,581	18,257	1,701,148
Repurchase agreements	2,408	—	—	—	2,408	—
Commercial Paper	29,452	29,452	—	—	—	—
Guaranteed investment contracts	2,840	5	2,830	5	—	—
Money market mutual funds	1,492,373	1,492,373	—	—	—	—
Municipal bonds	47,995	6,561	24,182	12,142	5,110	—
Supranationals	38,409	—	38,409	—	—	—
Bond mutual funds	279,005	3,189	167,368	78,563	29,885	—
Total	$4,663,761	$ 2,295,212	$ 500,496	$ 104,746	$ 62,146	$ 1,701,161

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, 2023, the fair value of these investments was $26,117,040.

The enterprise funds have the following fair value measurements as of June 30, 2023 *(Amounts expressed in thousands)*:

Fair Value Measurements

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Treasury Obligations	$ 490,955	$ 490,955	$ —	$ —
U.S. Government agency obligations	2,280,324	501,696	1,778,628	—
Repurchase agreements	2,408	2,408	—	—
Commercial paper	29,452	*29,452*	—	—
Guaranteed investment contracts	2,840	—	2,840	—
Municipal bonds	47,995	47,995	—	—
Supranationals	38,409	38,409	—	—
Money market mutual funds	976,254	17,004	959,250	—
Bond mutual funds	279,005	279,005		
Total debt securities	4,147,642	1,406,924	2,740,718	—
Equity securities				
Corporate Equity	269,070	269,070	—	—
Direct equity investments	247,049	247,049	—	—
Total equity securities	516,119	516,119	—	—
Total investments by fair value level	4,663,761	$ 1,923,043	$ 2,740,718	$ —

Investments measured at net asset value (NAV)	
Corporate debt securities	158,287
Real estate	191,847
Total investments measured at NAV	350,134
Total investments	$5,013,895

- 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 ($38,409,000) 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 ($1,778,628,000) 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) ($350,134,000), as a practical expedient, are not classified in the fair value hierarchy. The Maryland Prepaid College Trust Statement of Investment Policy allows to purchase investments in domestic, foreign and high yield bonds ($158,287,000) and real estate equities (global and private - $191,847,000). Investments that are not invested in liquid securities may have different structures that require capital to be called and redeemed at various times according to the legal documents governing each entity.

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. 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 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, 2023, were Aa by Moody's and AA by Fitch, or higher. The Investment Policy of the Maryland Prepaid College Trust details the minimum quality standards for the Trust's bond portfolios.

As of June 30, 2023, 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	$ 2,075,074	Aaa	Moody's	41.39 %
U.S. government agency obligation	696,205	AA	S&P	13.89
Money market mutual funds	1,492,373	AAAm/Aaa	S&P/Moody's	29.76
Repurchase agreements	2,408	Aaa	Moody's	0.05
Commercial paper	29,452	A-1/ P-1	S&P/Moody's	0.59
Guaranteed investment contracts	2,806	Aaa	Moody's	0.06
Municipal bonds	47,995	AAA	S&P	0.96
Supranationals	38,409	AAA	S&P	0.77
Bond mutual funds	106,303	AAA/Aaa	S&P/Moody's	2.12
Bond mutual funds	83,038	AA/Aa	S&P/Moody's	1.66
Bond mutual funds	33,999	A	S&P/Moody's	0.68
Bond mutual funds	55,665	BBB	S&P/Moody's	1.11
Unrated	34	Unrated		—
Total	$ 4,663,761			93.02 %

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 2.2% and 37.1%, of the enterprise funds' total investments, respectively. 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, 2023, the Plan has $7,868,594, of investments held in trust for individuals and organizations.

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, 2023, for the fiduciary funds of the primary government were as follows: *(Expressed in thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)*

Investment Type	Fair Value	Maturity Less Than 1 year	Maturity 1-5 years	Maturity 6-10 years	Maturity More than 10 years
U.S. Treasury notes and bonds	$ 7,976,962	$ 1,731,818	$ 1,139,567	$ 998,903	$ 4,106,674
U.S. Treasury strips	18,745	—	—	—	18,745
U.S. Government agency obligations	3,526,709	3,366,581	83,624	25,985	50,518
Repurchase agreements	655,927	655,927	—	—	—
Commercial paper	1,099,178	1,099,178	—	—	—
Guaranteed investment contracts	834,922	—	832,125	2,797	—
Corporate bonds	3,468,542	44,244	1,463,232	1,461,081	499,985
International bonds	352,970	652	102,292	120,647	129,378
Other government bonds	1,219,129	35,635	455,787	351,947	375,760
Mortgage-backed securities	1,686,535	36	24,142	44,000	1,618,357
Asset-backed securities	143,866	106	31,366	31,545	80,849
Bond mutual funds	1,366,209	35,010	883,780	447,419	—
Swaps	(997)	(4,128)	202	(5,163)	8,092
Money market mutual funds	1,208,417	1,107,357	75,247	—	—
Total investments	23,557,114	8,072,417	5,091,365	3,479,161	6,888,358
Collateral for lent securities	5,686,982	5,686,982	—	—	—
Total investments and collateral for lent securities	$ 29,244,096	$ 13,759,399	$ 5,091,365	$ 3,479,161	$ 6,888,358

In addition to the investments scheduled above, as of June 30, 2023, the fiduciary funds' investments also include the fair value of corporate equity securities of $20,336,960,630, commingled investments of $10,113,822,122, private equity of $14,405,820,000, real estate of $6,523,859,110, stock mutual funds of $3,594,160,897, annuity contracts of $52,261,748 and insurance contracts of $2,753,016.

The fiduciary funds have the following fair value measurements as of June 30, 2023 *(Amounts expressed in thousands)*:

Fair Value Measurements

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Treasury notes and bonds	$ 6,248,527	$ 6,248,527	$ —	$ —
U.S. Treasury strips	18,745	18,745	—	—
U.S. Government agency obligations	78,063	78,063	—	—
Repurchase agreements	655,927	—	655,927	—
Corporate bonds	3,468,542	—	3,468,542	—
International bonds	352,970	—	352,970	—
Other government bonds	1,219,129	—	1,219,129	—
Mortgage-backed securities	1,686,535	—	11,355	1,675,180
Bond mutual funds	154,324	154,324	—	—
Money market mutual fund	189,056	189,056	—	—
Collateral for lent securities	5,686,982	—	5,686,982	—
Total debt securities	19,758,800	6,688,716	11,394,905	1,675,180
Equity securities				
Corporate equities	20,336,961	20,336,961	—	—
Stock mutual funds	3,594,161	3,594,161	—	—
Total equity securities	23,931,122	23,931,122	—	—
Real estate	38,274	—	—	38,274
Total investments by fair value level	43,728,196	$ 30,619,837	$ 11,394,905	$ 1,713,454
Investments measured at net asset value				
Asset-backed securities funds	143,866			
Bond mutual funds	1,211,885			
Real estate funds	6,485,585			
Private equity funds	14,405,820			
Commingled investments	10,113,822			
Total investments measured at net asset value	32,360,978			
Investments measured at amortized cost				
U S Treasury notes and bonds	1,728,435			
U S Government agency obligations	3,448,646			
Commercial paper	1,099,178			
Money market mutual funds	1,019,361			

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Total investments measured at amortized cost	7,295,619			
Investments measured at contract value				
Guaranteed investment contracts	834,922			
Annuity contracts	52,262			
Total investments measured at contract value	887,184			
Investments measured at cash surrender value				
Insurance contracts	2,753			
Total investments	$ 84,274,731			

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)*:

June 30, 2023

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private funds (includes equity, credit, energy, infrastructure, and timber)	$ 20,036	$ 9,817	—	—
Real estate-open ended	5,371	—	Quarterly	45-90 days
Equity open-end fund	3,633	—	Daily	1 day
	2,465	—	Monthly	5 - 30 days
	662	—	Triennially	150 days
Multi-asset	234	—	Monthly	5 days
Hedge Funds				
Equity long/short	808	—	Monthly	30-45 days
	388	—	Quarterly	60 days
Event-driven	104	—	Quarterly	15 days
	172	—	Quarterly	60-65 days
	17	—	Quarterly	90 days
	81	—	Quarterly	120+ days
	33	—	N/A	Liquidating
Global macro	—	—	Monthly	5-30 days
	275	—	Monthly	5-30 days
	755	—	Monthly	60-90 days
	84	—	Quarterly	60-90 days
Relative value	134	—	Monthly	30 days
	495	—	Quarterly	30 days
	1,136	—	Quarterly	45-90 days
Opportunistic	191	—	Quarterly	90 days
	4	—	Semi Annual	90-120 days
	$ 37,078	$ 9,817		

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.

Interest Rate Risk. As of June 30, 2023, 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, 2023, the carrying value of these investments was $52,261,748, and $2,753,016, 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, 2023, 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	$ 56,100	AAA	0.07%
U.S. Government agency obligations	3,511,255	AA	4.47
U.S. Government agency obligations	—	A	0.00
U.S. Government agency obligations	20,117	Unrated	0.03
Money market mutual funds	1,019,361	AAA	1.30
Money market mutual funds	88	A	0.00
Money market mutual funds	1,422,159	Unrated	1.81
Commercial paper	1,099,178	AAA	1.40
Guaranteed investment contracts	832,125	AA	1.06
Guaranteed investment contracts	2,797	Unrated	0.00
Corporate bonds	27,185	AAA	0.03
Corporate bonds	76,487	AA	0.10
Corporate bonds	331,292	A	0.42
Corporate bonds	5,355	BAA	0.01
Corporate bonds	—	BA	0.00
Corporate bonds	885,045	BBB	1.13
Corporate bonds	927,126	BB	1.18
Corporate bonds	574,429	B	0.73
Corporate bonds	—	CAA	0.00
Corporate bonds	69,831	CCC	0.09
Corporate bonds	—	CC	0.00

Investment Type	Fair Value	Quality Rating	Percentage of Total Investments
Corporate bonds	1,845	C	0.00
Corporate bonds	919,713	Unrated	1.17
International bonds	42,135	AAA	0.05
International bonds	10,769	AA	0.01
International bonds	19,616	A	0.02
International bonds	1,955	BAA	0.00
International bonds	929	BA	0.00
International bonds	55,078	BBB	0.07
International bonds	49,970	BB	0.06
International bonds	39,990	B	0.05
International bonds	3,211	CCC	0.00
International bonds	49,202	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	34,895	AAA	0.04
Mortgage-backed securities	10,854	AA	0.01
Mortgage-backed securities	11,841	A	0.02
Mortgage-backed securities	25,848	BBB	0.03
Mortgage-backed securities	864	BB	0.00
Mortgage-backed securities	—	BA	0.00
Mortgage-backed securities	2,797	B	0.00
Mortgage-backed securities	2,285	CCC	0.00
Mortgage-backed securities	832	CC	0.00
Mortgage-backed securities	8,324	D	0.01
Mortgage-backed securities	1,435,912	Unrated	1.83

Investment Type	Fair Value	Quality Rating	Percentage of Total Investments
Asset-backed securities-Other	18,531	AAA	0.02
Asset-backed securities-Other	14,692	AA	0.02
Asset-backed securities-Other	7,947	A	0.01
Asset-backed securities-Other	4	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	655,927	A	0.83
Bond mutual funds	154,324	Unrated	0.20
Total	$ 15,664,699		19.93%

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, 2023, was a follows *(Expressed in thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)*

Currency	Equity	Fixed Income	Cash	Alternative Investments	Total
Australian Dollar	$ 241,969	$ —	$ 10,064	$ 140,659	$ 392,692
Brazilian Real	1,858	695	652	—	3,205
Canadian Dollar	368,081	(1,901)	3,555	236,642	606,377
Chilean Peso	—	—	11	—	11
Colombian Peso	—	—	—	—	—
Czech Koruna	—	—	44	—	44
Danish Krone	169,623	—	1,101	—	170,724
Egyptian Pound	24,452	—	245	—	24,697
Euro Currency	1,547,288	84,016	23,383	1,645,887	3,300,574
Hong Kong Dollar	208,309	—	1,693	60,721	270,723
Hungarian Forint	466	—	26	—	492
Indonesian Rupish	60,460	9,368	1,592	—	71,420
Japanese Yen	963,441	(412)	6,124	20,397	989,550
Malaysian Ringgit	179	—	—	—	179
Mexican Peso	65,367	12,967	1,708	—	80,042
New Israeli Sheqel	34,124	—	72	—	34,196
New Taiwan Dollar	62,734	—	59	—	62,793
New Zealand Dollar	13,551	10,346	1,687	8,797	34,381
Norwigian Krone	61,411	—	892	—	62,303
Philippine Peso	702	—	24	—	726
Polish Zloty	416	(1,765)	2,794	—	1,445
Pound Sterling	596,593	37,063	6,514	273,861	914,031
Qatari Rial	156	—	—	—	156
Romanian an Leu	—	—	—	—	—
Russian Ruble	—	—	—	—	—
Singapore Dollar	56,055	—	116	—	56,171
Peruvian Sol	—	—	573	—	573
South African Rand	106,772	1,675	1,017	—	109,464
South Korean Won	194,790	—	78	—	194,868

Currency	Equity	Fixed Income	Cash	Alternative Investments	Total
Swedish Krona	106,541	—	2,674	—	109,215
Swiss Franc	387,168	—	1,968	5,479	394,615
Thailand Baht	20,514	—	8	—	20,522
Turkish Lira	2,663	—	21	—	2,684
UAE Dirham	34,401	—	—	—	34,401
Yuan Renminbi	(13,514)	—	25,684	—	12,170
Other holdings with potential exposure to foreign currency risk	5,574,733	1,288,714	—	2,449,601	9,313,048
Total	$ 10,891,303	$ 1,440,766	$ 94,379	$ 4,842,044	$ 17,268,492

(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. Negative numbers are presented in parentheses and may not be read by all screen readers.)*:

	Changes in Fair Value		Fair Value as of June 30, 2023		
Investment Type	**Classification**	**Amount**	**Classification**	**Amount**	**Notional[1]**
Commodity Futures Long	Investment revenue	$ (3,745)	Futures	—	30,449
Commodity Futures Short	Investment revenue	—	Futures	—	—
Credit default swaps bought	Investment revenue	6	Swaps	—	—
Credit default swaps written	Investment revenue	5,994	Swaps	2,036	96,573
Fixed income futures long	Investment revenue	(259,370)	Futures	—	2,954,515
Fixed income futures short	Investment revenue	9,363	Futures	—	(208,892)
Fixed income options bought	Investment revenue	491	Options	3,277	13,200
Fixed income options written	Investment revenue	5,324	Options	(6,479)	(128,809)
Foreign currency futures long	Investment revenue	—	Futures	—	—
Foreign currency futures short	Investment revenue	293	Futures	—	(18,000)
Foreign currency futures bought	Investment revenue	—	Options	—	—
Foreign currency options written	Investment revenue	35	Options	—	—
Futures options bought	Investment revenue	(1)	Options	—	—
Futures options written	Investment revenue	1,870	Options	(2,049)	(1,026)
FX forwards	Investment revenue	5,633	Long term instruments	(18,321)	7,774,463
Index futures long	Investment revenue	240,684	Futures	—	792
Index futures short	Investment revenue	(105,355)	Futures	—	(624)
Pay fixed interest rate swaps	Investment revenue	13,390	Swaps	11,582	326,838
Receive fixed interest rate swaps	Investment revenue	(23,879)	Swaps	(14,622)	1,022,204
Rights	Investment revenue	2,207	Common stock	26	263
Total return swaps bond	Investment revenue	—	Swaps	—	—
Warrants	Investment revenue	(7,578)	Common stock	—	13
Grand Totals		$ (114,638)		$ (24,550)	

(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, 2023, was $171,260,000. 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
$ 68,203	AA-	$ 25	Aa2	$ 21,677	AA
39,465	A+	21,435	Aa2	32,986	AA-
14,063	A	67,278	Aa3	115,804	A+
41,361	A-	40,456	A1	774	A
8,168	BBB+	774	A2	19	A-
		41,292	A3	—	BBB+
				—	NR
$ 171,260		$ 171,260		$ 171,260	

Risk concentrations are presented in the table below:

Counterparty Name	Percentage of Net Exposure	S&P Rating	Fitch Rating	Moody's Rating
Westpac Banking Corporation	24.2	AA-	A+	Aa3
Hsbc Bankplc	24.1	A-	A+	A3
Royal Bank Of Canada (Uk)	8.6	AA-	AA-	A1
State Street Bank London	8.2	A	AA-	A1
Jpmorgan Chase Bank Na London	8.1	A+	A+	Aa2
Bnp Paribas Sa	8.0	A+	AA	Aa3
The Bank Of New York Mellon	4.4	AA-	AA	Aa2
Ubs Ag	3.7	A+	A+	Aa3
Wells Fargo Lch	3.6	BBB+	A+	A1
Citibank N.A	3.2	A+	A+	Aa3
Toronto Dominion Bank	2.4	AA-	AA-	A1
Wells Fargo Ice	0.7	BBB+	A+	A1
Goldman Sachs Ice	0.5	BBB+	A	A2
State Street Bank And Trust Company	0.1	AA-	AA	Aa3
Jpmorgan Chase Bank, N.A.	0.0	A+	AA	Aa2
Bank Of America, N.A.	0.0	A+	AA	Aa1
Deutsche Bank Ag	0.0	A-	A-	A1
Morgan Stanley And Co. International Pi	0.0	A-	A+	A1
Jpmorgan Chase Bank N.A	0.0	A+	AA	Aa2
Wells Fargo Cme	0.0	BBB+	A+	A1

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 investments and maturities as of June 30, 2023, for the component units were as follows *(Amounts expressed in thousands)*:

Investment Maturities

(in Years)

Investment Type	Fair Value	Less than 1	1-5	6-10	11-15	More than 15
U.S. Treasury obligations	$ 244,337	$ 11,174	$ 222,202	$ 10,858	$ 29	$ 74
U.S. government agency obligations	62,756	60,775	1,877	54	25	24
Bond mutual funds	—	—	—	—	—	—
Corporate debt securities	1,819	104	792	510	177	237
Money market mutual funds	825,109	825,109	—	—	—	—
Total	$1,134,021	$ 897,162	$ 224,871	$ 11,422	$ 231	$ 335

In addition to the investments scheduled above, as of June 30, 2023, the component units' investments include the fair value of stock mutual funds of $17,314,456, corporate equity securities of $69,751,061, real estate of $26,226,063, and the share of assets invested with the foundation of $445,203,000.

The component units had the following fair value measurements as of June 30, 2023 (Amounts expressed in thousands):

Fair Value Measurements

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Treasury obligations	$ 244,337	$ 244,337	$ —	$ —
U.S. Government agency obligations	62,756	62,756	—	—
Bond mutual funds	—	—	—	—
Corporate debt securities	1,819	1,812	—	7
Money market mutual funds	825,109	825,109	—	—
Total debt securities	1,134,021	1,134,014	—	7
Equity securities				
Corporate equities - publicly held	69	69	—	—
Equity investments in privately-held companies and venture capital partnerships:				
Not publicly traded	69,682	—	—	69,682
Stock mutual funds	17,314	17,314	—	—
Total equity securities	87,066	17,384	—	69,682
Real estate	26,226	—	—	26,226
The share of the USM's investment in the open-end mutual fund investment of the University System of Maryland Foundations, Inc	445,203	—	445,203	—
Total investments by fair value level	1,692,515	$ 1,151,397	$ 445,203	$ 95,915
Investments measured at net asset value				
Corporate debt securities	—			
Real estate	—			
Total investments measured at NAV	—			
Investments measured at amortized cost	4,852			
Money market mutual funds	4,852			
Total investments	$1,697,367			

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.

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.

As of June 30, 2023, 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	$ 294,845	AAA/Aaa	S&P & Moody's	17.37%
U.S. agencies	12,248	AA/Aaa	S&P & Moody's	0.72
Money market mutual funds	825,109	Aaa	Moody's	48.61
Money market mutual funds	4,852	Not rated		0.29
Bond mutual funds	—	AAA	S&P	0.00
Bond mutual funds	—	AA	S&P	0.00
Bond mutual funds	—	A	S&P	0.00
Bond mutual funds	—	BBB	S&P	0.00
Bond mutual funds	—	BB	S&P	0.00
Corporate debt securities	88	AAA	S&P	0.01
Corporate debt securities	93	AA	S&P	0.01
Corporate debt securities	873	A	S&P	0.05
Corporate debt securities	759	BBB	S&P	0.04
Corporate debt securities	7	Not rated		0.00
Total	$ 1,138,872			67.10%

Concentration of Credit Risk. The higher education component units place no limit on the amount they may invest in U.S. government issuers.

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, 2023, 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 Lent Securities	Fair Value Collateral Received	Percent Collateralized
Lent for cash collateral:			
U.S. government and agency securities	$ 3,433,594	$ 3,505,835	102.10%
U.S. corporate bond and equity securities	2,121,779	2,156,481	101.64
International fixed income securities	3,225	3,279	101.67
International equities	20,423	21,387	104.72
Total securities lent	$ 5,579,021	$ 5,686,982	101.94%

During fiscal year 2023, 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, 2023, such repos had average days to maturity of 11.77 days.

4. Receivables:

Taxes receivable, as of June 30, 2023, consisted of the following (amounts expressed in thousands):

Taxes receivable	Major Governmental Funds General	Major Governmental Funds Special Revenue	Non-Major Governmental Funds	Total Governmental Funds
Income taxes	$ 1,763,389	$ —	$ —	$ 1,763,389
Sales and use taxes	666,218	—	—	666,218
Transportation taxes, primarily motor vehicle fuel and excise	—	166,098	—	166,098
Other taxes, principally alcohol, tobacco and property	25,476	—	65,624	91,100
Less: Allowance for uncollectibles	12,268	—	—	12,268
Taxes receivable, net	$ 2,442,816	$ 166,098	$ 65,624	$ 2,674,537

Tax revenues are reported net of uncollectible amounts. Total uncollectible amounts related to tax revenues of the current period were $1,655,000.

Other accounts receivable in the governmental funds of $2.8 billion, including $89,469,000, 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 $564,354,000, primarily consisted of $251,399,000, due to the Unemployment Insurance Program from employers and for benefit overpayments, $145,741,000 due to the Maryland Transportation Authority from toll revenue receivable, $40,313,000, due to the Community Development Administration from accrued interest and claims receivable on foreclosed and other loans, $79,646,000, 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, and $19,058,000 due to the Maryland Prepaid College Trust from investing activities.

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, 2023, the State's deferred outflows of resources and deferred inflows of resources consist of the following components *(amounts expressed in thousands)*:

	Governmental Funds General Fund	Governmental Funds Special Revenue Fund	Governmental Activities	Business-Type Activities	Component Units
Deferred Outflows of Resources:					
Loss on refunding of debt – Refunding of some previously outstanding general obligation bonds and revenue bonds resulted in losses	$ —	$ —	$ —	$ —	$ 8,324
Interest Rate Exchange Agreements (Swaps) - with a variable rate bond issue	—	—	—	—	538
Pension-related deferred outflows	—	—	3,862,029	150,300	371,450
Other post-employment benefit-related deferred outflows	—	—	1,688,922	—	705
Asset retirement obligations	—	—	—	—	11,194
Total for Deferred Outflows of Resources	$ —	$ —	$ 5,550,951	$ 150,300	$ 392,211
Deferred Inflows of Resources:					
Governmental fund receivables for revenues that are not considered to be available to liquidate liabilities of the current period	$1,298,433	$ 876,830	$ —	$ —	$ —
Gain on refunding of debt -Refunding of some previously outstanding residential revenue bonds - deferred bond premiums	—	—	50,806	1,990	442
Service Concession Arrangement receipts of the:					
Maryland Department of Transportation	—	—	210,356	—	—
Maryland Transportation Authority	—	—	—	40,844	—
University System of Maryland	—	—	—	—	326,901
Leases			234,216	12,482	100,281
Pension-related deferred inflows	—	—	1,397,790	106,040	134,885
Other post-employment benefit-related deferred inflows	—	—	3,942,549	—	1,088
Total for Deferred Inflows of Resources	$1,298,433	$ 876,830	$ 5,835,717	$ 161,356	$ 563,597

6. Loans and Notes Receivable and Leases Receivable:

A. Loans and Notes Receivable:

Loans and notes receivable, as of June 30, 2023, consisted of the following *(Amounts expressed in thousands)*:

	Primary Government	Primary Government	Primary Government	Component Unit	Component Unit	Component Unit
	General	Non – major Governmental Funds	Enterprise	Higher Education	Maryland Stadium Authority	Other
Notes receivable:						
Political subdivisions:						
Water quality projects	$ —	$ 917	$ 1,786,779	$ —	$ —	$ —
Public school construction	—	—	—	—	—	—
Other	—	—	182,999	—	—	—
Volunteer fire & rescue companies	20,927	—	—	—	—	—
Permanent mortgage loans	—	675	2,114,250	—	—	—
Student and health profession loans	—	—	—	31,385	—	—
Shore erosion loans	3,893	—	—	—	—	—
Other	—	—	—	5,072	—	$ 57,429
Total	24,820	1,592	4,084,028	36,457	—	57,429
Less: Allowance for possible loan losses	—	—	370,029	9,025	—	15,034
Loans and notes receivable, net	24,820	1,592	3,713,999	27,432	—	42,395
Due within one year	2,436	742	170,546	14,385	—	3,290
Due in more than one year	$ 22,384	$ 850	$ 3,543,453	$ 13,048	$ —	$ 39,105

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, 2023, 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, 2023, was $244,096,000. As of June 30, 2023, the Authority held $76,889,000 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):

2024	$	21,920
2025		22,835
2026		23,798
2027		24,831
2028		25,792
2029-2033		135,641
2034-2038		39,300
2039-2043		8,145
Total		302,262
Unearned interest income		18,723
Total lease payments		320,985
Restricted investments related to unexpended bond proceeds		76,889
Leases receivable, net	$	244,096

Component Units:

As of June 30, 2023, the Maryland Stadium Authority (Authority) has leases receivable with the State. The present value of the leases receivable as of June 30, 2023, is $64,849,000. As of June 30, 2023, the Authority held $77,170,000, 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):

2024	$	19,030
2025		17,693
2026		16,688
2027		8,755
2028		8,758
2029-2033		43,794
2034-2038		43,784
2039-2043		25,397
2044-2048		18,734
2049-2053		14,992
Total		217,625
Less: unearned interest income		75,605
Net lease payments		142,020
Less: restricted investments related to unexpended bond proceeds		77,170
Leases receivable, net	$	64,849

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, 2023, are as follows (amounts expressed in thousands):

Amount	Purpose
Governmental Activities:	
$ 167,864	Represents money restricted for construction retainages related to highway and airport projects
675	Represents Economic Development loans and grants to promote and encourage the development of new and existing businesses within the State of Maryland.
439,351	Represents State property taxes restricted to pay debt service on general obligations debt.
67	Represents certificates of deposit restricted for Agricultural Land Preservation easement purchases.
37,043	Represents money restricted by the National Settlement Agreement and Section 7-331(f) of the State Finance and Procurement Article, limited to Future Opioid Remediation
$ 645,000	
Business-type Activities:	
$ 3,871,779	Assets of the Community Development Administration are restricted for various mortgage loans for low-income housing.
64,475	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
2,094,800	Restricted assets represent deposits with the U.S. Treasury and amounts due from employers to pay unemployment compensation benefits in accordance with federal statute.
30,891	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.
271,729	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.
87,607	Assets have been restricted by the Maryland Housing Fund to pay possible future claims under insurance for losses on mortgage loans.
$ 6,421,281	
Component Units:	
$ 55,804	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
1,003,090	Restricted assets of Maryland Stadium Authority include cash and investments that relate to revenue bond indentures.
2,990	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.
1,189	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.
$ 1,063,405	

8. Interfund Receivables and Payables:

Interfund balances, as of June 30, 2023 consisted of the following (amounts expressed in thousands):

Receivable Fund	Payable Fund	Amount	Notes
General Fund	Special Revenue	$ 36,196	(1)
	Fund Enterprise Funds -		
	Economic Development Loan Programs	1,476	(2)
	Maryland Lottery and Gaming Control Agency	411,955	(3)
		$ 449,627	
Special Revenue Fund	General Fund	$ 160,504	(4)
	Enterprise Funds -		
	Maryland Transportation Authority	89,500	(5)
		$ 250,004	
Enterprise Funds -			
Economic Development Loan Programs	General Fund	$ 28,509	(6)
	Non-major governmental funds	98,780	(7)
Unemployment Insurance Program	General Fund	946	(6)
Maryland Transportation Authority	Special Revenue Fund	30,504	(8)
		$ 158,739	
Custodial Fund -			
Local Income Taxes	General Fund	$ 314,053	(9)

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, 2023, consist of the following *(Amounts expressed in thousands)*:

Receivable Fund	Payable Fund	Amount
General Fund	Non-major component units	$ 4,793
		$ 4,793

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, 2023.
(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, 2023, and paid to the general fund in July, 2023.
(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, 2023. 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, 2023, consisted of the following (amounts expressed in thousands):

Transfers In	Transfers Out	Amount
General Fund	Non-major Governmental Funds - CP	$ 87,935
	Enterprise Funds -	
	Maryland Lottery and Gaming Control Agency	1,606,137
		$ 1,694,072
Special Revenue Fund	General Fund	$ 375,098
Non-major Governmental Funds	General Fund	$ 1,376,757
	Special Revenue Fund	480,460
		$ 1,857,217
Enterprise Funds -		
Loan Programs	General Fund	$ 15,765
	Non-major Governmental Funds - CP	140,724
		$ 156,489

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 $52,567, of Program Open Space funds, $35,068, of interest earned on bonds and $300, 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 $1,606,137, to the general fund. The general fund transferred $156,488, to support the operations of Enterprise Funds - Loan Programs. Expenditures for capital projects of $140,724, were transferred to Enterprise Funds - Loan Programs.

During the year, the general fund and other governmental funds had expenditures of $258,120, and $78,821, 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 $35,936, 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 $0 and $0 respectively. The general fund transferred $52,073, 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 $4,793, 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, 2023, was as follows *(Amounts expressed in thousands)*:

Governmental Activities:

Classification	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets, not depreciated or amortized				
Land and improvements	$ 4,007,744	$ 23,103	$ 27,518	$ 4,003,329
Land use rights	1,237,919	27,353	—	1,265,273
Art and historical treasures	22,639	429	—	23,068
Construction in progress	8,692,695	1,082,655	480,756	9,294,593
Total capital assets, not depreciated or amortized	13,960,997	1,133,540	508,274	14,586,263
Capital assets, being depreciated or amortized				
Structures and improvements	7,345,670	27,552	46,979	7,326,243
Right-of-Use leased structures and improvements	637,478	67,509	30,684	674,303
Equipment	4,001,761	120,404	80,414	4,041,751
Right-of-Use leased equipment	—	19,738	—	19,738
Subscription assets	54,857	3,102	—	57,959
Infrastructure	29,707,611	1,075,592	38,343	30,744,860
Right-of-Use infrastructure	7,789	12,167	4,604	15,352
Total capital assets, being depreciated or amortized	41,755,166	1,326,063	201,024	42,880,205
Less: accumulated depreciation and amortization				
Structures and improvements	4,181,117	159,684	42,302	4,298,499
Right-of-Use leased structures and improvements	105,499	82,609	17,018	171,090
Right-of-Use leased equipment	—	10,527	—	10,527
Equipment	3,045,975	143,190	78,119	3,111,046
Subscription assets	—	12,661	—	12,661
Infrastructure	19,691,034	1,005,537	16,546	20,680,026
Right-of-Use infrastructure	1,926	1,217	230	2,913
Total accumulated depreciation and amortization	27,025,551	1,415,425	154,215	28,286,761
Total capital assets, net	$ 28,690,613	$ 1,044,178	$ 555,083	$ 29,179,708

Business-type Activities:

Classification	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets, not depreciated or amortized				
Land and land improvements	$ 407,485	$ 3	$ 606	$ 406,882
Construction in progress	1,701,861	444,633	247,508	1,898,986
Total capital assets, not depreciated or amortized	2,109,346	444,636	248,114	2,305,868
Capital assets, being depreciated or amortized				
Structures and improvements	232,687	37,629	1,517	268,799
Equipment	116,672	8,360	4,532	120,500
Right-of-Use Leased Equipment	8,251	—	—	8,251
Right-of-Use Leased Office Space	8,077	—	—	8,077
Infrastructure	7,067,816	209,879	19,375	7,258,320
Subscription Assets	—	467	—	467
Total capital assets, being depreciated or amortized	7,433,503	256,335	25,424	7,664,414
Less: accumulated depreciation and amortization				
Structures and improvements	44,904	6,964	741	51,127
Equipment	73,797	8,067	4,430	77,434
Right-of-Use Leased Equipment	4,495	1,334	—	5,829
Right-of-Use Leased Office Space	5,889	841	—	6,730
Infrastructure	2,268,005	182,865	12,522	2,438,348
Subscription Assets	—	162	—	162
Total accumulated depreciation and amortization	2,397,090	200,233	17,693	2,579,630
Total capital assets, net	$ 7,145,759	$ 500,738	$ 255,845	$ 7,390,651

B. Depreciation Expense, Primary Government:

The depreciation and amortization expense for the year ended June 30, 2023, for the primary government was charged as follows (amounts expressed in thousands):

Governmental Activities:

Function	Amount
General government	$ 121,503
Education	2,888
Human resources	13,521
Health and mental hygiene	12,707
Environment	301
Public safety	47,074
Natural resources and recreation	15,873
Transportation	1,194,208
Agriculture	5,576
Labor, licensing and regulation	455
Judicial	1,320
Total depreciation and amortization expense – governmental activities	$ 1,415,425

Business-type activities:

Function	Amount
MLGCA	$ 2,259
Transportation Authority	197,049
Maryland Correctional Enterprises	916
Economic Development Loan Programs	9
Total depreciation and amortization expense – business-type activities	$ 200,233

11. 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, 2023, the Statement of Net Position includes the following amounts relating to leases *(Amounts expressed in thousands)*:

	Governmental Activities	Business Type Activities
Buildings	$ 674,303	$ 8,078
Infrastructure	15,352	—
Equipment	19,738	8,251
Less: accumulated amortization	184,530	12,560
Total	$ 524,863	$ 3,769

Future minimum lease payments and the net present value as of June 30, 2023 are as follows:

	Governmental Activities Principal	Governmental Activities Interest	Business-Type Activities Principal	Business-Type Activities Interest	Total
2024	$ 90,859	$ 25,831	$ 1,487	$ 76	$ 118,252
2025	78,765	21,894	1,153	64	101,876
2026	70,760	18,307	118	35	89,220
2027	66,593	14,952	122	31	81,698
2028	62,323	11,779	125	27	74,254
2029 and thereafter	205,587	25,263	850	74	231,774
Total minimum lease payments	$ 574,887	$ 118,025	$ 3,855	$ 307	$ 697,074

12. Subscription-Based Information Technology Arrangements (SBITAs)

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

As of June 30, 2023, the Statement of Net Position includes the following amounts relating to SBITAs *(Amounts expressed in thousands)*:

	Governmental Activities	Business Type Activities
Subscriptions	$ 57,959	$ 467
Less: accumulated amortization	12,661	162
Total	$ 45,298	$ 305

Future minimum subscription payments and the net present values as of June 30, 2023 are as follows:

	Governmental Activities Principal	Governmental Activities Interest	Governmental Activities Total
2024	$ 10,672	$ 876	$ 11,548
2025	10,521	644	11,165
2026	9,345	412	9,757
2027	6,260	203	6,463
2028	5,792	99	5,891
Total minimum SBITA payments	$ 42,589	$ 2,233	$ 44,824

13. Long-Term Obligations:

A. Governmental Activities:

Changes in governmental activities' long term debt, for the year ended June 30, 2023, were as follows (amounts expressed in thousands):

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Bonds and Notes Payable:					
General obligation bonds	$ 10,588,593	$ 400,000	$ 987,355	$ 10,001,238	$ 1,005,999
Transportation bonds	4,053,840	143,585	490,030	3,707,395	318,875
Add: Issuance premiums, net	2,148,634	87,445	316,846	1,919,233	57,039
Total bonds and notes payable	16,791,067	631,030	1,794,231	15,627,866	1,381,913
Other Liabilities:					
Compensated absences	413,728	252,256	217,218	448,766	268,012
Self insurance costs	360,370	2,064,005	2,053,492	370,883	143,627
Net pension liability	13,366,859	4,279,779	—	17,646,638	—
Net other post employment benefits liability	13,434,828	—	1,565,466	11,869,362	—
Intergovernmental financing agreements	431,782	6,096	14,818	423,060	52,233
Obligations under lease liability	555,220	120,437	100,770	574,887	90,859
Obligations under lease liability with component units	73,666	23,610	28,079	69,197	19,030
Obligations under subscription arrangements	51,740	3,102	8,808	46,034	10,672
Pollution remediation	156,284	24,311	140,975	39,620	639
Other long-term liabilities	135	—	68	67	67
Total other liabilities	28,844,612	6,773,596	4,129,694	31,488,513	585,139
Total long-term liabilities – governmental activities	$ 45,635,679	$7,404,626	$ 5,923,925	$ 47,116,379	$ 1,967,052

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, 2023 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 2023, the State issued $400,000,000, of general obligations at a premium of $87,445,000, with related issuance costs of $1,026,000.

There were no refunding bonds issued during the fiscal year 2023.

Previously refunded bonds of $37,975,000, maturing in fiscal years 2023-2028 and callable in fiscal years 2023-2024 were considered defeased as of June 30, 2023. 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, 2023, were as follows *(Amounts expressed in thousands)*:

Issue	Fund	Interest Rates	Annual Principal Installments	Principal Issued	Principal Outstanding
12/15/2009 (a)	2090	1.6	$ 371.00	$ 5,563.00	$ 742.00
12/15/2009 (g)	2190	—	50,320	50,320	50,320
3/1/2010 (f)	2101	4.0-4.6	60,370-62,170	400,000	122,540
8/1/10 (f)	2105	4.2-4.3	18,465-19,575	75,000	57,040
8/1/10 (g)	2106	4.4	45	45,175	45,175
12/8/10 (b)	2107	5.0	5	4,543	4,543
8/5/2011 (b)	2027	4.2	15,900	15,900	15,900
8/5/2011 (j)	2118	4.2	6,500	6,500	6,500
3/15/2013 (b)	2126	2.8	15,230	15,230	15,230
12/19/2013 (a)	2130	-	303	4,549	1,820
8/5/14 (a)	2148	5.0-5.3	35,500-184,385	649,715	219,885
12/18/14 (a)	2143	-	308	4,625	2,158
3/17/15 (i)	2151	3.0-5.0	47,635-50,020	518,000	150,175
3/17/15 (b)	2157	4.0	32,200-170,850	365,360	291,995
8/3/15 (i)	2152	2.8-5.0	39,925-49,495	450,000	304,660
12/17/15 (a)	2153	-	308	4,625	2,467
6/22/16 (i)	2161	3.0-5.0	74,645-105,035	1,036,000	712,815
12/15/16 (a)	2163	-	312	4,680	2,808
3/22/17 (i)	2171	3.3-5.0	46,400-65,980	575,000	505,465
3/22/17 (b)	2177	5.0	34,875-84,360	465,685	124,625
8/30/17 (i)	2172	3.0-5.0	35,955-54,850	550,000	452,325
8/30/17 (b)	2178	5.0	5,260-232,180	785,340	657,175
12/15/17 (a)	2173	-	322	4,823	3,215
3/21/18 (i)	2181	3.1-5.0	34,325-51,985	475,000	429,975
8/15/18 (i)	2182	5.0	31,715-40,725	275,295	216,430
8/15/18 (i)	2182b	4.0-5.0	42,815-50,805	234,705	234,705
4/09/19 (i)	2191	5.0	30,600-39,055	265,040	208,140
4/09/19 (i)	2191b	3.0-5.0	41,005-48,665	224,960	224,960
8/28/20 (i)	2192	5.0	14890-43,995	248,675	248,675
8/28/20 (i)	2192b	2.0-5.0	46,250-52,135	251,325	251,325
8/28/20 (c)	2195	1.6	17,975	50,000	17,975
3/18/20 (i)	2201	5.0	14,985-43,170	245,055	245,055
3/18/20 (i)	2201b	4.0-5.0	45,330-54,570	249,945	249,945
3/18/20 (c)	2205	3.6	17,780	50,000	17,780
3/18/20 (b)	2207	3.0-5.0	14,360-50,275	232,230	131,710
8/5/20 (i)	2202	5.0	30,240-42,915	290,080	290,080
8/5/20 (i)	2202b	5.0	45,115-55,105	249,920	249,920
8/5/20 (b)	2208	5.0	46,540-69,230	115,770	115,770
8/5/20 (b)	2209	0.3-1.1	50,290-96,560	355,620	342,090
3/10/21 (i)	2211	5.0	7,630-37,495	207,460	207,460
3/10/21 (i)	2211b	5.0	39,370-47,855	217,540	217,540
3/10/21 (c)	2215	0.3-0.5	21,235-28,765	50,000	50,000

Issue	Fund	Interest Rates	Annual Principal Installments	Principal Issued	Principal Outstanding
8/25/21 (i)	2212	5.0	37,945-48,730	258,950	258,950
8/25/21 (i)	2212b	4.0-5.0	51,225-61,020	281,050	281,050
8/25/21 (c)	2216	0.4-0.7	37,340-37,660	75,000	75,000
3/1/22 (b)	2217	4.0-5.0	35,500-39,745	113,840	113,840
5/1/22 (b)	2217b	3.0-4.0	39,280-43,085	123,285	123,285
6/22/22 (i)	2221	5.0	40,730-79,085	335,180	335,180
6/22/22 (i)	2221b	5.0	83,040-91,550	261,780	261,780
6/22/22 (i)	2221c	5.0	96,125-105,980	303,040	303,040
6/22/22 (c)	2225	3.0-3.2	24,755-63,510	150,000	150,000
3/29/23 (i)	2311	5.0	21,595-31,735	165,865	165,865
3/29/23 (i)	2311b	5.0	33,325-40,505	184,135	184,135
3/29/23 (c)	2315	4.0	22,860-23,855	50,000	50,000
				$ 12,627,378	$ 10,001,238

(a) Includes refunding debt

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

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

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

(c) Taxable bond sale

(f) Institutional bond sale

(g) Negotiated bond sale

(h) Competitive bond sale

(i) Qualified Energy Construction bond sale

General obligation bonds authorized, but unissued, as of June 30, 2023, totaled $3,166,518,000.

As of June 30, 2023, 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
2024	$ 1,005,999	$ 419,985
2025	1,112,034	379,116
2026	1,049,696	336,836
2027	976,758	292,822
2028	903,998	253,819
2029-2033	3,537,611	725,461
2034-2038	1,415,140	136,299
Total	$ 10,001,238	$ 2,544,338

Transportation Bonds

Transportation bonds outstanding as of June 30, 2023, were as follows *(Amount expressed in thousands)*:

	Outstanding
Consolidated Transportation Bonds – 2.0% to 5.0%, due serially through 2036 for State transportation activity	$ 2,880,875
Consolidated Transportation Bonds, Refunding – 4.0% to 5.0%, due serially through 2028 for State transportation activity	416,155
Special Transportation Project Revenue Bonds - 0.36% - 1.69%, due serially through 2031 for State transportation activity	219,880
Special Transportation Project Revenue Bonds - 4.0% - 5.0%, due serially through 2051 for State transportation activity	190,485
Total	$ 3,707,395

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, 2023, and thereafter. The aggregate principal amount of those bonds that was allowed to be outstanding as of June 30, 2023, was $3,321,205,000. The aggregate principal amount of Consolidated Transportation Bonds outstanding as of June 30, 2023, was 3,297,030,000. 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 2022 session of the General Assembly established a maximum outstanding principal amount of $951,000,000, as of June 30, 2023, 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, 2023, the Department's nontraditional debt outstanding was $317,325,000, 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, 2023.

During the year, the Department issued Consolidated Transportation Bonds in the amount of $143,585,000, with net premiums of $21,740,000, with maturities ranging from 2023 to 2030, at an annual interest rate of 5.0%. This economic refunding resulted in debt service savings with a net present value of $15,203,668. As of June 30, 2023, the Department has no defeased debt outstanding.

As of June 30, 2023, Department bond debt service requirements for principal and interest in future years were as follows *(Amounts expressed in thousands)*:

Consolidated Transportation Bonds

Years Ending June 30,	Principal	Interest
2024	$ 292,120	$ 134,334
2025	309,860	119,846
2026	306,255	104,715
2027	321,310	89,933
2028	325,735	74,653
2029-2033	1,394,430	178,262
2034-2038	347,320	15,728
Total	$ 3,297,030	$ 717,471

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 $10,994,310, and certain debt service sinking fund amounts aggregating $15,267,514, were invested in money market accounts as of June 30, 2023. 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, $76,020,000, in County Transportation Revenue Bonds were outstanding.

In February 2021 Special Transportation Project Revenue Bonds series 2021A were issued in the amount of $219,880,000 to redeem previous intergovernmental financing agreements. The Series 2021A Bonds are dated with maturities ranging from 2024 to 2031, at annual interest rates ranging from 0.36%-1.69%.

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.

Obligations under Intergovernmental Financing Agreements

Intergovernmental Financing Agreements as of June 30, 2023, bore interest at annual rates ranging from 1.0% to 6.7%. Intergovernmental financing agreements with third parties in fiscal year 2023 increased by $6,096,000, 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, 2023, *(Amounts expressed in thousands)*:

Intergovernmental Financing Agreements with Third Parties and Component Units

Years Ending June 30,	Third Parties	Component Units
2024	$ 72,700	$ 19,030
2025	68,503	17,693
2026	64,012	16,688
2027	57,085	8,755
2028	56,082	8,758
2029-2033	227,346	43,794
2034-2038	47,364	43,784
2039-2044	8,471	25,397
2045-2049	—	18,734
2050-2053	—	14,992
Total future minimum payments	601,565	217,625
Less: Amount representing interest	121,509	75,605
Less: Restricted cash and investments	56,994	77,170
Present value of net minimum payments	$ 423,061	$ 64,849

The reduction shown for restricted cash and investments in the amounts of $56,994, and $77,170,495, 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, 2023 is as follows (amounts expressed in thousands):

Years Ending June 30,	Principal	Interest
2024	$ 67	$ —
Total	$ 67	$ —

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, 2023, were as follows (amounts expressed in thousands):

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Bonds Payable:					
Revenue bonds payable and notes payable	$ 5,679,562	$ 898,674	$ 333,702	$ 6,244,534	$ 466,899
Other Liabilities:					
Lottery prizes	32,099	894	4,185	28,808	3,279
Escrow deposits	75,927	48,556	41,105	83,378	23,203
Compensated absences	20,795	9,455	9,322	20,928	3,813
Self-insurance costs	20,083	281	1,831	18,533	2,781
Net Pension liability	207,644	74,719	324	282,039	—
Lease liability	5,979	—	2,123	3,856	1,471
Subscription Liability	—	145	—	145	145
Tuition Benefits Liability	889,678	14,770	46,299	858,149	149,787
Total other liabilities	1,252,205	148,820	105,189	1,295,836	184,479
Total long-term liabilities - business type activities	$ 6,931,767	$ 1,047,494	$ 438,891	$ 7,540,370	$ 651,378

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 Administration Principal	Community Development Administration Interest	Maryland Water Infrastructure Financing Administration Principal	Maryland Water Infrastructure Financing Administration Interest	Maryland Transportation Authority Principal	Maryland Transportation Authority Interest
2024	$ 363,728	$ 107,368	$ 24,355	$ 6,299	$ 77,420	$ 111,228
2025	105,924	99,228	25,725	5,080	83,120	110,399
2026	93,690	96,730	23,340	3,794	86,500	106,403
2027	96,617	94,125	24,340	2,957	90,147	102,214
2028	97,654	91,220	25,470	2,227	93,824	97,645
2029-2033	504,462	407,261	44,905	1,941	522,180	413,710
2034-2038	480,953	327,339	—	—	527,522	289,727
2039-2043	523,543	244,885	—	—	532,851	163,329
2044-2048	519,688	143,680	—	—	347,892	70,949
2049-2053	354,797	50,812	—	—	183,622	17,856
2054-2058	55,338	11,440	—	—	21,116	605
2059-2063	30,925	2,831	—	—	—	—
2064-2068	2,260	100	—	—	—	—
Subtotals	3,229,579	1,677,019	168,135	22,298	2,566,194	1,484,065
Discounts and premiums	69,107	—	2,294	—	207,640	—
Totals	$ 3,298,686	$ 1,677,019	$ 170,429	$ 22,298	$ 2,773,834	$ 1,484,065

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 $3,871,385,000 and revenues of each mortgage loan program are pledged as collateral for the revenue bonds. Interest rates range from 0.25% to 6.0%, with the bonds maturing serially through 2064.The principal amount outstanding as of June 30, 2023, was $3,298,686,000. 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 2023, the Administration issued $696,320,000, of revenue bonds with interest rates ranging from 2.75% to 6.00% and maturing serially through 2065.

There were no economic refunding for the year ended June 30, 2023. 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 $702,553, as of June 30, 2023.

Subsequent to June 30, 2023, the Administration issued a total of $355,800,000, and redeemed a total of $57,090,000, 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 $3,110,000, to $21,245,000, to March 1, 2030. The principal amount outstanding as of June 30, 2023, was $168,135. These bonds are payable solely from the revenue, money or property of the Administration.

Maryland Transportation Authority Bonds:

Bonds outstanding as of June 30, 2023, are as follows

(Amounts expressed in thousands)

Outstanding Bond	Amount
BWI Consolidated Car Rental Facility Revenue Bonds, Series 2002, maturing in annual installments ranging from $4,475 to $6165 from July 1, 2023, to July 1, 2033, with interest rates ranging from 2.7% to 6.7%, payable semiannually	$ 64,755
Lease Revenue Refunding Bonds, Series 2015, maturing in annual installments ranging from $1,165 to $1,287 from July 1, 2023 to July 1, 2033, with an interest rate of 2.6% payable semiannually	12,352
Series 2017 Revenue Refunding Bonds maturing in annual installments of $3,850 to $11,030, from July 1, 2023 to July 1, 2040, with interest rates ranging from 3.0% to 5.0% payable semiannually	146,240
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, 2023 to July 1, 2041, with interest rates ranging from 5.2% to 5.8% payable semiannually	279,605
Passenger Facility Charge Revenue Bonds, Series 2012A, maturing in annual installments of $2,560 to $3,110 from June 1, 2022 to June 1, 2032, with interest rates ranging from 4.0% to 5.0% payable semiannually	28,220
Passenger Facility Charge Revenue Bonds, Series 2012B, maturing in annual installments of $7,220 to $7,765 from June 1, 2023 to June 1, 2027, with interest rates ranging from 2.2% to 2.6% payable semiannually	29,950
Variable Passenger Facility Charge Revenue Bonds, Series 2012C, via sinking fund payments of $43,400 through June 1, 2032, with a current variable rate of4.27%	43,400
Passenger Facility Charge Revenue Bonds BWI Thurgood Marshall Airport, Series 2014, maturing in annual installments of $2,020 to $2840 from June 1, 2023 to June 1, 2034, with interest rates ranging from 3.0% to 5.0% payable semiannually	26,290
Series 2019 Revenue Refunding Bonds maturing on July 1, 2023, with an interest rate of 5.0%	13,375
Passenger Facility Charge Revenue Bonds, Series 2019, maturing in annual installments of $4,190 to $8,145 from June 1, 2023 to June 1, 2039, with interest rates of 2.8% payable semiannually	97,295
Series 2020 Revenue Bonds maturing in annual installments of $6,735 to $21,565, from July 1, 2023 to July 1, 2050, with an interest rate of 4.0% to 5% payable semiannually	393,265
Series 2021 Revenue Bonds maturing in annual installments of $6,625 to $39,510, from July 1, 2023 to July 1, 2051, with an interest rate of 2.0% to 5% payable semiannually	739,380
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
Series 2022 Revenue Bonds TIFIA maturing in annual installments of $2,153 to $10,683 from July 1, 2024 to July 1, 2054, with interest rates ranging from 2.74% to 2.95%, payable semiannually.	202,354
Unamortized premium	207,640
Total	$2,773,834

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, 2023, 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 Principal	Notes Payable and Other Long-Term Debt Interest	Revenue Bonds Principal	Revenue Bonds Interest
2024	$ 4,132	$ 480	$ 93,190	$ 43,797
2025	1,746	413	85,675	39,459
2026	1,447	389	85,665	35,527
2027	1,447	366	89,375	31,643
2028	1,310	342	87,030	27,923
2029-2033	6,926	1,333	330,195	92,692
2034-2038	7,596	662	203,735	45,329
2039-2043	3,241	63	67,915	19,713
2044-2048	—	—	40,715	10,717
2049-2053	—	—	31,975	2,551
Total	27,844	4,048	1,115,470	349,351
Accumulated accreted interest, premiums and discounts	—	—	135,211	—
Total	$ 27,844	$ 4,048	$ 1,250,681	$ 349,351

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, 2023, higher education institutions have defeased debt outstanding of $55,692,070, 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, 2023, cash and investments were held by the trustees for the higher education institutions in the amount of $33,286,000, for the University System of Maryland (System), $15,714,240, for St. Mary's College of Maryland, and $4,608,095, 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 $23,150 existed as of June 30, 2023, 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
2024	$ 44,860	$ 84,229
2025	44,395	82,377
2026	44,525	80,138
2027	38,710	78,018
2028	40,455	76,276
2029-2033	231,745	351,924
2034-2038	335,535	292,342
2039-2043	406,245	217,234
2044-2048	494,200	124,557
2049-2051	324,015	257,069
Total	2,004,685	1,644,164
Unamortized premium net of unamortized discount	280,951	—
Total	$ 2,285,636	$ 1,644,164

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, 2023, 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, 2023, 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	$ 15,319	1.0% to 6.1%	12/15/2023
Football Stadium	27,227	Variable	3/1/2026
Montgomery County Conference Center	1,485	4.0% to 5.0%	6/15/2024
Camden Station	1,525	3.0% to 5.2%	12/15/2024
Camden Yards Complex	36,545	2.8% to 3.7%	3/1/2039
Baltimore City Public Schools Construction	1,428,585	5%	5/1/2047
Ocean City Convention Facility	77,375	3.0% to 5.0%	12/15/2039
Built to Learn	697,577	2.7% to 5.0%	6/1/2052
Total	$ 2,285,637		

14. 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 2023 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	$ 22,020	$ 8,882	$ 10,749	$ 20,153	$ 7,822
Employee health benefits	82,209	2,006,507	1,981,572	107,144	107,144
Workers' compensation	256,141	48,616	61,171	243,585	28,661
Governmental activities self-insurance costs	360,370	2,064,005	2,053,492	370,882	143,627
Business-type activities workers' compensation	20,083	1,952	3,502	18,533	2,780
Component units workers' compensation	38,005	4,988	6,967	36,026	5,404
Total self-insurance costs	$ 418,458	$ 2,070,945	$2,063,961	$ 425,441	$ 151,811

As of June 30, 2023, the Program held $140,472,000, in cash and investments designated for payments of these claims.

Changes in the self-insurance liabilities during 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	360,369	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	$ 128,903

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

15. Fund Equity:

The unrestricted deficit for governmental activities on the government-wide statement of net position is $22,179,244,545. 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, 2023, the State had reported outstanding general obligation bonds and lease liability applicable to these non-State projects of $7,039,685,347. Without State financing for these capital assets, the State would have reported an unrestricted deficit for governmental activities in the amount of $15,139,559,198.

The statement of net position for the primary government reported $5,481,317,192, of restricted net position, including $439,351,000, 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. Negative numbers are presented in parentheses and may not be read by all screen readers.):

	General	Special Revenue: Maryland Department of Transportation	Other Governmental Funds	Total Governmental Funds
Fund balances				
Nonspendable:				
Prepaid items, inventories and long-term loans and notes receivable	$ 661,660	$ 303,014	$ —	$ 964,674
Restricted:				
Debt service	—	—	439,351	439,351
Other purposes	165,002	—	48,449	213,451
Committed:				
Agriculture	132,549	—	—	132,549
Aid for higher education	48,781	—	—	48,781
Capital projects	—	—	980,044	980,044
Commerce	125,730	—	—	125,730
Consumer protection	21,001	—	—	21,001
Education	2,693,470	—	—	2,693,470
Environment	39,914	—	—	39,914
Health and mental hygiene	264,863	—	—	264,863
Hospital Uncompensated Care	9,995	—	—	9,995
Housing and community development	25,654	—	—	25,654
Human resources	11,573	—	—	11,573
Judicial	54,926	—	—	54,926
Labor, licensing and regulation	67,780	—	—	67,780
Mortgage Services Settlement Fund	15,337	—	—	15,337
Natural resources and recreation	176,242	—	—	176,242
Ocean beach replenishment	5,107	—	—	5,107
Public safety	51,009	—	—	51,009
Public Utility Customer Investment Fund	267	—	—	267
State Reserve Fund	3,469,107	—	—	3,469,107
Waterway improvements	44,151	—	—	44,151
Other purposes	190,435	—	—	190,435
Assigned	—	320,282	748,994	1,069,276
Unassigned	2,986,274	—	(47)	2,986,227
Total fund balances	$ 11,260,829	$ 623,296	$ 2,216,791	$ 14,100,916

A portion of the general fund's committed fund balance, in the amount of $3,469,107,184 as of June 30, 2023, includes the State Reserve Fund, which consists primarily of the Revenue Stabilization Account with a balance of $2,957,605,000. 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.

16. 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, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	Community Development Administration	Maryland Water Infrastructure Financing Administration
Assets:		
Current restricted assets	$ 1,115,817	$ 20,307
Non-current restricted assets	2,755,568	44,168
Total assets	3,871,385	64,475
Liabilities:		
Current liabilities	473,283	27,385
Non-current liabilities	2,976,326	144,678
Total liabilities	3,449,609	172,063
Net position:		
Restricted	421,776	—
Unrestricted	—	(107,588)
Total net position (deficit)	$ 421,776	$ (107,588)

Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	Community Development Administration	Maryland Water Infrastructure Financing Administration
Operating income (expenses):		
Interest on loan income	$ 50,394	$ 692
Other operating revenues	10,953	—
Other operating expenses	(32,190)	—
Operating income (loss)	29,157	692
Non-operating revenues (expenses)	(53,934)	5,171
Change in net position	(24,777)	5,863
Total net position - beginning	446,553	(113,451)
Total net position - ending	$ 421,776	$ (107,588)

Condensed Statement of Cash Flows
For the Year Ended June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	Community Development Administration	Maryland Water Infrastructure Financing Administration
Net cash from:		
Operating activities	$ (14,662)	$ —
Non-capital financing activities	385,383	(24,988)
Investing activities	(408,938)	24,988
Beginning cash and cash equivalents	638,472	—
Ending cash and cash equivalents	$ 600,255	$ —

17. 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 subdivisions 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. Negative numbers are presented in parentheses and may not be read by all screen readers.)*

	MSRPS	MTA	Total
Net Pension Liability	$ 18,651,794	$ 738,630	$ 19,390,424
Deferred outflows of resource	4,380,809	136,988	4,517,797
Deferred inflows of resources	1,635,745	340,788	1,976,533
Net Pension expense	2,667,529	(26,777)	2,640,752

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 2023, for the State Pool, the State paid $2,270,374,000 of the required contribution totaling $2,270,374,000, which was 17.7% 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, 2023, the State's membership includes 172,277 active members, 40,995 vested former members, and 153,951 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, 2023:

Valuation method	Individual Entry Age Normal Cost Method
Salary increases	0 to 8.50% per year (excluded 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, 2023, 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, 2023, the State reported a liability of $18,651,794,000, $16,908,008,000 for Governmental Activities, $282,443,000, for Business-Type Activities and $1,461,343,000, for Component Units), for its proportionate share of the net pension liability (NPL). The NPL was measured as of June 30, 2023, and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023. The State's proportion of the NPL was based on adjusted contributions to the System in fiscal year 2022 relative to adjusted contributions of the State and all participating local governments, actuarially determined. As of June 30, 2023, the State's proportion was 93.22%, 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 $10,272,221,000 , and for the other State systems is $8,379,573,000, as of June 30, 2023.

The State recognized pension expense of $2,667,529,000 consisting of $1,469,105,000, applicable to the TRS and $1,198,424,000, applicable to the other State systems, for the year ended June 30, 2023, ($2,418,137,000 for Governmental Activities, $40,394,000 for Business- Type Activities and $208,997,000 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	Excluding Component Units Deferred Outflows of Resources	Excluding Component Units Deferred Inflows of Resources
Changes in actuarial assumptions	$ 2,069,125	$ 188,553	$ 1,907,327	$ 174,253
Difference between projected and actual earnings on pension plan investment	—	34,590	—	28,335
Contributions made subsequent to the measurement date	2,270,374	—	2,081,624	—
Change in proportion and difference between employer contributions and proportionate share of contributions	41,310	82,642	23,378	74,158
Difference between expected and actual experience	—	1,329,960	—	1,227,083
Total	$ 4,380,809	$ 1,635,745	$ 4,012,329	$ 1,503,830
TRS	$ 2,412,671	$ 900,864	$ 2,209,735	$ 828,214
Other State Systems	1,968,138	734,881	1,802,593	675,616
Total	$ 4,380,809	$ 1,635,745	$ 4,012,329	$ 1,503,830

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. Negative numbers are presented in parentheses and may not be read by all screen readers.)*:

Year ending June 30,	Net Amount Reported
2024	$ 143,727
2025	133,980
2026	379,599
2027	(1,149,882)
2028	65,702
Total	$ (426,875)

Contributions:

Deferred outflows of resources related to MSRPS of $2,270,374,000, resulting from State contributions subsequent to the measurement date, will be recognized as a reduction of the NPL in the year ended June 30, 2024.

Rate of Return on Investments:

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 6.80%. 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	$ 18,651,794	$ 5,807,338

	1% Decrease 5.80%	Discount Rate 6.80%	1 % Increase 7.80%
State's proportionate share of the NPL, excluding component units	$ 21,873,519	$ 17,190,451	$ 5,352,341

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, 2023, membership in the Plan includes 2,532 active members, 562 vested former members, and 2,135 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, 2023, the Administration's covered and total payroll was $170,004,336.

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 2023, the Administration paid $55,926,000, of the required contribution totaling $55,926,000, which was 32.9% of covered payroll and 100.0% 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, 2023:

Method of funding	Level Dollar Entry Age Normal
Discount rate	5.37%
Post-retirement benefit increase	2.0% COLAs
Salary increase	2.40% to 10.55% including inflation
Inflation	2.75%
Investment rate of return	6.80%
Mortality	Generational mortality improvements from 2012 using scale MP-2021
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, 2023, are as follows *(Amounts expressed in thousands)*:

Total pension liability	$	1,225,996
Less Plan fiduciary net position		487,366
Employer net pension liability	$	738,630
Plan fiduciary net position as a percentage of the total pension liability		39.8%

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, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	34%	6.9%
Credit/Debt Related Strategies	16%	8.6%
Rate sensitive	20%	2.6%
Absolute return	9%	5.6%
Private equity	15%	5.4%
Real Assets	6%	4.4%
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, 2023.

For the year ended June 30, 2023, 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, 2023. 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 5.37% as well as what the MTA's net pension liability would be if it were calculated using a discount rate that is 1% lower (4.37%) or 1% higher (6.37%) than the current rate, is as follows *(Amount express in thousands)*:

	1% Decrease 4.37%	Discount Rate 5.37%	1% Increase 6.37%
Net pension liability	$ 905,838	$ 738,630	$ 599,604

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, 2023, are as follows *(Amounts expressed in thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)*:

Components	Amount
Service cost	$ 29,389
Interest on the total pension liability	62,495
Projected investment earnings	(31,716)
Employee contributions	(7,024)
Administrative expenses and other	146
Subtotal	53,290
Amortization - changes of assumptions	(68,618)
Amortization- actual investment earnings different than assumed	(443)
Amortization-differences between actual and expected experience	(11,005)
Subtotal	(80,067)
Total components recorded as pension expense	$ (26,777)

For the year ended June 30, 2023, the MTA recognized pension expense -$26,777. As of June 30, 2023, the MTA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources *(Amounts expressed in thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)*:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 18,252	$ 46,414
Changes of assumptions	104,273	294,374
Net difference between projected and actual earnings on pension plan investments	14,464	—
Total	$ 136,988	$ 340,788

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. Negative numbers are presented in parentheses and may not be read by all screen readers.)*:

Year ending June 30,	Net Amount Reported
2024	$ (49,223)
2025	(40,767)
2026	(41,328)
2027	(71,259)
2028	(1,223)
Total	$ (203,800)

The changes in employer's net pension liability as of June 30, 2023 are as follows *(Amounts expressed in thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)*:

Total pension liability	
Service cost	$ 29,389
Interest	62,495
Differences between expected and actual experience	21,902
Change of assumptions or other inputs	(29,238)
Benefit payments, including refunds of member contributions	(50,465)
Net changes in total pension liability	34,083
Total pension liability- beginning	1,191,914
Total pension liability- ending (a)	1,225,997
Plan fiduciary net position	
Contributions-employer	$ 55,926
Contributions-member	7,024
Net investment income	14,785
Benefit payments, including refunds of member contributions	(50,465)
Administrative expenses	(146)
Net change in plan fiduciary net position	27,124
Plan fiduciary net position-beginning	460,242
Plan fiduciary net position-ending (b)	487,366
Net pension liability-ending (a)-(b)	$ 738,631

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.

18. 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	$ 11,118,614	$ 750,748	$ 11,869,362
Deferred outflow of resources	1,594,505	94,417	1,688,922
Deferred inflows of resources	3,585,196	357,354	3,942,550
Net OPEB expense	(1,245,408)	10,731	(1,234,677)

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 June 30, 2023, the State's Plan membership includes 81,179 active employees, 2,394 vested former employees, and 54,291 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 2023, 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, 2023:

Valuation cost method	Entry Age Normal Cost Method
Asset valuation method	Market Value
Rate of return on investments	6.80%
Inflation Rate	2.25%
Mortality	RP-2010 Healthy Retiree Mortality Rates with Generational Projection Using Scale MP-2018 for healthy retirees. RP-2010 Disability Mortality Rates with Generational Projection Using Scale MP-2018 for disabled retirees. RP-2010 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	3.65% represents an unblended pay-go rate Over 65 - N/A- benefit not offered after December 31, 2018
Healthcare cost trend rate	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, 2023. 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, 2023.

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

Total OPEB liability	$	11,581,862
Less: Plan fiduciary net position		463,248
Employer net OPEB liability	$	11,118,614
Plan fiduciary net position as a percentage of the total OPEB liability		4 %

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, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	34%	6.9%
Private equity	16	8.6
Rate Sensitive	20	2.6
Credit opportunity	9	5.6
Real Assets	15	5.4
Absolute return	6	4.4
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, 2023.

The annual money-weighted rate of return, net of investment expenses, on Plan investments for the year ended June 30, 2023, was 13.29%. 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 3.65% as of June 30, 2023. 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 (3.65%).

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	$ 9,467,780	$ 11,118,614	$ 13,222,440

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 3.65%, 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 2.65%	Discount Rate 3.65%	1% Increase 4.65%
Net OPEB Liability	$ 12,958,081	$ 11,118,614	$ 9,643,701

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, 2023, are as follows (amounts expressed in thousands. *Negative numbers are presented in parentheses and may not be read by all screen readers.*):

Components of the OPEB expense	Amount
Service Cost	$ 349,990
Interest on the total OPEB liability	454,177
Current period benefit changes	(1,414,935)
Expensed portion of current-period difference between expected and actual experience in the Total OPEB liability	39,553
Sub Total	(571,215)
Expensed portion of current-period changes of assumptions or other inputs	(28,956)
Projected earnings on plan investments	(27,055)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(5,165)
Recognition of beginning of year deferred inflows of resources as OPEB expense	(1,176,842)
Recognition of beginning of year deferred outflows of resources as OPEB expense	563,825
Sub Total	(674,193)
Total components recorded as OPEB expense	$ (1,245,408)

The State recognized OPEB expense of $(1,245,408,000), for the year ended June 30, 2023. 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	$ 748,691	$ 3,585,196
Difference between projected and actual earnings on OPEB plan investments	15,950	—
Difference between expected and actual experience in the Total OPEB liability	829,864	—
Total	$ 1,594,505	$ 3,585,196

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. Negative numbers are presented in parentheses and may not be read by all screen readers.)*:

Year ending June 30,	Net Amount Reported
2024	$ (369,259)
2025	(318,259)
2026	(493,969)
2027	(577,183)
2028	(237,743)
2029	5,722
Total	$ (1,990,691)

The changes in employer's net OPEB liability as of June 30, 2023 are as follows *(Amounts expressed in thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)*:

Total OPEB liability	
Service cost	$ 349,990
Interest	454,177
Change of benefit terms	(1,414,935)
Differences between expected and actual experience	258,674
Changes of assumptions	(189,372)
Benefit payments, including refunds of member contributions	(706,946)
Net change in total OPEB liability	(1,248,412)
Total OPEB liability-beginning	12,830,273
Total OPEB liability-ending (a)	11,581,862
Plan fiduciary net position	
Contributions-employer	25,008
Contributions-employee	—
Net investment income	52,880
Net change in plan fiduciary net position	77,888
Plan fiduciary net position-beginning	385,360
Plan fiduciary net position-ending (b)	463,248
Net OPEB liability-ending (a)-(b)	$ 11,118,614

Two plan amendments/legislative changes were reflected in this valuation:

1) 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, 2025. 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, 2024 in the prior year's valuation. The delay to January 1, 2025 was first reflected in this year's valuation.

2) The Inflation Reduction Act (IRA), signed into law August 16, 2022, reduced the cap on out-of-pocket (OOP) drug spending for Medicare retirees and subsequently lowered the expected cost of the State of the reimbursement programs under Senate Bill 946.

Contributions:

For the fiscal year ended June 30, 2023, retiree plan members contributed $ 0, or approximately 0.0% of total retiree premiums, and the State contributed $ 706,945,934, 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, 2023, 2,401 active employees and 1,506 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, 2023, the most recent valuation date, to measure the total MTA OPEB liability as of June 30, 2023:

Method of funding	Individual Entry-Age
Aggregate salary growth	2.75%
Inflation	2.40%
Healthcare cost trend rate	Medical and Prescription: 7.25% in FY 2023 for Pre-Medicare and 6.50% Post-Medicare. The ultimate rate 3.50%.
Mortality	RP2014 Blue Collar Fully Generational projected from 2014 using Scale MP-2018
Discount Rate	3.69%
Dental/Vision Trend	3.50% per annum

OPEB Liability of the Plan:

The MTA OPEB liability was measured as of June 30, 2023, based on an actuarial valuation made as of June 30, 2022, and the components of the net MTA OPEB liability are as follows *(Amounts expressed in thousands)*:

Total OPEB liability	$	750,748
Less: Plan fiduciary net position		—
Employer net OPEB liability	$	750,748
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):

	1% Decrease	Current Healthcare Cost	1% Increase
Net OPEB Liability	$ 636,962	$ 750,748	$ 916,291

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 3.69%, 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)*:

	1% Decrease 2.69%	Discount Rate 3.69%	1% Increase 4.69%
Net OPEB Liability	$ 868,446	$ 750,748	$ 654,427

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, 2023, are as follows: *(Amounts expressed in thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)*

Component of the OPEB Expense	Amount
Service Cost	$ 41,932
Interest on the total OPEB liability	21,957
Recognition of Outflow (Inflow) of Resources due to Liabilities	(54,761)
Changes in assumptions	
Difference between expected and actual experience	—
Total components recorded as OPEB expense	$ 10,731

The MTA OPEB recognized OPEB expense of $10,731,300, for the year ended June 30, 2023. 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):*

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes in actuarial assumptions	$ 82,075	$ 243,107
Difference between expected and actual experience	12,342	114,247
Total	$ 94,417	$ 357,354

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. Negative numbers are presented in parentheses and may not be read by all screen readers.)*

Year ending June 30,	Net Amount Reported
2024	$ (54,761)
2025	(54,761)
2026	(40,528)
2027	(20,599)
2028	(28,486)
Thereafter	(63,803)
Total	$ (262,936)

The changes in employer's OPEB liability as of June 30, 2023 are as follows *(Amounts expressed in thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)*

Total OPEB liability	
Service Cost	$ 46,235
Interest	19,257
Differences between expected and actual experience	(116,971)
Changes of assumptions	(167,511)
Benefit payments, including refunds of member contributions	(20,177)
Net change in total OPEB liability	(239,167)
Total OPEB liability-beginning	989,915
Total OPEB liability-ending (a)	$ 750,748
Plan fiduciary net position	
Contributions-employer	$ 20,177
Benefit payments, including refunds of member contributions	(20,177)
Net change in plan fiduciary net position	—
Plan fiduciary net position-beginning	—
Plan fiduciary net position-ending (b)	—
Net OPEB liability-ending (a)-(b)	$ 750,748

19. 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, $1,393,573,000, the capital projects fund, $983,207,000, and the special revenue fund, $210,000 as of June 30, 2023.

State agencies and programs lease office space under various agreements that are accounted for as 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, 2023, were approximately $101,454,000.

As of June 30, 2023, the governmental funds, other than the Department of Transportation, had commitments of approximately $248,248,000, for service contracts.

As of June 30, 2023, the Department of Transportation and Maryland Transportation Authority had commitments of approximately $9.6 billion and $1,056,000 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, 2023, the enterprise fund loan programs had committed to lend a total of $556,679,000, in additional loans. The Community Development Administration, also an enterprise fund loan program, had $829,631,000 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, 2023, component units commitments included higher education fund commitments of approximately $496,383,000 for the completion of projects under construction, and economic development funds commitments of $43,532,000 and $2,170,952 for additional loans and service contracts respectively.

20. 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, 2023, Non-major enterprise funds were contingently liable as insurers of $531,128,000, of $561,056,000, mortgage loans made by public and private lenders.

Non-major component units were contingently liable as insurers of $3,014,581, of $17,673,368, 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, 2023, 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.

21. 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 $161,051,000 were made from the proceeds in the Cigarette Restitution account for fiscal year 2023 expenditure of appropriations.

As part of the Master Settlement Agreement between the states and the tobacco companies, Maryland's share during fiscal year 2023 was $148,995,000 including the award from the arbitration panel for attorney fees. This amount does not include $7,698,000 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 2028 will total $3.86 billion. The actual amount received each year, however, will reflect adjustments for inflation and cigarette shipment volume. In addition, the State expects to receive $162,078,000 through fiscal year 2028 pursuant to an award for attorney fees by the national arbitration panel.

22. Landfill Closure and Postclosure Care Costs:

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, 2023. 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 $4,799,000, as determined through engineering studies, and $3,057,000, has been recognized as a liability on the June 30, 2023, 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 2041, are approximately 35% filled as of June 30, 2023. Total closure and postclosure care costs for the landfill are currently estimated to be $25,407,000, as determined through engineering studies, and $7,062,000, has been recognized as a liability as of June 30, 2023. 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, 2023. The Service expects to satisfy these requirements as of June 30, 2024, using the same criteria.

23. Service Concession Arrangements:

In fiscal year 2009, 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, 2023, the capital assets, net of accumulated depreciation, and deferred concession arrangement receipts were $41,137,000.

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 10-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, 2023, the Purple Line construction is estimated to be 50% complete with $2,300,000,000 of expenses included in Construction In Progress accounts. The amounts reported in the June 30, 2023, balances include a $399,893,000 addition for the recovery of an impaired asset.

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, 2023, is $40,844,000, 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, 2023, the Statement of Net Position reflects net capital assets of $247,627,000, and deferred service concession arrangement receipts of $246,839,000, from this transaction.

24. 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 2023. There was one tax abatement program in 2023 for which a company received a tax abatement of $5 million or greater. The one program was Aerospace, Electronics or Defense Contract Tax Credit in the amount of $7.5 million.

Economic Development Programs

Name of Program	Tax Abatements FY 2023(1)	Tax Filings FY 2023(2)	Program Description
One Maryland Tax Credit	$ 681,426	33	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.
Biotechnology Investment Incentive Tax Credit	$ 7,451,166	158	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 of 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.
Total tax credits administered by State	$ 8,132,592	191	

(1) Gross dollar amount the government's tax revenues were reduced for fiscal year 2023 as a result of tax abatement agreements

(2) Number of income tax returns filing for credit in fiscal year 2023

25. 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 $14,763,000, as of June 30, 2023, and was fully depreciated. The reactor had a remaining useful life of 16 years as of June 30, 2023.

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, 2023.

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, 2023.

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 $16,849,000, and deferred outflows of resources of $11,195,000, are included on the statement of net position as of June 30, 2023. USM is financially prepared to fund and satisfy all asset retirement obligations when required.

26. Restatement

In fiscal year 2023, the Maryland Prepaid College Trust was reclassified from Component Units to Enterprise Fund, and the Opioid Restitution Fund was reclassified from the General Fund to Other Governmental Funds. In addition, Unemployment Insurance Fund identified and corrected an accounting error that understated its restricted net position in the June 30, 2022 statement of net position.

Exhibit A - Statement of Activities

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	Business-Type Activities	Component Units
Net position - beginning of year, as previously reported	$ 10,242,463	$ 10,234,429
Effect of change in accounting principle related to Maryland Prepaid College Trust	368,233	(368,233)
Correction of accounting error related to Unemployment Insurance Fund	118,497	—
Net position - beginning of year, as restated	$ 10,729,193	$ 9,866,196

Exhibit B - Statement of Revenues, Expenditures and Changes in Fund Balance

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	General Fund	Other Governmental Funds	Enterprise Funds
Fund balances - beginning of year, as previously reported	$ 10,784,301	$ 2,071,569	$ 10,242,463
Effect of change in reporting entity related to Opioid Restitution Fund	(10,584)	10,584	—
Effect of change in accounting principle related to Maryland Prepaid College Trust	—	—	368,233
Correction of accounting error related to Unemployment Insurance Fund	—	—	118,497
Fund balances - beginning of year, as restated	$ 10,773,717	$ 2,082,153	$ 10,729,193

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, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	General Fund			
	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:				
Income taxes	$ 14,786,893	$ 14,634,864	$ 14,485,500	$ (149,364)
Sales and use taxes	5,782,402	6,018,016	6,005,249	(12,767)
Other taxes	1,505,874	1,639,428	1,656,016	16,588
Licenses and fees	139,319	139,319	139,227	(92)
Charges for services	362,074	362,074	238,291	(123,783)
Interest and other investment income	20,000	175,000	448,637	273,637
Other	742,494	743,160	3,822,982	3,079,822
Total revenues	$ 23,339,056	$ 23,711,860	$ 26,795,903	$ 3,084,043
Expenditures and encumbrances by major function:				
Payments of revenue to civil divisions of the State	173,508	173,508	173,508	—
Public debt	430,000	649,000	649,000	—
Legislative	181,970	189,259	118,576	70,684
Judicial review and legal	799,012	826,875	799,766	27,109
Executive and administrative control	492,595	559,930	532,660	27,270
Financial and revenue administration	245,944	274,810	242,836	31,974
Budget and management	720,096	279,338	256,633	22,705
Retirement and pension				
General services	332,524	347,583	206,468	141,114
Department of service and civic innovation	—	4,606	337	4,269
Transportation and highways	21,500	21,500	6,431	15,069
Natural resources and recreation	102,468	110,331	100,495	9,836
Agriculture	42,967	45,127	43,275	1,853
Health, hospitals and mental hygiene	6,867,361	6,602,559	6,386,274	216,285
Human resources	755,679	799,232	790,906	8,326
Labor, licensing and regulation	62,593	65,886	56,626	9,260
Public safety and correctional services	1,349,537	1,437,688	1,408,392	29,296
Public education	10,436,480	10,685,478	10,376,512	308,967
Housing and community development	303,194	303,461	106,374	197,086
Commerce	200,969	202,829	178,202	24,627
Maryland technology development corporation	38,826	39,076	39,076	—
Environment	68,036	83,076	72,366	10,710
Juvenile services	283,852	296,686	291,172	5,514
State police	368,093	406,792	399,682	7,110
State reserve fund	4,205,389	4,205,389	3,039,178	1,166,210
Reversions	(75,000)	(75,000)	—	(75,000)
Total expenditures and encumbrances	$ 28,407,592	$ 28,535,018	$ 26,274,745	$ 2,260,274
Excess of revenues over (under) expenditures	(5,068,536)	(4,823,158)	521,158	5,344,317
Other sources (uses) of financial resources:				
Transfers in (out)	—	—	(1,374,701)	(1,374,701)
Excess of revenues over (under) expenditures and other sources (uses) of financial resources	(5,068,536)	(4,823,158)	(853,542)	3,969,616
Fund balances - beginning of the year	(10,304,057)	(7,574,633)	7,704,624	15,279,257
Fund balances - end of the year	$(15,372,593)	$(12,397,791)	$ 6,851,082	$ 19,248,873

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, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers)

	Special Fund`				Federal Fund			
	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:								
Income taxes	$ 454,219	$ 454,219	$ 1,272,850	$ 818,631	$ —	$ —	$ —	$ —
Sales and use taxes	710,063	710,063	785,910	*75,847*	—	—	—	—
Other taxes	4,018,675	4,018,675	3,865,564	(153,111)	—	—	—	—
Licenses and fees	998,639	998,639	1,018,308	19,669	—	—	—	—
Charges for services	2,607,548	2,444,377	2,264,997	(179,380)	—	—	—	—
Interest and other investment income	8,484	8,484	98,220	89,735	—	—	1,662	1,662
Other	1,238,259	3,276,443	1,486,828	(1,789,615)	—	—	—	—
Federal revenue	—	—	—	—	$ 18,391,764	$ 21,847,147	20,274,368	(1,572,779)
Total revenues	10,035,887	11,910,900	10,792,676	(1,118,224)	18,391,764	21,847,147	20,276,030	(1,571,116)
Expenditures and encumbrances by major function:								
Payments of revenue to civil divisions of the State	1,600	17,970	17,965	5	—	—	—	—
Public debt	1,000,000	1,000,000	775,500	224,500	9,000	9,000	6,393	2,607
Judicial review and legal	147,463	158,674	128,906	29,769	12,194	16,575	9,567	7,007
Executive and administrative control	686,910	798,689	328,767	469,922	897,556	1,239,837	1,045,813	194,024
Financial and revenue administration	187,289	213,004	195,183	17,821	—	299	243	56
Budget and management	108,148	144,087	51,348	92,739	57,312	3,930	3,727	203
Retirement and pension	23,537	25,046	23,171	1,874	—	31	28	4
General services	11,749	266,336	19,959	246,376	1,671	2,802	2,336	465
Department of service and civic innovation	—	5,150	—	5,150				
Transportation and highways	3,905,875	4,015,418	3,824,752	190,666	1,729,638	1,828,436	1,405,731	422,705
Natural resources and recreation	476,931	571,606	473,319	98,287	51,571	61,013	37,270	23,743
Agriculture	131,782	149,618	68,811	80,807	11,453	14,454	7,690	6,764
Health, hospitals and mental hygiene	1,323,949	1,750,478	1,565,543	184,935	10,133,805	12,091,230	11,464,965	626,264
Human resources	165,824	212,053	205,286	6,767	2,785,937	3,462,854	2,863,961	598,893
Labor, licensing and regulation	253,182	271,878	245,823	26,055	288,348	355,178	244,529	110,649
Public safety and correctional services	78,596	107,820	93,441	14,379	28,050	43,260	42,383	877
Public education	1,272,909	1,738,881	1,585,704	153,178	4,278,425	4,543,384	2,581,267	1,962,116
Housing and community development	213,602	258,373	107,646	150,727	1,039,987	1,266,477	624,007	642,471
Commerce	136,976	255,682	102,057	153,626	28,680	37,050	9,588	27,462
Maryland technology development corporation	—	—	—	—	11,679	11,679	11,679	—
Environment	679,249	692,503	214,586	477,917	257,465	259,882	116,235	143,647
Juvenile services	2,283	11,447	10,806	641	6,867	8,508	5,924	2,584
State police	125,178	138,531	126,442	12,090	11,342	11,705	7,278	4,427
State reserve fund	—	—	—	—	171,224	—	—	—
Total expenditures and encumbrances	10,933,032	12,803,244	10,165,015	2,638,231	21,812,203	25,267,584	20,490,614	4,776,970
Excess of revenues over (under) expenditures	(897,145)	(892,344)	627,661	1,520,005	(3,420,439)	(3,420,437)	(214,584)	3,205,854
Other sources (uses) of financial resources:								
Transfers in (out)	—	—	1,991,293	1,991,293	—	—	182,354	182,354
Excess of revenues over (under) expenditures and other sources (uses) of financial resources	(897,145)	(892,344)	2,618,954	3,511,298	(3,420,439)	(3,420,437)	(32,230)	3,388,207
Fund balances - beginning of the year	(16,127,069)	(17,357,318)	5,276,742	22,634,060	(8,859,397)	(8,867,293)	—	8,867,293
Fund balances - end of the year	$ (17,024,214)	$(18,249,662	$ 7,895,696	$ 26,145,358	$ (12,279,836)	$ (12,287,730)	$ (32,230)	$ 12,255,500

STATE OF MARYLAND

Reconciliation of the Budgetary General and Special Funds, Fund Balances to the GAAP General and Special Funds, Fund Balances
June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	General	Special
Amount in budgetary funds, fund balance	$ 6,851,082	$ 7,895,696
Budgetary special funds reclassified to the general fund	5,985,184	(5,985,184)
Budgetary special funds reclassified to other funds	—	(1,088,420)
Other non-budgetary funds reclassified to governmental funds	1,108,298	(5,090)
Total of budgetary fund balances reclassified into the governmental funds' fund structure	13,944,564	817,002
Accounting principle differences:		
Assets recognized in the governmental funds financial statements not recognized for budgetary purposes:		
Cash	31,975	167,864
Investments	(493,575)	—
Taxes receivable	321,944	166,098
Intergovernmental receivables	(132,507)	637,990
Other accounts receivable	243,568	(695,293)
Inventories	(171,689)	103,283
Loans and notes receivable	3,893	—
Due from other funds	—	—
Due from component units	4,793	—
Liabilities and deferred inflows of resources recognized in the governmental funds financial statements not recognized for budgetary purposes:		
Salaries payable	(671,615)	(23,928)
Accounts payable and accrued liabilities	(1,255,423)	(616,420)
Due to other funds	(313,810)	66,700
Accounts payable to political subdivisions	1,621	—
Unearned revenue	(147,633)	—
Accrued self-insurance costs	(105,277)	—
Financial statement governmental funds' fund balances, June 30, 2023 (page 41)	$ 11,260,829	$ 623,296

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. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	2023	2022	2021	2020	2019	2018	2017
Governmental Activities' Special Funding Situation:							
Actuarially determined contribution	$ 1,228,568	$ 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	1,228,568	1,202,102	1,153,208	1,170,248	1,143,586	1,122,986	1,137,472
Contribution deficiency	—	—	—	—	—	—	—
Covered payroll	$ 8,468,612	$ 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	14.5 %	15.1 %	15.0 %	15.6 %	16.0 %	16.2 %	16.8 %
Other Governmental Activities:							
Actuarially determined contribution	$ 816,638	$ 728,098	$ 695,223	$ 653,760	$ 613,280	$ 588,649	$ 615,316
Less: Contributions in relation to the actuarially determined contribution	816,638	728,098	695,223	653,760	613,280	588,847	615,316
Contribution deficiency	—	—	—	—	—	(198)	—
Covered payroll	$ 3,670,881	$ 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	22.2 %	18.9 %	17.9 %	22.9 %	23.2 %	22.9 %	23.3 %
Business-Type Activities:							
Actuarially determined contribution	$ 36,418	$ 31,213	$ 32,627	$ 26,830	$ 28,590	$ 24,952	$ 28,648
Less: Contributions in relation to the actuarially determined contribution	36,418	31,213	32,627	26,830	28,590	24,754	28,648
Contribution deficiency	—	—	—	—	—	198	—
Covered payroll	$ 141,501	$ 127,703	$ 127,427	$ 106,028	$ 114,620	$ 118,291	$ 114,453
Actual contributions as a percentage of covered payroll	25.7 %	24.4 %	25.6 %	25.3 %	24.9 %	20.9 %	25.0 %
Component Units:							
Actuarially determined contribution	$ 188,750	$ 167,357	$ 167,078	$ 157,629	$ 143,043	$ 142,554	$ 142,767
Less: Contributions in relation to the actuarially determined contribution	188,750	167,357	167,078	157,629	143,043	142,554	142,767
Contribution deficiency	—	—	—	—	—	—	—
Covered payroll	$ 920,821	$ 817,546	$ 816,389	$ 727,484	$ 745,147	$ 726,634	$ 720,191
Actual contributions as a percentage of covered payroll	20.5 %	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

Valuation Date:	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.*
Methods and Assumptions Used to Determine Contribution Rates:	
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,

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	2023	2022	2021	2020	2019	2018	2017
State of Maryland's proportion of the collective NPL:							
Governmental Activities' proportion of the System's NPL	31.58%	31.14%	32.23%	33.59%	33.92%	33.92%	31.18%
Governmental Activities' special funding proportion of the System's NPL	52.92	53.08	52.81	51.73	51.42	53.95	55.79
Business-Type Activities proportion of the System's NPL	1.41	1.38	1.39	1.25	1.42	1.18	1.23
Component Units' proportion of the System's NPL	7.30	7.28	6.90	6.93	7.00	5.86	5.78
Total	93.22%	92.88%	93.32%	93.50%	93.76%	94.91%	93.98%
State of Maryland's proportionate share of the collective NPL:							
Governmental Activities' proportionate share of the System's NPL	$6,319,282	$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	10,588,726	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	282,443	207,644	313,979	257,001	298,096	254,227	290,202
Component Units' proportionate share of the System's NPL	1,461,343	1,091,997	1,559,272	1,429,833	1,469,074	1,267,498	1,363,073
Total	$18,651,793	$13,934,828	$21,092,525	$19,285,251	$19,674,034	$20,390,204	$22,173,456
State of Maryland's covered payroll:							
Governmental Activities' covered payroll	$3,670,881	$3,846,222	$2,856,830	$2,642,155	$2,576,216	$2,638,040	$2,428,412
Governmental Activities' special funding covered payroll	8,468,612	7,957,775	7,492,465	7,153,063	6,941,097	6,780,838	6,611,038
Business-Type Activities covered payroll	141,501	127,703	106,028	114,620	118,291	114,453	148,035
Component Units' covered payroll	920,821	817,546	727,484	745,147	726,634	720,191	835,211
Proportionate share of the collective NPL as a percentage of covered payroll:							
Governmental Activities' proportionate share of NPL as a % of covered payroll	172.15%	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	125.03%	100.07%	159.31%	149.17%	155.44%	172.03%	199.11%
Business-Type Activities proportionate share of NPL as % of covered payroll	199.60%	162.60%	296.13%	224.22%	252.00%	222.12%	196.04%
Component Units' proportionate share of NPL as % of covered payroll	158.70%	133.57%	214.34%	191.89%	202.18%	175.99%	163.20%
Plan fiduciary net position as a percentage of pension liability - All	81.80%	81.80%	70.72%	72.34%	71.18%	69.38%	65.79%

. 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. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 55,926	$ 53,639	$ 58,842	$ 55,213	$ 64,649	$ 66,495	$ 62,217	$ 44,736	$ 40,807	$ 39,749
Less: Contributions in relation to the actuarially determined contribution	55,926	68,606	59,280	43,249	41,597	40,997	40,997	40,997	35,400	39,749
Contribution deficiency/(excess)	$ —	$(14,967)	$ (438)	$ 11,964	$ 23,052	$ 25,498	$ 21,220	$ 3,739	$ 5,407	$ —
Covered payroll	$170,004	$163,102	$164,553	$149,768	$148,445	$145,834	$137,154	$137,427	$135,545	$137,596
Actual contributions as a percentage of covered payroll	32.9%	42.1%	36.0%	28.9%	28.0%	28.1%	29.9%	29.8%	26.1%	28.9%

Notes to Schedule

Valuation Date: June 30

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	2.75%
Salary increases	2.40% to 8.40% including inflation
Investment rate of return	6.80%
Municipal bond rate	3.86%
Single discount rate	5.37%
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.

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. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service cost	$ 29,389	$ 50,802	$ 43,827	$ 42,308	$ 36,027	$ 37,194	$ 36,334	$ 45,868	$ 24,718
Interest	62,495	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	21,902	(50,063)	(11,810)	(17,140)	(8,528)	17,385	(20,741)	(15,024)	(19,621)
Changes of assumptions	(29,238)	(390,469)	140,735	101,716	(51,455)	(45,637)	(151,242)	338,950	53,480
Benefit payments, including refunds of member contributions	(50,465)	(47,454)	(44,736)	(51,151)	(42,724)	(37,203)	(39,062)	(35,283)	(30,636)
Net changes in total pension liability	34,082	(385,699)	184,422	131,772	(10,363)	29,749	(114,697)	448,202	67,177
Total pension liability-beginning	1,191,914	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)	$1,225,996	$1,191,914	$1,577,613	$1,393,191	$1,261,419	$1,605,287	$1,690,235	$1,356,730	$908,528
Plan fiduciary net position									
Net investment income	18,156	(10,986)	93,213	12,832	31,023	20,550	27,739	3,513	8,279
Contributions-employer	62,950	75,439	66,591	43,250	41,597	40,997	40,997	38,037	38,361
Benefit payments, including refunds of member contributions	(50,465)	(47,454)	(44,736)	(51,152)	(42,724)	(37,203)	(35,967)	(35,283)	(30,636)
Administrative expenses	(3,424)	(4,135)	(3,602)	(2,652)	(2,325)	(2,213)	(1,914)	(1,967)	(1,851)
Net change in plan fiduciary net position	27,217	12,864	111,466	2,278	27,571	22,131	30,855	4,300	14,153
Plan fiduciary net position-beginning	460,242	447,378	335,912	329,024	298,447	308,155	246,445	237,845	223,692
Plan fiduciary net position-ending (b)	$487,459	$460,242	$447,378	$331,302	$326,018	$330,286	$277,300	$242,145	$237,845
Net pension liability-ending (a)-(b)	$738,538	$731,672	$1,130,235	$1,061,889	$935,401	$1,275,001	$1,412,935	$1,114,585	$670,683
Plan fiduciary net position as a percentage of as a percentage of the total pension liability	39.8%	38.6%	28.4%	23.8%	25.8%	20.6%	16.4%	17.8%	26.2%
Covered payroll	$170,004	$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	434.4%	448.6%	686.9%	709.0%	630.1%	874.3%	1030.2%	811.0%	487.1%

Notes to Schedule: Changes of Assumptions: FY23 reflects a increase to the effective discount rate from 5.29% to 5.37%.

**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 *

(Expressed in Thousands)

Year Ending June 30,

	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability	$ 1,225,996	$ 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	487,459	460,242	447,378	329,024	298,447	273,000	242,145	237,845
Employer net pension liability	$ 738,538	$ 731,672	$ 1,130,235	$ 1,064,167	$ 962,972	$ 1,332,287	$ 1,448,090	$ 1,118,885
Plan fiduciary net position as a percentage of the total pension liability	39.8%	38.6%	28.4%	23.6%	23.7%	17.0%	14.3%	17.5%
Covered payroll	$ 170,004	$ 163,102	$ 164,553	$ 149,768	$ 148,445	$ 145,834	$ 137,154	$ 137,427
Employer net pension liability as a percent of covered payroll	434.4%	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

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

Fiscal Year Ended	Annual money-weighted rate of return, net of investment expenses
2023	3.1%
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. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$581,190	$610,967	$551,443	$611,709	$644,919	$532,287	$779,316	$634,552	$574,359	$576,050
Less: Contributions in relation to the actuarially determined contribution	706,946	673,695	629,554	601,487	499,502	562,479	526,535	490,765	449,750	402,794
Contribution deficiency/(excess)	$(125,756)	$(62,728)	$(78,111)	$ 10,222	$145,417	$(30,192)	$252,781	$143,787	$124,609	$173,256
Covered payroll	$6,692,488	$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
Actual contributions as a percentage of covered payroll	10.6%	11.3%	11.1%	10.6%	9.3%	11.0%	10.3%	9.8%	9.1%	8.4%

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: Market value of assets

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. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 349,990	$ 503,008	$ 568,469	$ 427,003	$ 337,320	$ 306,642
Interest	454,177	333,082	376,474	516,935	426,193	410,862
Change of benefit terms	(1,414,935)	106,421	87,982	97,221	2,544,752	—
Differences between expected and actual experience	258,674	111,645	560,235	162,068	459,791	323,130
Changes of assumptions	(189,372)	(2,802,673)	(2,490,736)	1,537,159	471,611	(969,487)
Benefit payments, including refunds of member contributions	(706,946)	(673,695)	(629,554)	(601,487)	(499,502)	(562,479)
Net changes in total OPEB liability	(1,248,412)	(2,422,212)	(1,527,130)	2,138,899	3,740,165	(491,332)
Total OPEB liability-beginning	12,830,273	15,252,485	16,779,615	14,640,716	10,900,551	11,391,883
Total OPEB liability-ending (a)	$ 11,581,862	$ 12,830,273	$ 15,252,485	$ 16,779,615	$ 14,640,716	$ 10,900,551
Plan fiduciary net position						
Net investment income	$ 77,888	$ (68,491)	$ 98,747	$ 4,373	$ 21,460	$ 22,599
Net change in plan fiduciary net position	77,888	(68,491)	98,747	4,373	21,460	22,599
Plan fiduciary net position-beginning	385,361	453,852	355,105	350,732	329,272	306,673
Plan fiduciary net position-ending (b)	$ 463,249	$ 385,361	$ 453,852	$ 355,105	$ 350,732	$ 329,272
Net OPEB liability-ending (a)-(b)	$ 11,118,613	$ 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	4.0%	3.0%	3.0%	2.1%	2.4%	3.0%
Covered payroll	$ 6,692,488	$ 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	166.1%	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.*

Schedule of Employer's Net OPEB Liability for Other Post-Employment Benefit Plan* Year Ending June 30,

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	2023	2022	2021	2020	2019	2018
Total OPEB liability	$11,581,862	$12,830,273	$15,252,485	$16,779,615	$14,640,716	$10,900,551
Less: Plan fiduciary net position	463,249	385,361	453,852	355,105	350,732	329,272
Employer net OPEB liability	$11,118,613	$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	4.00 %	3.00 %	2.98 %	2.12 %	2.40 %	3.02 %
Covered payroll	$ 6,692,488	$ 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	166.1 %	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
2023	13.3 %
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,

(Amounts Expressed in Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$46,235	$41,932	$46,156	$31,899	$41,137	$47,907	$90,004	$72,624	$67,496	$70,512
Less: Contributions in relation to the actuarially determined contribution	20,177	15,511	20,354	17,240	15,617	12,422	16,887	15,296	13,905	18,383
Contribution deficiency/(excess)	$26,058	$26,421	$25,802	$14,659	$25,520	$35,485	$73,117	$57,328	$53,591	$52,129
Covered-employee payroll	$170,004	$163,102	$164,553	$149,768	$148,445	$145,834	$137,154	$137,427	$137,680	$135,545
Actual contributions as a percentage of covered-employee payroll	11.9%	9.5%	12.4%	11.5%	10.5%	8.5%	12.3%	11.1%	10.1%	13.6%

Notes to Schedule`of Employer Contributions

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	Individual Entry-Age

**OPEB plan is funded as a pay-as-you-go arrangement and is not pre-funded by assets.*

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. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	2023	2022	2021	2020	2019
Total OPEB liability					
Service cost	$ 46,235	$ 41,932	$ 46,156	$ 31,898	$ 41,137
Interest	19,257	21,957	26,467	26,053	29,487
Differences between expected and actual experience	(116,971)	(8,079)	19,747	(1,121)	(14,073)
Changes of assumptions	(167,511)	66,622	(21,696)	64,217	(145,356)
Benefit payments, including refunds of member contributions	(20,177)	(15,511)	(20,354)	(17,240)	(15,617)
Net changes in total OPEB liability	(239,167)	106,921	50,320	103,807	(104,422)
Total OPEB liability-beginning	989,915	882,994	832,674	728,867	833,289
Total OPEB liability-ending (a)	$ 750,748	$989,915	$882,994	$832,674	$728,867
Plan fiduciary net position					
Contributions-employer	$ 20,177	$ 15,511	$ 20,354	$ 17,240	$ 15,617
Benefit payments, including refunds	(20,177)	(15,511)	(20,354)	(17,240)	(15,617)
Administrative expenses (b)	—	—	—	—	—
Net OPEB liability-ending (a)-(b)	750,748	989,915	$882,994	$832,674	$728,867
Covered-employee payroll	$ 170,004	$163,102	$164,553	$149,768	$148,445
Employer net OPEB liability as a percent of covered-employee payroll	441.6%	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. No assets have been accumulated in a trust to pay related benefits. Assets to pay related benefits have not been accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101.*

STATE OF MARYLAND

Schedule of Net OPEB Liability for Maryland Transit Administration Retiree Healthcare Benefit Plan *
Year Ending June 30,

(Amounts Expressed in Thousands)

	2023	2022	2021	2020	2019
Total OPEB liability	$750,748	$989,915	$882,994	$832,674	$728,867
Less: Plan fiduciary net position	—	—	—	—	—
Employer net OPEB liability	$750,748	$989,915	$882,994	$832,674	$728,867
Plan fiduciary net position as a percentage of the total OPEB liability	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Covered payroll	$170,004	$163,102	$164,553	$149,768	$148,445
Employer net OPEB liability as a percent of covered payroll	441.6 %	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. Assets to pay related benefits have not been accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101.*

Notes to Required Supplementary Information

For the Year Ended June 30, 2023

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 154 and 155 .

Increases in total general fund appropriations must be approved by the General Assembly. For the fiscal year ended June 30, 2023, the General Assembly approved a net increase in General Fund appropriations of $134,851,644. 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, 2023. 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, 2023, 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

Non-major Governmental Funds

Special Revenue Funds

Opioid Restitution Fund: Transactions related opioid abatement purposes resulting from the nationwide prescription opioid-related legal settlements.

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.

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.

STATE OF MARYLAND

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	Opioid Restitution Fund	Maryland Economic Adjust Fund	Maryland Economic Development Opportunities Program Fund (Sunny Day)	Debt Service Funds General Obligation Bonds	Debt Service Funds Transportation Bonds	Capital Projects Fund	Total Non-major Governmental Funds
Assets:							
Equity in pooled invested cash	$ —	$ 689	$ 2,051	$ —	$ —	$ 1,190,048	$ 1,192,788
Investments	—	—	—	—	—	864,488	864,488
Other accounts receivable	101,985	7	392	—	—	129	102,513
Restricted Assets:	—						
Cash with fiscal agent	—	—	—	43,365	—	—	43,365
Equity in pooled invested cash	37,043	—	—	300,429	—	—	337,472
Investments	—	—	—	29,016	—	—	29,016
Taxes receivable, net	—	—	—	65,624	—	—	65,624
Loans and notes receivable, net	—	675	—	917	—	—	1,592
Total assets	$ 139,028	$ 1,371	$ 2,443	$ 439,351	$ —	$ 2,054,665	$ 2,636,858
Liabilities:							
Vouchers payable	$ 41	$ —	$ —	$ —	$ —	$ 28,936	$ 28,977
Accounts payable and accrued liabilities	—	—	—	47	—	188,688	188,735
Due to other funds	—	—	—	—	—	98,780	98,780

	Opioid Restitution Fund	Maryland Economic Adjust Fund	Maryland Economic Development Opportunities Program Fund (Sunny Day)	Debt Service Funds General Obligation Bonds	Debt Service Funds Transportation Bonds	Capital Projects Fund	Total Non-major Governmental Funds
Accounts payable to political subdivisions	—	—	—	—	—	9,222	9,222
Total liabilities	41	—	—	47	—	325,626	325,714
Deferred inflows of resources	94,352	—	—	—	—	—	94,352
Fund balances:							
Nonspendable	—	—	—	—	—	—	—
Restricted	44,635	1,371	2,443	439,351	—	—	487,800
Committed	—	—	—	—	—	980,044	980,044
Assigned	—	—	—	—	—	748,994	748,994
Unassigned	—	—	—	(47)	—	—	(47)
Total fund balance	44,635	1,371	2,443	439,304	—	1,729,038	2,216,792
Total liabilities and fund balances	$ 139,028	$ 1,371	$ 2,443	$ 439,351	$ —	$ 2,054,664	$ 2,636,858

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, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	Opioid Restitution Fund	Maryland Economic Adjust Fund	Maryland Economic Development Opportunities Program Fund (Sunny Day)	Debt Service Funds General Obligation Bonds	Debt Service Funds Transportation Bonds	Capital Projects Fund	Total Non-major Governmental Funds
Revenues:							
Property taxes	$ —	$ —	$ —	$ 945,955	$ —	$ —	$ 945,955
Interest and other investment income	1,139	—	—	44	—	35,068	36,251
Federal revenue	—	44	—	6,393	—	—	6,437
Other	33,587	101	30	—	—	64,715	98,434
Total revenue	34,726	145	30	952,392	—	99,783	1,087,076
Expenditures:							
General government		—	271	—	—	—	271
Education	—	—	—	—	—	446,042	446,042
Aid to higher education	—	—	—	—	—	237,381	237,381
Health and mental hygiene	675	—	—	—	—	—	675
Commerce	—	37	—	—	—	—	37
Intergovernmental grants and revenue sharing	—	—	—	—	—	218,779	218,779
Capital outlays	—	—	—	—	—	233,422	233,422

	Opioid Restitution Fund	Maryland Economic Adjust Fund	Maryland Economic Development Opportunities Program Fund (Sunny Day)	Debt Service Funds General Obligation Bonds	Debt Service Funds Transportation Bonds	Capital Projects Fund	Total Non-major Governmental Funds
Debt service:							
Principal retirement	—	—	—	987,467	328,120	—	1,315,588
Interest	—	—	—	441,580	152,341	—	593,921
Bond issuance costs	—	—	—	—	—	586	586
Total expenditures	675	37	271	1,429,047	480,461	1,136,210	3,046,701
Surplus (deficiency) of revenues under expenditures	34,051	108	(241)	(476,656)	(480,461)	(1,036,427)	(1,959,625)
Other sources (uses) of financial resources:							
Bonds issued	—	—	—	—	—	400,000	400,000
Bond premium	—	—	—	64,908	—	797	65,705
Transfers in	—	—	—	656,018	480,461	720,739	1,857,217
Transfers out	—	—	—	—	—	(228,658)	(228,658)
Total other sources of financial resources	—	—	—	720,926	480,461	892,878	2,094,264
Net changes in fund balances	34,051	108	(241)	244,270	—	(143,549)	134,639
Fund balances, beginning of year, as restated	10,584	1,263	2,684	195,035	—	1,872,587	2,082,153
Fund balances, end of year	$ 44,635	$ 1,371	$ 2,443	$ 439,305	$ —	$ 1,729,038	$ 2,216,792

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.

Combining Statement of Net Position
Non-major Enterprise Funds
June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	Economic Development Insurance Programs	Maryland Correctional Enterprises	Total Non-Major Enterprise Funds
Assets-			
Current assets:			
Equity in pooled invested cash	$ 4,372	$ 12,931	$ 17,303
Other accounts receivable	—	13,009	13,009
Inventories	—	14,312	14,312
Other assets	90	84	174
Restricted equity in pooled invested cash	87,607	—	87,607
Total current assets	92,069	40,336	132,405
Non-current assets:			
Investments	2,491	—	2,491
Capital assets, net of accumulated depreciation:			
Structures and improvements	—	4,426	4,426
Equipment	—	3,545	3,545
Total non-current assets	2,491	7,971	10,462
Total assets	94,560	48,307	142,867
Deferred outflows of resources	—	2,585	2,585
Liabilities-			
Current liabilities:			
Accounts payable and accrued liabilities	50	2,723	2,773
Accrued insurance on loan losses	9,849	—	9,849

	Economic Development Insurance Programs	Maryland Correctional Enterprises	Total Non-Major Enterprise Funds
Other liabilities	280	914	1,194
Unearned revenue	507	435	942
Total current liabilities	10,686	4,072	14,758
Non-current liabilities:			
Other liabilities	2,538	10,359	12,897
Total non-current liabilities	2,538	10,359	12,897
Total liabilities	13,225	14,431	27,656
Deferred inflows of resources	—	1,748	1,748
Net Position-			
Net investment in capital assets	—	7,971	7,971
Restricted for insurance programs	87,679	—	87,679
Unrestricted (deficit)	(6,344)	26,742	20,398
Total net position	$ 81,335	$ 34,713	$ 116,048

STATE OF MARYLAND

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Non-major Enterprise Funds
For the Year Ended June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	Economic Development Insurance Programs	Maryland Correctional Enterprises	Total Non-Major Enterprise Funds
Operating revenues:			
Charges for services and sales	$ 859	$ 51,408	$ 52,267
Unrestricted interest on loan income	525	—	525
Other	799	—	799
Total operating revenues	2,183	51,408	53,591
Operating expenses:			
Cost of sales and services	—	39,367	39,367
General and administrative	1,385	9,725	11,110
Depreciation and amortization	—	916	916
Provision for insurance on loan losses	745	—	745
Total operating expenses	2,130	50,008	52,138
Operating income (loss)	53	1,400	1,453
Non-operating revenues (expenses):			
Restricted investment income	2,672	—	2,672
Federal grants and distributions	—	—	—
Other	—	(8)	(8)
Total non-operating revenues (expenses)	2,672	(8)	2,664
Changes in net position	2,725	1,392	4,117
Total net position - beginning of the year	78,610	33,321	111,931
Total net position - end of the year	$ 81,335	$ 34,713	$ 116,048

STATE OF MARYLAND

Combining Statement of Cash Flows
Non-major Enterprise Funds
For the Year Ended June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	Economic Development Insurance Programs	Maryland Correctional Enterprises	Total Non-Major Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	$ 1,184	$ 55,055	$ 56,239
Payments to suppliers	—	(38,094)	(38,094)
Payments to employees	(1,144)	(15,728)	(16,872)
Other receipts	1,466	—	1,466
Other payments	(843)	—	(843)
Net cash provided by (used in) operating activities	664	1,233	1,897
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	—	(687)	(687)
Net cash provided by (used in) capital and related financing activities	—	(687)	(687)
Cash flows from investing activities:			
Interest received on debt instruments of other entities	2,672	—	2,672
Net cash provided by (used in) investing activities	2,672	—	2,672
Net change in cash and cash equivalents	3,335	546	3,881
Balance - beginning of the year	88,644	12,385	101,029
Balance - end of the year	$ 91,979	$ 12,931	$ 104,910

	Economic Development Insurance Programs	Maryland Correctional Enterprises	Total Non-Major Enterprise Funds
Reconciliation of operating income to net cash from operating activities:			
Operating income (loss)	$ 53	$ 1,400	$ 1,453
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	—	916	916
Deferred inflows of resources	—	—	—
Deferred outflows of resources	—	(2,588)	(2,588)
Effect of changes in non-cash operating assets and liabilities:			
Other accounts receivable	—	2,995	2,995
Due from other funds	338	—	338
Inventories	—	(2,489)	(2,489)
Loans and notes receivable	(45)	—	(45)
Other assets	44	64	108
Accrued vacation and Workers Compensation		—	
Accounts payable and accrued liabilities	(86)	159	73
Accrued insurance and loan losses	327	—	327
Unearned revenue	31	(278)	(247)
Other liabilities	—	1,054	1,054
Net cash from operating activities	$ 664	$ 1,233	$ 1,897

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, 2023

(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, 2022	Total
Assets:					
Cash	$ 1,373,369	$ 9,330	$ 94	$ 3,345	$ 1,386,138
Receivables:					
Employer contribution receivable	—	—	25,000	—	25,000
Accrued investment income	195,671	1,487	—	43,560	240,718
Total receivables	195,671	1,487	25,000	43,560	265,718
Investments:					
US Treasury and agency obligations	6,238,670	46,985	59,336	—	6,344,991
Bonds	5,248,834	39,531	—	—	5,288,365
Corporate equity securities	19,928,193	150,084	307,827	—	20,386,104
Mortgage related securities	1,656,754	12,477	—	—	1,669,231
Mutual funds	—	—	—	3,751,282	3,751,282
Guaranteed investment contracts	—	—	—	832,125	832,125
Real estate	—	—	70,991	—	70,991
Annuity contracts	—	—	—	52,262	52,262
Commingled funds	30,753,252	231,610	—	—	30,984,862
Total investments	63,825,703	480,687	438,154	4,635,669	69,380,213
Other receivables	521,141	3,291	—	—	524,432
Collateral for lent securities	5,686,982	—	—	—	5,686,982

	Maryland State Retirement and Pension System	Maryland Transit Administration Pension Plan	Other Postretirement Health Benefits Trust Fund	Deferred Compensation Plan December 31, 2022	Total
Other assets	—	43,231	—	—	43,231
Total assets	71,602,866	538,026	463,248	4,682,574	77,286,714
Liabilities:					
Accounts payable and accrued liabilities	57,797	50,660	—	—	108,457
Collateral obligation for lent securities	5,686,982	—	—	—	5,686,982
Other liabilities	965,114	—	—	—	965,114
Total liabilities	6,709,893	50,660	—	—	6,760,553
Net position restricted for:					
Pension benefits	64,892,973	487,366	—	—	65,380,339
Deferred compensation benefits	—	—	—	4,682,575	4,682,575
Postretirement health benefits	—	—	463,249	—	463,249
Total net position	$ 64,892,973	$ 487,366	$ 463,249	$ 4,682,575	$ 70,526,163

STATE OF MARYLAND

Combining Statement of Changes in Plan Net Position
Pension and Other Employee Benefits Trust Funds
For the Year Ended June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	Maryland State Retirement and Pension System	Maryland Transit Administration Pension Plan	Other Postretirement Health Benefits Trust Fund	Deferred Compensation Plan December 31, 2022	Total
Additions:					
Contributions:					
Employers	$ 1,700,314	$ 54,648	$ 793,298	$ —	$ 2,548,260
Members	963,702	8,302	—	189,971	1,161,975
Sponsors	738,603	—	—	—	738,603
Total contributions	3,402,619	62,950	793,298	189,971	4,448,838
Investment earnings:					
Net appreciation (depreciation) in fair value of investments	(496,268)	(6,789)	24,615	(816,791)	(1,295,233)
Interest	600,173	21,574	3,541	21,189	646,477
Dividends	2,306,842	—	—	—	2,306,842
Total investment income	2,410,747	14,785	28,155	(795,602)	1,658,086
Less: investment expense	430,470	—	276	—	430,746
Net investment income	1,980,277	14,785	27,880	(795,602)	1,227,340
Total additions	5,382,896	77,735	821,178	(605,631)	5,676,178
Deductions:					
Benefit payments	4,653,163	50,465	743,289	277,700	5,724,617
Refunds	101,737	—	—	2	101,739
Administrative expenses	46,014	146	—	9,957	56,117
Total deductions	4,800,914	50,611	743,289	287,659	5,882,473
Net increase/(decrease)	581,982	27,124	77,889	(893,290)	(206,295)
Net position-beginning	64,310,991	460,242	385,360	5,575,865	70,732,458
Net position-ending	$ 64,892,973	$ 487,366	$ 463,249	$ 4,682,575	$70,526,163

Combining Schedule of Fiduciary Net Position
Maryland State Retirement and Pension System
June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	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
Assets:								
Cash	$ 823,956	$ 461,229	$ 41,065	$ 16,136	$ 30,983	$1,373,369	$ —	$ 1,373,369
Investments, at fair value	38,778,796	21,283,748	1,815,388	572,074	1,375,697	63,825,703	—	63,825,703
Other receivables & Accrued Inv. Income	399,566	270,120	23,324	6,176	17,626	716,812	—	716,812
Due from other systems	82,539	50,790	345	—	11,042	144,716	(144,716)	—
Collateral for lent securities	3,452,497	1,898,656	161,923	51,062	122,844	5,686,982	—	5,686,982
Total assets	43,537,354	23,964,543	2,042,045	645,448	1,558,192	71,747,582	(144,716)	71,602,866
Liabilities:								
Accounts payable and accrued liabilities	33,444	20,930	1,620	734	1,069	57,797	—	57,797
Due to other system	44,273	100,389	(25)	79	—	144,716	(144,716)	—
Collateral obligation for lent securities & Other liab	4,038,406	2,220,869	189,402	59,728	143,691	6,652,096	—	6,652,096
Total liabilities	4,116,123	2,342,188	190,997	60,541	144,760	6,854,609	(144,716)	6,709,893
Net Position:								
Restricted for pension benefits	$ 39,421,231	$ 21,622,355	$ 1,851,048	$ 584,907	$ 1,413,432	$64,892,973	$ —	$64,892,973

** Intersystem balances have been eliminated in the financial statements.*

Combining Schedule of Changes in Plan Net Position - Maryland State Retirement and Pension System
For the Year Ended June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	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	$ 489,965	$ 985,126	$ 106,966	$ 23,675	$ 94,582	$ 1,700,314	$ —	$ 1,700,314
Members	588,395	343,720	10,776	3,947	16,864	963,702	—	963,702
Sponsors	738,603	—	—	—	—	738,603	—	738,603
Total contributions	1,816,963	1,328,846	117,742	27,622	111,446	3,402,619	—	3,402,619
Investment earnings:								
Net increase (decrease) in fair value of investments	(298,490)	(169,758)	(13,968)	(4,572)	(9,480)	(496,268)	—	(496,268)
Interest	349,356	193,189	16,398	5,353	12,255	576,551	—	576,551
Dividends	1,400,806	770,722	65,493	20,784	49,037	2,306,842	—	2,306,842
Income from securities lending	14,343	7,892	671	213	503	23,622	—	23,622
Total investment income	1,466,015	802,045	68,594	21,778	52,315	2,410,747	—	2,410,747
Less: investment expense	261,351	143,768	12,241	3,878	9,232	430,470	—	430,470
Net investment income	1,204,664	658,277	56,353	17,900	43,083	1,980,277	—	1,980,277
Total additions	3,021,627	1,987,123	174,095	45,522	154,529	5,382,896	—	5,382,896
Deductions:								
Benefit payments	2,651,536	1,718,723	143,509	43,076	96,319	4,653,163	—	4,653,163
Refunds	50,158	50,678	182	—	719	101,737	—	101,737
Administrative expenses	25,858	19,052	326	76	702	46,014	—	46,014
Total deductions	2,727,552	1,788,453	144,017	43,152	97,740	4,800,914	—	4,800,914
Net system transfers	978	(5,051)	207	(4)	3,870	—	—	—
Changes in net position	295,053	193,619	30,285	2,366	60,659	581,982	—	581,982
Net position restricted for pension benefits:								
Beginning of the year	39,126,178	21,428,736	1,820,763	582,541	1,352,773	64,310,991	—	64,310,991
End of the year	$ 39,421,231	$ 21,622,355	$ 1,851,048	$ 584,907	$ 1,413,432	$ 64,892,973	$ —	$ 64,892,973

** Intersystem balances have been eliminated in the financial statements.*

STATE OF MARYLAND

Combining Schedule of Fiduciary Net Position
Deferred Compensation Plan
December 31, 2022

(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	$ 3,345	$ —	$ —	$ —	$ 3,345
Investments, at fair value	2,027,038	2,297,457	205,565	105,610	4,635,669
Other receivables	23,700	19,477	—	383	43,560
Total assets	2,054,083	2,316,933	205,565	105,993	4,682,575
Net position:					
Restricted for deferred compensation benefits	$ 2,054,083	$ 2,316,933	$ 205,565	$ 105,993	$ 4,682,575

STATE OF MARYLAND

Combining Schedule of Changes in Plan Net Position
Deferred Compensation Plan
For the Year Ended December 31, 2022

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	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	$ 95,979	$ 91,420	$ 32	$ 2,541	$ 189,971
Total contributions	95,979	91,420	32	2,541	189,971
Investment earnings:					
Net increase (decrease) in fair value of investments	(334,023)	(421,054)	(40,641)	(21,073)	(816,791)
Interest	12,466	8,046	543	134	21,189
Net investment income	(321,556)	(413,008)	(40,098)	(20,939)	(795,602)
Total additions	(225,578)	(321,588)	(40,067)	(18,398)	(605,631)
Deductions:					
Benefit payments	122,600	136,478	11,836	6,787	277,700
Administrative expenses	5,701	3,816	308	134	9,959
Total deductions	128,302	140,294	12,144	6,920	287,659
Changes in net position	(353,879)	(461,882)	(52,210)	(25,318)	(893,290)
Net position restricted for pension and other employee benefits:					
Beginning of the year	2,407,963	2,778,815	257,776	131,311	5,575,865
End of the year	$ 2,054,084	$ 2,316,933	$ 205,565	$ 105,993	$4,682,575

STATE OF MARYLAND

Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2023

(Expressed in Thousands)

	Local Income Taxes	Insurance Premium Taxes	Local Transportation Funds and Other Taxes	Litigant, Patient and Prisoner Accounts	Restitution	Total Custodial Funds
Assets:						
Cash	$ —	$ 10	$ 16,461	$ 45,691	$ —	$ 62,162
Equity in pooled invested cash	3,891,606	128,847	27,841	11,474	81,498	4,141,265
Taxes receivable, net	328,842	—	—	—	—	328,842
Intergovernmental receivables	214,795	—	—	—	—	214,795
Accounts receivable, net	—	6	—	—	145,233	145,239
Due from other funds	314,053	—	—	—	—	314,053
Total assets	4,749,296	128,863	44,302	57,165	226,731	5,206,356
Liabilities:						
Accounts payable and accrued liabilities	—	—	—	5,726	81,498	87,224
Accounts payable to political subdivisions	592,488	—	27,828	—	—	620,316
Total liabilities	592,488	—	27,828	5,726	81,498	707,539
Net Position:						
Restricted for:						
Individuals, organizations, other governments	4,156,808	128,863	16,474	51,439	145,233	4,498,817
Total net position	$4,156,808	$ 128,863	$ 16,474	$ 51,439	$ 145,233	$4,498,817

STATE OF MARYLAND

Combining Statement of Changes in Net Position
Custodial Funds

For the Year Ended June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	Local Income Taxes	Insurance Premium Taxes	Local Transportation Funds and Other Taxes	Litigant, Patient and Prisoner Accounts	Restitution	Total Custodial Funds
Additions:						
Contributions:						
Participants, individuals, and local governments	$8,192,201	$ 32,466	$ 15,625	$ 32,203	$ 178,895	$8,451,390
Total contributions	8,192,201	32,466	15,625	32,203	178,895	8,451,390
Investment earnings:						
Interest	—	3,905	—	—	—	3,905
Total investment income	—	3,905	—	—	—	3,905
Less: investment expense	—	—	—	—	—	—
Net investment income	—	3,905	—	—	—	3,905
Total additions	8,192,201	36,371	15,625	32,203	178,895	8,455,295
Deductions:						
Distribution to participants, individuals, and local governments	7,923,926	30,487	24,239	38,661	33,661	8,050,974
Total deductions	7,923,926	30,487	24,239	38,661	33,661	8,050,974
Net increase/(decrease)	268,275	5,884	(8,614)	(6,458)	145,233	404,320
Net position-beginning	3,888,533	122,979	25,088	57,897	—	4,094,497
Net position-ending	$4,156,808	$ 128,863	$ 16,474	$ 51,439	$ 145,233	$4,498,817

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.

Combining Statement of Net Position
Non-major Component Units
June 30, 2023

(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
Assets:							
Cash	$ 12,641	$ —	$ —	$ —	$ 4	$ 61,966	$ 74,611
Equity in pooled invested cash	—	84,006	18,837	12,157	8,162	—	123,161
Investments	59,688	—	—	—	—	71,693	131,381
Other accounts receivable	35,405	—	159	—	962	1,102	37,628
Due from primary government	—	—	—	—	—	—	—
Prepaid items	—	—	—	—	—	89	89
Loans and notes receivable, net	—	4,377	6,546	—	2,795	28,677	42,395
Leases receivable, net	—	11,229	—	—	17,652	—	28,880
Other assets	10,767	—	4,626	—	1,487	26	16,906
Restricted assets:							
Cash	110	332	—	—	—	1,189	1,631
Investments	2,880	—	—	—	—	—	2,880
Capital assets, net of accumulated depreciation:							
Land	5,952	—	—	—	3,456	—	9,408
Structures and improvements	28,599	—	—	—	16,317	—	44,916
Infrastructure	109	—	—	—	—	—	109
Right-of-use assets	1,212	—	—	—	—	1,006	2,218
Equipment	7,343	—	—	—	353	49	7,745
Construction in progress	85	—	—	—	4,765	—	4,850
Total assets	168,367	99,943	30,167	12,157	55,958	165,358	531,949
Deferred outflows of resources	1,155	—	—	—	682	—	1,837

Combining Statement of Net Position
Non-major Component Units
June 30, 2023
(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
Liabilities:							
Accounts payable and accrued liabilities	46,028	—	63	—	338	25,810	72,239
Due to Primary Government	—	—	—	—	—	4,793	4,793
Unearned revenue	—	332	3	75	145	4,108	4,662
Accrued insurance on loan losses	—	—	579	150	—	—	729
Other liabilities	—	—	—	—	—	310	310
Bonds and notes payable:							
Due within one year	2,056	—	—	—	—	—	2,056
Due in more than one year	17,307	—	—	—	—	—	17,307
Other noncurrent liabilities:							
Due within one year	47,377	—	—	—	268	—	47,645
Due in more than one year	10,839	—	—	—	2,477	296	13,612
Total liabilities	123,607	332	645	225	3,466	35,300	163,574
Deferred inflows of resources	1,781			—	17,786	—	19,567
Net position:							
Net investment in capital assets	22,388		—	—	24,891	25	47,304
Restricted:							
Capital improvements and deposits	1,928	—	—	—	—	—	1,928
Restricted - Debt service	—	—	—	—	—	—	—
Unrestricted	19,818	99,611	29,522	11,932	10,496	130,033	301,412
Total net position	$ 44,134	$ 99,611	$ 29,522	$ 11,932	$ 35,387	$ 130,058	$ 350,644

Combining Statement of Activities
Non-major Component Units
For the Year Ended June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	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
Expenses:							
General and administrative	$ 13,432	$ 4,102	$ 3,531	$ 3,385	$ 2,714	$ 6,871	$ 34,035
Operation and maintenance of facilities	190,428	—	—	—	2,168	—	192,596
Provision for insurance on loan losses, net	—	499	18	—	—	—	517
Interest on long-term debt	771	—	—	—	—	—	771
Depreciation and amortization	4,422	—	—	—	1,146	17	5,585
Other	700	3,849	3,047	—	—	33,945	41,541
Total expenses	209,753	8,450	6,597	3,385	6,028	40,833	275,045
Program revenues:							
Charges for services and sales	206,229	4	—	257	6,147	2,837	215,474
Total charges for services	206,229	4	—	257	6,147	2,837	215,474
Operating grants and contributions	2,425	1,454	14,649	—	—	52,073	70,601
Total program revenues	208,654	1,458	14,649	257	6,147	54,910	286,075
Net program revenue (expense)	(1,099)	(6,991)	8,052	(3,128)	119	14,077	11,030
General revenues:							
Unrestricted investment income	1,224	2,523	329	433	580	(2,345)	2,744
Total general revenues	1,224	2,523	329	433	580	(2,345)	2,744
Change in net position	125	(4,468)	8,381	(2,695)	699	11,732	13,774
Net position - beginning of the year	44,009	104,079	21,141	14,627	34,688	118,326	336,870
Net position - end of the year	$ 44,134	$ 99,611	$ 29,522	$ 11,932	$ 35,387	$ 130,058	$ 350,644

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.

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Operating Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place 227

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. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	Year ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities:										
Net investment in capital assets	$ 19,558,008	$ 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
Restricted	652,802	292,305	302,009	329,089	223982	255,515	248,519	299,288	233,403	214,000
Unrestricted (deficit)	(22,179,245)	(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)
Total governmental activities net position	$ (1,968,435)	$ (7,690,926)	$ (16,840,284)	$ (19,011,106)	$ (19,355,970)	$ (17,446,255)	$ (10,598,346)	$ (10,061,478)	$ (10,472,779)	$ 2,440,392
Business-type activities:										
Net investment in capital assets	$ 4,899,688	$ 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
Restricted	4,828,515	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
Unrestricted	1,720,861	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
Total business-type activities net position	$ 11,449,064	$ 10,242,463	$ 8,827,169	$ 8,883,570	$ 9,111,748	$ 8,535,891	$ 8,090,995	$ 7,637,782	$ 7,265,368	$ 7,063,179
Primary government:										
Net investment in capital assets	$ 24,457,696	$ 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
Restricted	5,481,317	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
Unrestricted (deficit)	(20,458,383)	(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)
Total primary government net position	$ 9,480,630	$ 2,551,537	$ (8,013,115)	$ (10,127,536)	$ (10,244,222)	$ (8,910,364)	$ (2,507,351)	$ (2,423,696)	$ (3,207,411)	$ 9,503,571

STATE OF MARYLAND

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities: (1)										
Expenses	$ 49,193,996	$ 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
Program revenues	24,519,176	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
Net (expense)/revenue, governmental activities	(24,674,820)	(22,190,362)	(23,913,507)	(23,584,282)	(25,294,389)	(21,836,592)	(21,359,746)	(20,173,538)	(19,716,020)	(19,757,947)
General revenues and other changes, governmental activities	30,397,311	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
Change in net position (deficit) governmental activities	5,722,491	9,149,358	2,167,209	344,863	(1,909,713)	127,907	(536,868)	411,301	137,028	(1,058,746)
Net position (deficit), beginning	(7,690,926)	(16,840,284)	(19,011,107)	(19,355,970)	(17,446,254)	(10,598,346)	(10,061,478)	(10,472,779)	2,440,392	3,529,761
Restatement (2)			3,614	—	—	(6,975,816)	—	—	(13,050,199)	(30,623)
Net position, ending, governmental activities	$ (1,968,435)	$ (7,690,926)	$ (16,840,284)	$ (19,011,107)	$ (19,355,967)	$ (17,446,255)	$ (10,598,346)	$ (10,061,478)	$ (10,472,779)	$ 2,440,392
Business-type activities: (1)										
Expenses	$ 4,899,601	$ 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
Program revenues	6,995,681	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
Net (expense)/revenue, business- type activities	2,096,080	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
General revenues and other changes, business-type activities	(1,376,208)	(1,385,601)	(1,278,871)	(972,456)	(1,161,744)	(1,160,519)	(1,032,276)	(973,165)	(935,046)	(879,484)
Special item -Transfer of operations	—	—	—	—	—	—	(103,434)	(103,434)	—	—
Change in net position, business- type activities	719,872	1,415,451	57,599	(228,179)	575,857	444,896	349,779	372,414	392,876	327,641
Net position, beginning	10,242,463	8,827,012	8,883,569	9,111,748	8,535,891	8,090,995	7,637,782	7,265,368	7,063,179	6,776,080

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Restatement (2)	368,233	—	(114,156)	—	—	—	—	—	(190,687)	(40,542)
Net position, ending, business- type activities	$ 11,330,568	$ 10,242,463	$ 8,827,012	$ 8,883,569	$ 9,111,748	$ 8,535,891	$ 7,987,561	$ 7,637,782	$ 7,265,368	$ 7,063,179
Primary government:										
Expenses	$ 54,093,596	$ 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
Program revenues	31,514,857	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
Net (expense)/revenue, primary government	(22,578,740)	(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)
General revenues and other changes, primary government	29,021,103	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
Special item -Transfer of operations	—	—	—	—	—	—	(103,434)	(103,434)	—	—
Change in net position, primary government	6,442,363	10,564,810	2,224,809	116,684	(1,333,856)	572,803	(187,089)	783,715	529,904	(731,105)
Net position (deficit), beginning	2,551,537	(8,013,272)	(10,127,538)	(10,244,222)	(8,910,363)	(2,507,351)	(2,423,696)	(3,207,411)	9,503,571	10,305,841
Restatement	368,233	—	(110,542)	—	—	(6,975,816)	—	—	(13,240,886)	(71,165)
Net position (deficit) ending, primary government	$ 9,362,133	$ 2,551,538	$ (8,013,271)	$ (10,127,538)	$ (10,244,219)	$ (8,910,364)	$ (2,610,785)	$ (2,423,696)	$ (3,207,411)	$ 9,503,571

(1) See the Expenses by Function, Primary Government and Revenues, Primary Government schedules for detailed information on expenses and revenues.

(2) 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)

Year ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Functions/Programs										
Government activities:										
General government	$ 2,755,355	$ 1,949,051	$ 2,230,133	$ 1,095,641	$ 1,402,851	$ 965,904	$ 946,670	$ 880,414	$ 861,601	$ 832,041
Health and mental hygiene	19,800,159	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
Education	10,619,488	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
Aid for higher education	3,535,033	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
Human resources	3,543,958	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
Public safety	1,715,798	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
Transportation	4,209,629	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
Judicial	674,007	777,218	985,588	890,411	1,055,281	779,043	803,668	733,794	699,116	662,086
Labor, licensing and regulation	482,294	1,452,925	535,412	382,458	427,255	373,815	349,394	312,850	325,179	333,701
Natural resources and recreation	563,337	443,399	435,084	421,749	500,645	367,266	360,187	255,076	275,936	213,004
Housing and community development	75,649	1,534,517	1,064,052	380,719	369,919	329,330	321,792	283,046	266,523	294,408
Environment	115,868	104,280	110,906	121,926	151,101	108,218	110,577	111,686	109,349	102,712
Agriculture	76,822	98,739	107,578	106,492	114,191	97,966	111,321	94,561	89,464	97,770
Commerce	283,533	71,831	175,888	109,814	99,882	101,475	109,054	83,664	100,264	105,177
Intergovernmental grants	653,709	666,750	595,084	639,760	612,968	599,408	649,794	662,629	600,362	541,034
Interest	89,356	140,673	89,013	968,281	611,365	523,141	483,332	502,553	475,805	515,633
Total governmental activities expenses	49,193,996	49,689,393	47,678,284	42,004,134	41,545,756	37,109,956	36,672,888	34,595,955	33,955,678	32,979,213

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Business-type activities:										
Economic development-insurance programs	2,130	1,974	1,612	2,320	1,029	1,380	1,227	3,372	2,838	4,534
Economic development-water quality loan programs	125,788	115,477	108,860	117,257	110,750	138,369	168,631	221,101	251,636	174,566
Economic development-housing loan programs	178,238	252,978	185,334	203,236	201,748	171,443	163,267	175,706	179,393	202,818
Unemployment insurance program	403,146	1,825,444	9,441,939	5,126,359	447,927	518,190	546,415	571,259	680,420	925,005
Maryland Lottery and Gaming Control Agency	3,425,853	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
Maryland Transportation Authority	694,102	656,267	609,736	545,964	563,623	558,553	537,773	538,560	489,859	469,606
Maryland Prepaid College Trust (529)	20,328	—	—	—	—	—	—	—	—	—
Maryland Correctional Enterprises	50,016	49,370	49,876	55,694	51,362	51,158	57,467	58,190	52,627	50,767
Total business-type activities expenses	4,899,601	6,097,335	13,378,428	8,436,605	4,032,838	3,929,916	3,739,361	3,561,920	3,502,610	3,528,316
Total primary government expenses	$ 54,093,596	$ 55,786,728	$ 61,056,712	$ 50,440,739	$ 45,578,594	$ 41,039,872	$ 40,412,249	$ 38,157,875	$ 37,458,288	$ 36,507,529

STATE OF MARYLAND

Revenues, Primary Government
Last Ten Fiscal Years
(Accrual based accounting)

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

Year ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Source										
Governmental activities:										
Program revenues:										
Charges for services:										
General government	$ 1,081,866	$ 1,570,042	$ 476,595	$ 894,555	$ 1,052,239	$ 618,153	$ 778,578	$ 817,528	$ 657,548	$ 577,929
Health and mental hygiene	771,500	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
Transportation	518,983	604,385	904,983	908,103	746,239	865,512	625,103	618,334	652,820	582,332
Judicial	319,890	275,610	299,817	247,419	284,302	260,136	305,700	278,514	277,001	313,598
Other activities	890,995	589,547	579,371	612,308	576,580	556,702	529,020	467,989	391,082	418,981
Operating grants and contributions	19,652,267	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
Capital grants and contributions	1,283,674	1,042,974	902,584	1,067,316	868,160	903,595	871,728	740,968	774,605	826,498
Total program revenues	24,519,176	27,499,031	23,764,777	18,419,851	16,251,365	15,273,364	15,313,144	14,422,414	14,239,660	13,221,268
General revenues:										
Taxes:										
Income Taxes	15,185,609	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
Sales and use taxes	6,786,382	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
Motor vehicle taxes	3,021,737	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
Tobacco taxes	448,657	479,132	388,243	362,901	356,684	372,724	386,965	395,266	391,452	402,403
Insurance company taxes	711,898	660,423	633,860	615,196	556,409	541,758	512,033	491,226	505,991	475,294
Property taxes	1,175,561	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
Estate inheritance taxes	302,888	271,432	238,580	224,012	209,343	241,226	252,118	288,833	266,809	238,276

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Source										
Other taxes	715,124	411,164	383,856	779,798	324,712	323,472	312,867	311,694	306,505	313,474
Unrestricted investment earnings	599,807	(54,894)	31,570	342,936	453,966	136,427	120,657	197,411	186,926	212,533
Transfers	1,449,648	1,367,658	1,280,775	1,002,170	1,190,192	1,166,868	1,039,758	989,420	950,831	883,656
Total general revenues and transfers	30,397,311	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
Total revenues and transfers - governmental activities	54,916,486	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
Business-type activities:										
Program revenues:										
Charges for services:										
Unemployment insurance program	586,692	1,524,328	748,270	454,267	484,130	520,163	565,671	627,998	679,346	658,998
Maryland Lottery and Gaming Control Agency	5,034,417	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
Maryland Transportation Authority	861,833	841,965	727,296	742,654	862,534	862,395	869,605	836,079	827,759	804,642
Other activities	329,067	309,010	290,233	376,915	318,624	326,924	331,113	351,511	337,580	355,935
Operating grants and contributions	183,672	1,498,104	8,578,460	4,195,709	156,964	108,578	97,625	131,487	124,719	302,082
Capital grants and contributions	—	—	—	—	—	—	—	—	—	—
Total program revenues	6,995,681	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
General revenues:										
InvestMD tax credits	—	—	—	—	—	—	—	—	—	—
Unrestricted investment earnings	73,440	(17,943)	1,904	29,714	28,448	6,349	7,482	16,255	15,785	4,172
Transfers	(1,449,648)	(1,367,658)	(1,280,775)	(1,002,170)	(1,190,192)	(1,166,868)	(1,039,758)	(989,420)	(950,831)	(883,656)
Total general revenues and transfers	(1,376,208)	(1,385,601)	(1,278,871)	(972,456)	(1,161,744)	(1,160,519)	(1,032,276)	(973,165)	(935,046)	(879,484)
Special item - Transfer of operations	—	—	—	—	—	—	—	(103,434)	—	—

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Source										
Total revenues, transfers, and special items - business-type activities	5,619,473	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
Total primary government revenues and transfers	$60,535,959	$66,355,156	$63,281,527	$50,630,124	$44,272,070	$41,636,014	$40,352,094	$38,956,650	$38,005,011	$35,808,602

STATE OF MARYLAND

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual based accounting)

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers)

Year ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund:										
Nonspendable	$ 661,660	$ 1,201,141	$ 1,586,342	$ 2,021,279	$ 610,281	$ 598,754	$ 571,891	$ 618,563	$ 514,051	$ 495,542
Restricted	165,002	97,270	27,982	18,638	8,186	8,259	10,459	11,403	16,487	6,501
Committed	7,447,892	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
Unassigned	2,986,274	4,839,807	1,001,906	(1,410,135)	(19,312)	(507,376)	(788,832)	(509,187)	(766,124)	(916,302)
Total general fund	11,260,829	10,784,301	5,530,510	3,019,709	2,693,368	1,732,960	1,358,186	1,796,453	1,283,953	1,139,325
All other governmental funds:										
Nonspendable	303,014	92,706	89,366	92,795	257,039	240,924	103,510	211,726	197,847	192,871
Restricted	487,800	197,905	292,830	310,451	215,796	247,256	243,829	287,885	216,916	207,499
Committed	980,044	983,207	801,662	702,427	627,153	583,117	578,790	685,348	800,158	791,084
Assigned	1,069,276	1,419,030	178,819	—	—	—	—	—	—	—
Unassigned[(1)]	(47)	—	(108,072)	(194,349)	(243,901)	(469,780)	(264,367)	(273,530)	(511,961)	(414,043)
Total all other governmental funds	2,840,088	2,692,848	1,254,605	911,324	856,087	601,517	661,762	911,429	702,960	777,411
Total governmental funds	$ 14,100,917	$ 13,477,149	$ 6,785,115	$ 3,931,033	$ 3,549,455	$ 2,334,477	$ 2,019,948	$ 2,707,882	$ 1,986,913	$ 1,916,736

(1) The unassigned fund balance deficit of the capital projects fund will be funded by future bond proceeds and capital appropriations of the general fund.

Changes in Fund Balances, Governmental Funds *(Continued)*
Last Ten Fiscal Years
(modified accrual based accounting)

Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

Year ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Income taxes	$15,202,834	$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
Retail sales and use taxes	6,790,832	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
Motor vehicle taxes and fees	3,021,737	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
Tobacco taxes	448,657	479,132	388,243	362,901	356,684	372,724	386,965	395,266	391,452	402,403
Insurance company taxes	711,898	660,423	633,860	615,196	556,409	541,758	512,033	491,226	505,991	475,294
Property taxes	1,175,561	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
Estate inheritance taxes	302,888	271,432	238,580	224,012	209,343	241,226	252,118	288,833	266,809	238,276
Other taxes	403,451	411,164	383,856	340,225	324,712	323,472	312,867	311,694	306,505	313,474
Other licenses and fees	854,077	1,386,019	999,055	733,714	870,084	561,410	604,004	646,622	641,478	607,785
Charges for services	1,846,135	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
Interest and other investment income	402,092	(272,530)	15,699	140,173	263,706	(36,350)	(59,874)	57,549	66,067	110,607
Federal	20,350,783	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
Other	1,522,456	434,119	1,616,723	671,004	728,234	438,336	574,784	477,526	439,015	412,182
Total revenues	53,033,401	56,675,856	48,269,536	40,437,551	38,214,220	35,653,516	34,822,757	33,804,745	32,998,321	30,871,592
Expenditures:										
Current:										
General government	2,522,305	1,959,275	2,119,029	1,017,282	1,019,605	914,344	878,805	887,127	860,009	836,341
Education	14,865,780	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
Commerce	291,990	81,151	178,207	107,355	92,348	100,377	106,959	83,389	100,030	103,253
Labor, licensing and regulation	545,680	1,480,476	517,926	362,992	366,086	364,276	334,642	315,758	322,158	319,814

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Human resources	3,855,235	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
Health and mental hygiene	20,095,093	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
Environment	160,985	124,807	99,859	109,987	109,268	102,623	108,702	108,548	107,103	96,901
Transportation	2,054,174	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
Public safety	2,414,929	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
Judicial	977,999	893,343	916,262	801,765	760,493	742,851	740,041	715,230	689,975	638,115
Housing and community development	89,673	1,541,236	1,058,392	377,920	360,319	327,564	319,809	282,414	266,912	292,494
Natural resources and recreation	542,913	427,397	400,215	390,665	406,571	353,728	306,062	236,959	232,514	186,486
Agriculture	119,884	130,257	118,016	109,899	94,104	82,600	71,000	69,105	75,226	87,110
Intergovernmental	1,736,664	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

Changes in Fund Balances, Governmental Funds *(Continued)*
Last Ten Fiscal Years
(modified accrual based accounting)

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

	Year ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt service:										
Principal	$1,403,598	$1,245,698	$1,106,458	$1,110,102	$1,071,908	$1,057,156	$ 993,324	$ 926,719	$ 810,783	$ 744,599
Interest	620,112	581,442	576,415	570,016	556,310	510,154	496,946	468,169	440,063	434,811
Capital outlay	2,185,424	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
Total expenditures	54,482,476	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
Excess (deficiency) of revenues over expenditures	(1,449,075)	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)
Other financing sources (uses):										
Financing agreement issuance	29,913	4,843	—	4,463	14,416	11,275	8,670	43,127	9,409	170,236
Proceeds from bond issues	487,445	2,800,749	1,941,303	1,899,980	1,863,934	1,893,666	1,513,598	2,105,806	1,662,385	1,445,884
Proceeds from refunding bonds	143,585	279,007	508,638	259,679	—	969,340	813,042	1,478,889	1,478,889	279,273
Advanced lease payments	124,162	—	—	—	—	—	—	—	—	—
Payments to escrow agents	(161,910)	(497,607)	(727,864)	(259,433)	—	(967,047)	(815,030)	(1,547,056)	(1,547,056)	(278,876)
Transfers in	3,926,387	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
Transfers out	(2,476,740)	(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)
Net other sources (uses) of financial resources	2,072,843	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
Net changes in fund balance	623,768	6,692,033	2,850,469	381,575	1,214,977	314,528	(687,934)	652,802	70,176	(176,868)
Fund balance, beginning of the year	13,477,149	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
Fund balance, end of the year	$14,100,916	$13,477,149	$6,785,114	$3,931,030	$3,234,926	$3,022,410	$1,298,978	$2,569,538	$2,163,780	$1,429,014
Debt service as a percentage of noncapital expenditures	3.8%	3.5%	3.6%	4.2%	4.3%	4.3%	4.2%	4.0%	3.6%	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, 2022

Subdivision	Number of Filers	Adjusted Gross Income	Net Taxable Income	State Income Tax (1)	Local Income Tax	State and Local Income Tax	Local Tax Rate
Allegany	21,476	$ 1,407,900,803	$ 1,185,542,262	$ 53,866,855	$ 35,144,193	$ 89,011,048	3.05 %
Anne Arundel	239,475	29,272,574,056	25,987,988,629	1,242,365,289	719,237,093	1,961,602,383	2.81 %
Baltimore County	326,540	34,914,010,443	30,554,752,811	1,453,742,983	958,197,581	2,411,940,564	3.20 %
Baltimore City	193,748	14,973,655,077	12,875,196,804	592,909,687	398,131,413	991,041,100	3.20 %
Calvert	37,407	4,121,729,608	3,612,950,739	171,102,388	107,129,256	278,231,644	3.00 %
Caroline	12,181	868,875,897	728,585,421	31,284,935	22,461,121	53,746,056	3.20 %
Carroll	71,173	7,794,471,968	6,899,332,814	328,721,703	207,235,034	535,956,737	3.03 %
Cecil	38,898	3,418,248,011	2,983,293,372	111,627,357	84,178,602	195,805,959	3.00 %
Charles	67,974	6,190,539,541	5,139,808,051	239,329,072	153,499,118	392,828,190	3.03 %
Dorchester	11,762	817,545,838	688,098,269	30,632,498	21,217,114	51,849,612	3.20 %
Frederick	116,458	12,885,906,375	11,371,769,789	539,519,866	332,891,727	872,411,593	2.96 %
Garrett	10,695	819,864,470	703,537,816	31,733,028	18,215,492	49,948,519	2.65 %
Harford	106,871	10,890,875,838	9,598,005,926	449,550,796	289,384,695	738,935,490	3.06 %
Howard	133,536	19,996,047,614	18,038,567,738	873,140,512	570,026,180	1,443,166,692	3.20 %
Kent	7,364	691,099,570	594,248,763	25,556,302	18,386,850	43,943,152	3.20 %
Montgomery	431,598	66,409,697,467	59,934,520,207	2,823,128,642	1,854,071,083	4,677,199,725	3.20 %
Prince George's	362,378	28,227,353,671	22,847,525,829	1,048,377,670	713,532,733	1,761,910,403	3.20 %
Queen Anne's	21,182	2,624,915,098	2,342,642,696	109,540,818	73,701,142	183,241,960	3.20 %
St Mary's	44,200	4,546,276,890	4,009,340,176	190,420,852	122,936,331	313,357,182	3.10 %
Somerset	6,486	402,618,897	330,864,222	14,256,934	10,017,285	24,274,219	3.20 %
Talbot	15,449	2,125,674,083	1,893,552,968	88,098,357	44,239,465	132,337,822	2.40 %

STATE OF MARYLAND

Subdivision	Number of Filers	Adjusted Gross Income	Net Taxable Income	State Income Tax (1)	Local Income Tax	State and Local Income Tax	Local Tax Rate
Washington	58,034	4,528,698,497	3,878,507,962	179,267,954	113,851,437	293,119,392	3.00 %
Wicomico	37,016	2,680,530,035	2,278,854,767	97,829,995	69,795,863	167,625,858	3.20 %
Worcester	23,411	2,245,327,711	1,969,642,864	88,345,438	42,962,762	131,308,200	2.25 %
Non-resident	156,793	11,043,327,343	10,176,794,839	771,317,499	—	771,317,499	—
Total	2,552,105	$273,897,764,800	$240,623,925,733	$ 11,585,667,429	$ 6,980,443,570	$ 18,566,110,999	

(1) 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 2012 - 2023*

Filing Status, Single:

Taxable Income:	Rate:
$3,001 - $100,000	4.75%
$100,001 - $125,000	5.00%
$125,001 - $150,000	5.25%
$150,001 - $250,000	5.50%
Over $250,000	5.75%

Married Filing Jointly:

Taxable Income:	Rate:
$3,001 - $150,000	4.75%
$150,001 - $175,000	5.00%
$175,001 - $225,000	5.25%
$225,001 - $300,000	5.50%
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 2011**

Filing Status, Single:

Taxable Income:	Rate:
$3,000 - $150,000	4.75%
$150,001 - $300,000	5.00%
$300,001 - $500,000	5.25%
Over $500,000	5.50%

Married Filing Jointly:

Taxable Income:	Rate:
$3000 - $200,000	4.75%
$200,001 - $350,000	5.00%
$350,001 - $500,000	5.25%
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)

2022

Income Level	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
$500,000 and higher	43,307	1.70%	$ 2,798,311	24.15%
$100,000-$499,999	744,735	29.18	5,980,154	51.62
$70,000-$99,999	352,607	13.82	1,146,397	9.89
$50,000-$69,999	353,891	13.87	781,016	6.74
$25,000-$49,999	631,585	24.75	706,046	6.09
$10,000-$24,999	329,227	12.90	157,084	1.36
Under $10,000	96,753	3.79	16,659	0.14
Total	2,552,105	100.00%	$ 11,585,667	100.00%

2021

Income Level	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
$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
Total	2,393,474	100.00%	$ 9,472,141	100.00%

2020

Income Level	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
$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
Total	2,493,934	100.00%	$ 9,562,270	100.00%

2019

Income Level	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
$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
Total	2,498,527	100.00%	$ 9,495,279	100.00%

2018

Income Level	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
$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
Total	2,465,537	100.00%	$ 9,248,016	100.00%

2017

Income Level	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
$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
Total	2,485,490	100.00%	$ 8,475,036	100.00%

2016

Income Level	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
$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
Total	2,441,520	100.00%	$ 7,993,441	100.00%

2015

Income Level	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
$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

Income Level	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
$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
$75,000-$99,999	312,138	13.10	919,952	12.30
$50,000-$74,999	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

Income Level	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
$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%

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
2023	$ 1,520,386	$ 301,937	$ 1,205,331	$ 393,496	$ 492,008	$ 877,121	$ 401,247	$ 161,411	$ 1,430,332	$ 4,350	$ 6,787,619
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

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)

	General Bonded Debt	General Bonded Debt	Other Governmental Activities Debt	Other Governmental Activities Debt	Other Governmental Activities Debt		Debt Ratios, Governmental Activities	Debt Ratios, Governmental Activities	Business - Type Activities Debt	Business - Type Activities Debt	Business - Type Activities Debt			Debt Ratios, Primary Government	Debt Ratios, Primary Government
Fiscal Year	General Obligation Bonds (2)	Transportation Bonds (2)	Intergovern-mental Financing Agreements	Lease Liability with Component Units	Lease Liability	Total Govern-mental Activities Debt	Percentage of Personal Income (1)	Per Capita (1)	Revenue Bonds	Intergovern-mental Financing Agreements	Lease Liability	Business Type Activities Debt	Total Primary Government Debt	Percentage of Personal Income (1)	Per Capita (1)
2023	$ 11,565,607	$ 4,062,259	$ 423,061	$ 64,849	$ 574,887	$ 16,690,663	3.83%	$ 2,707	$ 6,244,534	$ —	$ 3,856	$6,248,390	$ 22,939,053	5.26%	$ 3,721
2022	12,321,223	4,469,844	431,781	$ 73,666	555,220	17,851,734	4.09	2,896	5,679,562	—		5,679,562	23,531,296	5.47	3,817
2021	11,432,256	4,056,419	468,245	69,111		16,026,031	3.72	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	3.94	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	3.96	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	3.94	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	3.98	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	4.03	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	3.89	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	3.73	2,072	5,939,721	17,480		5,957,201	18,241,095	5.67	3,077

Source: General Accounting Division, State Comptroller's Office

1) Population and personal income data can be found in the Schedule of Demographics Statistics.

2) General bonded debt and transportation bonds are net of related premiums, discounts

STATE OF MARYLAND

Ratio of General Bonded Debt to Actual Value and General Bonded Debt Per Capita Last Ten Fiscal Years

(Expressed in Thousands)

Fiscal Year	Estimated Population[1]	Estimated Property Value	General Bonded Debt[2]	Ratio of General Bonded Debt to Actual Property Value	General Bonded Debt per Capita
2023	6,165	$ 888,520,078	$ 11,565,607	1.30%	$ 1,876
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

Source: The Sixty-Seventh through Seventy-Sixth Report of the State Department of Assessments and Taxation and the State Comptroller's Office

(1) See Schedule of Demographic Statistics.

(2) 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.

Legal Debt Margin Information
Last Ten Fiscal Years
(Expressed in Thousands)

Legal Debt Margin Calculation for Fiscal Year 2023

Debt Limit [1]	$	17,868,961
Debt applicable to limit:		
General obligation bonds		10,001,238
Transportation bonds		3,297,030
Nontraditional Transportation debt [2]		371,018
Less amounts set aside for replacement of:		
General obligation debt		439,351
Transportation debt		95,110
Total net debt applicable to limit		13,134,825
Legal debt margin	$	4,734,136

	Year ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt limit	$ 17,868,961	$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
Total net debt applicable to limit	13,134,825	14,306,134	13,583,548	13,597,368	13,271,050	12,705,499	12,280,624	11,991,290	11,159,389	10,615,974
Legal debt margin	$ 4,734,136	$3,490,457	$3,979,364	$3,381,752	$3,140,629	$3,075,625	$2,843,346	$3,029,967	$3,334,400	$3,302,156
Total net debt applicable to limit as a percentage of debt limit	73.51%	80.39%	77.34%	80.08%	80.86%	80.51%	81.20%	79.83%	76.99%	76.27%

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.

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. Negative numbers are presented in parentheses and may not be read by all screen readers)

	Year ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Taxes and fees:										
Taxes pledged to bonds[1][2]	$ 2,668,953	$ 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
Other taxes and fees	640,968	650,560	635,877	587,652	624,750	605,153	623,230	611,259	603,700	586,514
Total taxes and fees	3,309,921	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
Operating revenues	413,142	389,569	283,621	394,338	453,306	459,912	441,420	436,571	414,290	409,952
Other[1]	80,653	112,255	122,454	49,418	56,543	60,566	69,012	59,609	47,307	29,139
Investment income	—	—	—	1,918	2,929	2,322	627	3,819	2,090	2,154
Total revenue	3,803,716	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
Administration, operation and maintenance expenditures	2,454,804	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
Less: Federal funds	(474,682)	(715,446)	(495,651)	(430,279)	(90,770)	(99,533)	(94,498)	(87,325)	(89,843)	(90,567)
Total	1,980,122	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
Net revenues	$ 1,823,594	$ 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
Maximum annual principal and interest requirements	$ 480,461	$ 479,510	$ 469,477	$ 457,080	$ 415,245	$ 358,739	$ 331,345	$ 305,197	$ 292,327	$ 270,527
Ratio of net revenues to maximum annual principal and interest requirements	5.10	4.72	3.45	3.09	5.07	3.19	3.78	3.95	3.58	3.20
Ratio of taxes pledged to bonds to maximum annual principal and interest requirements	4.21	3.38	4.82	4.64	2.90	5.48	5.95	6.31	5.99	5.88

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.

Ratio of Pledged Assets to Revenue Bonds, Community Development Administration Last Ten Fiscal Years

(Expressed in Thousands)

Fiscal Year	Pledged Assets (1)	Revenue Bonds Payable	Ratio of Pledged Assets to Revenue Bonds
2023	$ 3,871,385	$ 3,298,686	1.17
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

(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.

Schedule of Demographic Statistics Last Ten Years

(Expressed in Thousands)

Year	Population (1)	Total Personal Income (2)	Per Capita Personal Income	School Enrollment (3)	Unemployment Rate (4)
2023	6,164,660	$ 436,027,900	$ 70,730	1,024,941	3.2%
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	6.8%
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%

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 Calendar Year and Nine Calendar Years Prior

(Expressed in Thousands)

	CY 2022 (1) Average Annual Employment	CY 2022 Total Wages	CY2022 Average Weekly Wage Per Worker	CY 2013 Annual Employment	CY 2013 (2) Total Wages	CY2013 Average Weekly Wage Per Worker
Government:						
State and local	329,908	$ 22,584,793,147	$ 2,653	386,694	$ 17,611,675,083	$ 1,990
Federal	154,650	18,495,521,582	2,300	144,612	13,031,092,067	1,733
Total government	484,558	41,080,314,729	1,570	531,306	30,642,767,150	1,210
Manufacturing	112,655	10,305,977,649	1,759	106,501	7,369,032,547	1,331
Natural resources and mining	7,114	361,666,172	978	6,338	239,972,602	728
Construction	161,023	12,357,603,543	1,476	146,207	8,201,839,669	1,079
Trade, transportation, and utilities	472,221	26,165,717,527	1,066	445,462	18,510,631,514	799
Information services	35,818	4,324,713,566	2,322	39,491	3,203,134,423	1,560
Financial activities	127,930	14,626,831,168	2,199	138,212	11,102,160,756	1,545
Professional and business services	475,004	45,213,737,894	1,831	417,061	29,586,811,615	1,364
Education and health services	430,140	28,107,653,923	1,257	403,282	19,660,849,016	938
Leisure and hospitality	249,678	7,466,991,859	575	254,166	5,137,793,190	389
Unclassified and other services	84,880	4,543,573,357	1,029	88,610	3,257,942,449	707
Total of all sectors	2,641,021	$ 194,554,781,387	$ 1,416,664	2,576,636	$ 136,912,934,931	$ 1,021,852

(1) Source: DLLR Website - http://dllr.maryland.gov/lmi/emppay/md2022ep.shtml
(2) Source: DLLR Website - http://dllr.maryland.gov/lmi/emppay/md2013ep.shtml

STATE OF MARYLAND

Maryland's Ten Largest Private Employers [1]
Calendar Years 2017-2023

(Employers Listed Alphabetically)

2023 [2]	2022 [2]	2021 [2]	2020 [2]
Clean Harbors Inc	Byk Gardner Inc	Byk Gardner Inc	Anne Arundel Medical Center
College-Agriculture-Natrl	Clean Harbors Inc	Clean Harbors Inc	Arc Day Ctr
Community College-Baltimore	Holy Cross Hospital	Holy Cross Hospital	BYK Gardner Inc.
Live! Casino & Hotel	The Johns Hopkins University Applied Physics Laboratory	The Johns Hopkins University Applied Physics Laboratory	The Johns Hopkins University Applied Physics Laboratory
Medstar Franklin Square Med	Johns Hopkins Bayview Medical Center	Johns Hopkins Bayview Medical Center	Johns Hopkins University School of Medicine
Northrop Grumman	Johns Hopkins University School of Medicine	Johns Hopkins University School of Medicine	Northrop Grumman Electronic Systems
TidalHealth Peninsula Regional	Maryland Neuroimaging Center	Maryland Neuroimaging Center	School of Medicine University of Maryland
UM Laurel Medical Ctr	Northrop Grumman Electronic Systems	Northrop Grumman Electronic Systems	University of MD Marlene and Stewart Greenebaum Comprehensive Cancer Center
University-Md Ofc-The Prsdnt	University of Maryland	University of Maryland	University of Maryland Medical Center
Walter Reed Natl Mltry Med Ctr	University of Maryland Medical Center	University of Maryland Medical Center	

2019 (2)	2018 (2)	2017
Anne Arundel County Board of Education	Johns Hopkins University Applied Physics Laboratory	Johns Hopkins University Applied Physics Laboratory
BYK Gardner Inc.	BYK Gardner	BYK Gardner Inc.
Care First Blue Cross Blue Shield	Care First Blue Cross Blue Shield	Clean Harbors Inc.
The Johns Hopkins University Applied Physics Laboratory	F.H Furr Plumbing, HVAC & Electrical	Cristal USA
Johns Hopkins University School of Medicine	Johns Hopkins Hospital	Johns Hopkins Hospital
Northrop Grumman Electronic Systems	Johns Hopkins University Applied Physics Laboratory	Johns Hopkins University Applied Physics Laboratory
School of Medicine University of Maryland	Northrop Grumman Electronic Systems	Northrop Grumman Electronic Systems
University of MD Marlene and Stewart Greenebaum Comprehensive Cancer Center	University of Maryland Biotechnology	Sap America Inc.
	University of Maryland Medical Center	Sinai Hospital
University of Maryland Medical Center		University of Maryland Medical Center

Source: Department of Labor, Licensing and Regulation; Office of Market Labor Analysis and Information - Major Employer List - March 2023

(1) Information such as the number of employees or the employers' percentage of total employment is not available for disclosure.

(2) 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,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
State Employees:										
Governmental activities:										
General government	6,332	6,430	5,383	5,947	5,855	5,605	5,770	5,841	5,464	5,922
Health and mental hygiene	10,752	11,369	9,818	10,590	10,495	9,868	9,878	10,187	9,629	10,416
Education	2,334	2,233	2,027	2,347	2,371	2,203	2,230	2,330	2,207	2,509
Human resources	5,662	5,830	5,452	5,825	5,943	5,901	5,970	6,122	6,122	6,232
Public safety	17,108	13,410	12,222	20,318	18,385	13,137	14,010	19,769	14,963	15,449
Transportation	5,962	5,982	5,894	6,055	6,504	6,075	5,977	6,213	6,130	6,082
Judicial	6,432	6,703	6,145	6,426	6,456	6,354	6,321	6,277	6,024	6,158
Labor, licensing and regulation	1,740	1,703	1,517	1,799	1,809	1,642	1,659	1,821	1,633	1,971
Natural resources and recreation	2,189	2,090	1,819	2,063	2,363	2,107	2,074	2,290	2,001	2,349
Housing and community development	278	251	190	223	235	216	195	199	194	210
Environment	944	915	815	873	907	868	881	904	901	915
Agriculture	498	484	423	391	437	431	447	439	424	472
Commerce	142	152	140	170	165	169	170	163	154	164
Total governmental activities employees	60,373	57,552	51,845	63,027	61,925	54,576	55,582	62,555	55,846	58,849
Business-type activities:										
Economic development - insurance programs	363	325	284	281	292	276	285	284	267	287
Maryland Lottery and Gaming Control Agency	329	348	308	319	325	326	326	321	298	269
Maryland Transportation Authority	1,446	1,417	1,454	1,600	1,669	1,662	1,578	1,667	1,666	1,683
Prepaid College Trust	22	21	22	31	36	27	30	25	15	18
Maryland Correctional Enterprises	165	169	149	168	158	146	157	171	177	190
Total business-type employees	2,325	2,280	2,217	2,399	2,480	2,437	2,376	2,468	2,423	2,447

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total primary government employees	62,698	59,832	54,062	65,426	64,405	57,013	57,958	65,023	58,269	61,296
Component Units:										
Higher Education	52,413	43,035	34,023	52,323	48,421	47,756	47,671	45,597	44,875	45,332
Stadium Authority	165	165	147	171	185	170	155	143	133	129
Other component units	26	28	23	30	29	27	25	28	27	27
Total component units employees	52,604	43,228	34,193	52,524	48,635	47,953	47,851	45,768	45,035	45,488

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

Function/Program	2023 (1)	2022	2021	2020	2019	2018	2017	2016	2015	2014
Education, Public School Enrollment	889,971	881,471	882,538	909,414	896,845	893,689	886,221	879,601	874,514	827,999
Health and Human Resources:										
Medicaid Enrollment	1,588,030	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
Children's Health Program Enrollment	164,521	156,248	143,387	143,031	154,320	147,837	146,031	136,980	122,955	114,648
WIC Food Program Recipients	123,526	122,303	125,537	122,298	126,914	129,504	134,662	140,909	140,600	140,830
Behavioral Health Clients	314,048	297,288	285,754	288,231	340,479	326,249	201,005	199,138	185,181	184,104
Public Assistance Caseload (AFDC/TANF)	53,517	56,530	62,552	46,767	42,661	46,651	50,901	56,115	61,739	64,359
Foster Care and Subsidized Adoption Average Caseload	15,138	10,560	10,989	11,864	12,535	12,727	12,977	13,410	13,477	15,090
Public Safety:										
Correctional Institutions Average Daily Population	17,299	17,921	20,420	21,142	21,370	22,799	23,115	23,093	23,951	24,237
Parole and Probation, Active Cases under Supervision	73,000	71,836	71,311	71,232	70,293	69,878	40,402	42,368	50,968	49,734
Youth Residential Programs, Average Daily Population	305	220	584	721	742	739	782	852	998	1,209
Average Monthly number of Youths on Probation	815	1,069	1,606	1,964	2,204	2,292	2,296	2,446	2,761	2,630

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

Function/Program	2023 (1)	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety (State Police):										
Number of Police Stations	23	23	23	23	23	23	23	23	26	26
Number of State Police	1,450	1,451	1,442	1,476	1,464	1,428	1,452	1,456	1,443	1,570
Motor Vehicle Citations (calendar year)	239,048	265,805	282,589	339,657	338,806	336,950	330,153	355,061	363,134	370,767
Motor Vehicle - Number of Collisions (calendar year) (7)	108,405	108,707	95,449	24,466	25,669	34,278	23,779	19,907	98,400	96,200
Judicial, Total Filings	1,162,069	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
Transportation:										
Miles of State Highway	5,212	5,210	5,208	5,206	5,284	5,274	5,270	5,274	5,271	5,273
Lane Miles Maintained	17,364	17,422	17,389	17,286	17,191	17,174	17,143	17,132	17,117	17,063
Expenditures per Lane Mile	11,594	$ 10,000	$ 9,495	$ 9,691	$ 9,320	$ 9,423	$ 9,373	$ 9,199	$ 8,430	$ 8,261
Number of Bridges (2)	2,621	2,617	2,608	1,437	1,483	1,483	1,484	1,483	1,499	1,496
Motor Vehicle Registrations	5.1 million	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
BWI Airport Passengers (calendar year)	22.8 million	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
Acres Agricultural Land Preserved - all programs (8)	882,557	875,723	853,527	690,939	675,906	654,490	635,710	614,173	609,661	587,757
Department of Housing and Community Development:										
Active Single Family/Multifamily Bond Financed Loans (4)	12,746	11,715	11,684	13,189	11,533	10,510	11,525	12,646	13,734	14,919
Department of Commerce:										
Number of businesses assisted (3)	17	12	17	13	35	30	NA	4	7	9
Number of workers trained (3)	979	538	583	242	1,619	1,210	NA	126	142	161

Higher Education (Universities, Colleges and Community Colleges):

Date of Ratification	1788
Form of Government	Legislative - Executive - Judicial
Land Area	9707 square miles

Function/Program	2023 (1)	2022	2021	2020	2019	2018	2017	2016	2015	2014
Number of Campuses in State	29	29	29	29	29	29	29	29	29	29
Number of Educators (5)	8,249	8,267	8,385	8,488	8,390	8,383	8,387	8,355	8,391	8,298
Number of Students	252,841	256,715	272,023	279,877	284,200	289,879	287,831	291,797	288,720	296,805
Number of State Scholarships Awarded (6)	42,979	43,930	49,062	39,290	33,689	35,252	32,203	35,859	40,061	43,318
Recreation:										
Number of State Parks and Forests	77	75	75	62	62	62	60	60	60	66
State Parks Daily Visitors	17.8 million	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
Area of State Parks, Acres	142,412	98,196	97,784	97,446	97,368	97,195	94,762	95,314	95,196	97,414
Area of State Forests, Acres	229,788	149,843	149,225	148,764	148,539	147,863	147,810	147,521	145,761	145,200

Sources: State Comptroller's Office, General Accounting Division, Central Payroll Bureau, 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

1) *These amounts are estimates.*

2) *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.*

3) *Restructuring of training programs in 2009 has led to reduced funding for the Partnership for Workforce Quality Program (PWQ) through 2017.*

4) *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.*

5) *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.*

6) *Legislative scholarships are not included due to a change in awarding practices begun in FY 2012.*

7) *Crashes investigated by Maryland State Police; prior to 2016 included allied agencies.*

8) *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, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers)

	General Fund	General Fund	Special Fund	Special Fund	Federal Fund	Federal Fund	Higher Education Funds Current Unrestricted Fund	Higher Education Funds Current Unrestricted Fund	Higher Education Funds Current Restricted Fund	Higher Education Funds Current Restricted Fund	Capital Projects Fund	
	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Actual Revenues	Total Actual Revenues
Taxes:												
Property tax	$ —	$ 405	$ 1,309,000	$ 1,181,062	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,181,467
Franchise and corporation tax	222,983	150,482	—	—	—	—	—	—	—	—	—	150,482
Death taxes	268,741	303,713	—	—	—	—	—	—	—	—	—	303,713
Admission and amusement tax	—	—	22,525	20,193	—	—	—	—	—	—	—	20,193
Alcohol beverages tax	35,911	37,171	150	98	—	—	—	—	—	—	—	37,269
Motor vehicle fuel taxes	—	—	1,200,000	1,302,818	—	—	—	—	—	—	—	1,302,818
Income taxes	14,634,864	14,485,500	454,219	1,272,850	—	—	—	—	—	—	—	15,758,351
Sales and use taxes	6,018,016	6,005,249	710,063	785,910	—	—	—	—	—	—	—	6,791,159
Tobacco taxes	463,766	448,657	—	—	—	—	—	—	—	—	—	448,657
Motor vehicle titling taxes	—	—	1,100,000	1,029,060	—	—	—	—	—	—	—	1,029,060
Insurance company taxes	648,027	711,883	150,000	137,041	—	—	—	—	—	—	—	848,924
Horse racing taxes	—	—	—	1,114	—	—	—	—	—	—	—	1,114
Shellfish taxes	—	—	—	843	—	—	—	—	—	—	—	843
Boxing, wrestling or sparring taxes	—	215	—	10	—	—	—	—	—	—	—	225
Boat titling tax	—	—	32,000	28,165	—	—	—	—	—	—	—	28,165
Energy generation tax	—	—	50,000	40,510	—	—	—	—	—	—	—	40,510
Emergency telephone system tax	—	—	155,000	124,651	—	—	—	—	—	—	—	124,651
Total taxes	22,292,308	22,143,276	5,182,957	5,924,324	—	—	—	—	—	—	—	28,067,600

Schedule of Estimated and Actual Revenues By Source, Budgetary Basis for the Year Ended June 30, 2023 *(Continued)*

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers)

	General Fund Estimated Revenues	General Fund Actual Revenues	Special Fund Estimated Revenues	Special Fund Actual Revenues	Federal Fund Estimated Revenues	Federal Fund Actual Revenues	Higher Education Funds Current Unrestricted Fund Estimated Revenues	Higher Education Funds Current Unrestricted Fund Actual Revenues	Higher Education Funds Current Restricted Fund Estimated Revenues	Higher Education Funds Current Restricted Fund Actual Revenues	Capital Projects Fund Actual Revenues	Total Actual Revenues
Other:												
Licenses and permits	46,688	50,217	686,756	666,234	—	—	—	—	—	—	—	716,451
Fees for services	129,685	166,099	1,006,049	882,241	—	—	—	—	—	—	—	1,048,340
Fines and costs	92,631	89,010	311,883	352,074	—	—	—	—	—	—	—	441,084
Sales to the public	133,573	7,241	130,968	145,970	—	—	—	—	—	—	—	153,211
Commissions and royalties	183	(27)	118,882	103,909	—	—	—	—	—	—	—	103,882
Rentals	—	47	132,527	141,611	—	16	—	—	—	—	—	141,675
Interest on investments	175,000	333,961	7,984	97,481	—	—	—	—	—	—	—	431,443
Interest on loan repayments	—	114,676	500	738	—	—	—	—	—	—	—	115,414
Miscellaneous	92,615	179,459	280,503	420,820	—	—	—	—	—	—	—	600,279
Colleges and universities	—	—	—	—	—	—	3,611,013	3,623,874	2,255,571	2,102,747	—	5,726,621
Federal reimbursements and grants	—	—	—	3,046	21,847,147	20,276,014	—	—	—	—	—	20,279,060
Other reimbursements	98,816	29,751	1,307,360	1,236,786	—	—	—	—	—	—	—	1,266,537

STATE OF MARYLAND

Schedule of Estimated and Actual Revenues By Source, Budgetary Basis, for the Year Ended June 30, 2023

(Continued)

(Expressed in Thousands)

	General Fund Estimated Revenues	General Fund Actual Revenues	Special Fund Estimated Revenues	Special Fund Actual Revenues	Federal Fund Estimated Revenues	Federal Fund Actual Revenues	Higher Education Funds Current Unrestricted Fund Estimated Revenues	Higher Education Funds Current Unrestricted Fund Actual Revenues	Higher Education Funds Current Restricted Fund Estimated Revenues	Higher Education Funds Current Restricted Fund Actual Revenues	Capital Projects Fund Actual Revenues	Total Actual Revenues
Bonds issues:												
State - general purpose	$ —	$ —	$ 2,000	$ 17	$ —	$ —	$ —	$ —	$ —	$ —	$ 399,911	$ 399,928
Consolidated transportation bonds	—	—	—	—	—	—	—	—	—	—	—	—
Premiums	—	—	100,602	105,556	—	—	—	—	—	—	—	105,556
State reimbursements	639,337	3,672,035	1,951,620	704,773	—	—	—	—	—	—	437,348	4,814,156
Appropriated from other funds	—	—		—	—	—	2,030,649	2,030,649	—	—	—	2,030,649
Trust funds	—	—	128	248	—	—	—	—	—	—	—	248
Revolving accounts	11,024	10,157	6,910	6,849	—	—	—	—	—	—	—	17,006
Total revenues	$ 23,711,860	$ 26,795,903	$ 11,227,629	$ 10,792,676	$ 21,847,147	$ 20,276,030	$ 5,641,662	$ 5,654,523	$ 2,255,571	$ 2,102,747	$ 837,259	$ 66,459,139

STATE OF MARYLAND

Schedule of Budget and Actual Expenditures and Encumbrances By Major Function, Budgetary Basis
For the Year Ended June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

Expenditures and Encumbrances by Major Function*	General Fund Final Budget	General Fund Actual	Special Fund Final Budget	Special Fund Actual	Federal Fund Final Budget	Federal Fund Actual	Higher Education Funds Current Unrestricted Fund Final Budget	Higher Education Funds Current Unrestricted Fund Actual	Higher Education Funds Current Restricted Fund Final Budget	Higher Education Funds Current Restricted Fund Actual	Capital Projects Fund Actual	Total Actual
Payments of revenue to civil divisions of the State	$ 173,508	$ 173,508	$ 17,970	$ 17,965	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 191,473
Public debt	649,000	649,000	1,000,000	775,500	9,000	6,393	—	—	—	—	—	1,430,892
Legislative	143,283	143,283					—	—	—	—	—	143,283
Judicial review and legal	802,672	801,815	147,860	134,683	11,600	7,533	—	—	—	—	—	944,031
Executive and administrative control	554,566	535,151	682,086	432,171	1,201,162	1,040,125	—	—	—	—	—	2,007,447
Financial and revenue administration	274,129	244,034	210,830	199,023	299	243	—	—	—	—	—	443,300
Budget management	279,044	259,029	137,800	73,824	203	190	—	—	—	—	—	333,043
Retirement and pension			23,032	22,765			—	—	—	—	—	22,765
General services	336,805	336,802	263,297	263,109	2,666	2,253	—	—	—	—	—	602,163
Department of service and civic innovation	4,606	339	5,150	—	—	—	—	—	—	—	—	339
Transportation and highways			4,010,829	3,822,500	1,828,436	1,405,731	—	—	—	—	—	5,228,232
Natural resource and recreation	108,727	106,574	517,255	491,319	53,392	43,568	—	—	—	—	—	641,461
Agriculture	42,656	42,656	123,916	122,034	10,814	8,954	—	—	—	—	—	173,644
Health, hospital and mental hygiene	6,598,282	6,491,204	1,716,515	1,632,693	12,065,920	11,765,656	—	—	—	—	—	19,889,553
Human resources	785,191	782,548	209,869	206,219	3,437,204	2,885,300	—	—	—	—	—	3,874,067
Labor, licensing and regulation	57,250	55,679	268,189	248,081	317,009	292,359	—	—	—	—	—	596,119
Public safety and correctional services	1,407,594	1,403,247	107,820	94,641	43,252	42,383	—	—	—	—	—	1,540,272
Public education	10,496,393	10,477,561	1,595,897	1,571,161	1,790,717	1,774,418	5,641,662	5,526,358	2,255,571	2,097,005	—	21,446,503
Housing and community development	266,822	266,662	175,810	151,897	754,079	728,147	—	—	—	—	—	1,146,706

Schedule of Budget and Actual Expenditures and Encumbrances By Major Function, Budgetary Basis
For the Year Ended June 30, 2023
(Continued)

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers.)

Expenditures and Encumbrances by Major Function*	General Fund Final Budget	General Fund Actual	Special Fund Final Budget	Special Fund Actual	Federal Fund Final Budget	Federal Fund Actual	Higher Education Funds Current Unrestricted Fund Final Budget	Higher Education Funds Current Unrestricted Fund Actual	Higher Education Funds Current Restricted Fund Final Budget	Higher Education Funds Current Restricted Fund Actual	Capital Projects Fund Actual	Total Actual
Commerce	193,424	184,155	183,473	131,772	35,784	13,273	—	—	—	—	—	329,200
Maryland technology development corporation	39,076	39,076	—	—	11,679	11,679	—	—	—	—	—	50,755
Environment	81,222	79,098	362,978	348,552	254,544	244,546	—	—	—	—	—	672,196
Juvenile services	294,589	293,184	11,447	10,806	8,508	5,924	—	—	—	—	—	309,914
State police	402,251	402,137	134,079	126,637	10,847	7,990	—	—	—	—	—	536,764
State reserve fund	4,205,389	3,039,178	—	—	—	—	—	—	—	—	—	3,039,178
Loan accounts	—	—	—	—	—	—	—	—	—	—	1,199,887	1,199,887
Reversions:												
Current year reversions	(75,000)	—	—	—	—	—	—	—	—	—	—	—
Prior reversions	—	(1,396,289)	—	(1,050,148)	—	(1,572,475)	—	(115,441)	—	(158,912)	—	(4,293,264)
Total expenditures and encumbrances	$ 28,121,477	$ 25,409,632	$ 11,906,101	$ 9,827,203	$ 21,847,116	$ 18,714,191	$ 5,641,662	$ 5,410,917	$ 2,255,571	$ 1,938,094	$ 1,199,887	$ 62,499,923

**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.*

Schedule of Changes in Fund Equities - Budgetary Basis
For the Year Ended June 30, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers)

Fund Equities	General Fund General	General Fund State Reserve	Special Fund Special	Special Fund Debt Service	Federal Fund	Higher Education Funds Current Unrestricted Fund	Higher Education Funds Current Unrestricted Fund	Capital Projects Fund	Total
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
Increase:									
Revenues	23,667,049	3,128,854	9,782,083	1,010,594	20,276,030	5,654,523	2,102,747	837,259	66,459,139
Decrease:									
Appropriations	28,196,477	—	10,910,901	1,000,000	21,847,147	5,641,662	2,255,571	1,199,887	71,051,644
Less: Current year reversions	(150,998)	—	(158,334)	—	(394,847)	(915)	(27)	—	(705,121)
Prior year reversions	(1,396,289)	—	(825,648)	—	(1,572,475)	(115,441)	(158,912)	—	(4,068,763)
Expenditures and encumbrances*	26,649,190	—	9,926,920	1,000,000	19,879,825	5,525,307	2,096,632	1,199,887	66,277,760
Changes to encumbrances during fiscal year 2023	(373,117)	—	(535,966)	—	610,791	1,293	(2,047)	—	(299,047)
Expenditures	26,276,072	—	9,390,954	1,000,000	20,490,616	5,526,599	2,094,585	1,199,887	65,978,713
Transfers in (out)	67,340	(1,442,041)	1,984,318	6,975	182,354	(3,084)	(17)	295,539	1,091,383
Fund equities, June 30, 2022	$ 4,135,776	$ 2,706,055	$ 5,782,746	$ 118,130	$ (2,918,166)	$ 1,571,618	$ 11,603	$ 1,875,434	$ 13,283,196
Fund Balance:									
Reserved:									
Encumbrances	$ 787,728	$ —	$ 1,433,367	$ —	$ 2,809,648	$ 5,130	$ 530	$ 980,044	$ 6,016,446
State reserve fund	—	2,706,055	—	—	—	—	—	—	2,706,055
Loans and notes receivable	—	—	—	917	—	—	—	—	917
Shore erosion loan program	—	—	5,618	—	—	—	—	—	5,618
Gain/Loss on Investments	—	—	—	—	—	—	—	—	—
Unreserved:									
Designated for:									
General long-term debt service	—	—	—	117,213	—	—	—	—	117,213
2024 operations	2,392,415	—	—	—	—	—	—	—	2,392,415
Undesignated surplus (deficit)	955,633	—	4,343,761	—	(2,809,648)	1,566,489	11,073	895,391	4,962,698
Total	$ 4,135,776	$ 2,706,055	$ 5,782,746	$ 118,130	$ —	$ 1,571,618	$ 11,603	$ 1,875,434	$ 16,201,362

**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, 2023 (1)

(Expressed in Thousands)

Subdivision	State Source Shared Revenues	State Sources Direct Grants and Appropriations	State Sources Debt Service	Total	Other Sources Federal Local	Other Sources State Administered Local Revenue	Total	Assessed Value of Real and Personal Property (2)	Amount Per $100 of Assessed Value
Allegany	$ 1,150	$ 150,087	$ 2,012	$ 153,249	$ 39,944	$ 60,299	$ 253,492	$ 4,410,947	$ 5.75
Anne Arundel	7,000	669,362	22,605	698,967	168,376	824,605	1,691,948	105,454,538	1.60
Baltimore County	9,823	1,203,136	11,910	1,224,869	321,713	1,090,129	2,636,712	102,091,509	2.58
Calvert	1,559	132,717	7,141	141,417	31,643	119,464	292,525	14,178,063	2.06
Caroline	973	86,074	1,255	88,302	21,845	22,528	132,675	3,176,501	4.18
Carroll	2,713	214,665	8,552	225,930	39,577	223,187	488,694	24,020,725	2.03
Cecil	1,575	169,212	1,899	172,686	44,364	90,791	307,841	12,548,041	2.45
Charles	2,430	299,110	26,118	327,658	56,969	166,308	550,935	23,046,728	2.39
Dorchester	1,059	74,359	1,051	76,469	27,510	25,481	129,460	3,461,295	3.74
Frederick	3,394	431,054	11,616	446,064	70,750	344,566	861,380	41,646,233	2.07
Garrett	1,275	47,443	5,230	53,949	22,593	24,702	101,243	5,539,153	1.83
Harford	3,400	356,934	4,487	364,821	87,920	313,828	766,570	33,673,621	2.28
Howard	3,952	473,504	13,620	491,076	70,928	665,953	1,227,957	63,670,289	1.93
Kent	548	19,674	2,074	22,295	13,429	21,380	57,104	3,231,531	1.77
Montgomery	9,000	1,175,968	8,208	1,193,176	323,366	2,146,191	3,662,732	223,334,788	1.64
Prince George's	7,370	1,615,053	48,553	1,670,976	385,831	788,279	2,845,086	123,898,174	2.30
Queen Anne's	1,293	74,517	597	76,407	25,925	88,224	190,557	9,769,749	1.95
St Mary's	1,941	158,531	6,709	167,181	42,947	135,309	345,437	14,945,904	2.31
Somerset	678	58,027	374	59,079	23,892	11,372	94,344	1,714,623	5.50
Talbot	775	32,108	1,698	34,581	17,032	51,407	103,019	9,342,360	1.10
Washington	2,152	283,524	8,556	294,231	76,203	118,931	489,365	15,807,316	3.10
Wicomico	1,595	238,165	19,472	259,232	77,579	70,113	406,924	7,997,919	5.09
Worcester	1,251	47,594	370	49,215	24,228	57,550	130,993	18,494,070	0.71
Baltimore City	157,100	1,469,242	20,209	1,646,551	508,343	487,500	2,642,395	48,300,536	5.47
Total	$ 224,006	$ 9,480,061	$ 234,317	$ 9,938,385	$ 2,522,907	$ 7,948,097	$ 20,409,388	$ 913,754,613	

(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, 2023

(Expressed in Thousands. Negative numbers are presented in parentheses and may not be read by all screen readers)

Political Subdivision	Taxes Receivable Current Year	Taxes Receivable Prior Year	Taxes Receivable Total
Allegany	$ 406	$ 324	$ 730
Anne Arundel	600	361	961
Baltimore County	24,699	279	24,978
Calvert	1,437	220	1,657
Caroline	6	8	14
Carroll	110	12	121
Cecil	79	19	97
Charles	8	217	226
Dorchester	168	7	175
Frederick	(11)	900	889
Garrett	157	8	166
Harford	96	12	107
Howard	(10)	839	829
Kent	138	54	191
Montgomery	644	(1,626)	(982)
Prince George's	159	634	793
Queen Anne's	8	156	164
St Mary's	70	10	80
Somerset	122	308	430
Talbot	7	5	12
Washington	88	(128)	(40)
Wicomico	517	293	809
Worcester	438	3	441
Baltimore City	2,557	33,380	35,937
Total	$ 32,493	$ 36,292	$ 68,785

STATE OF MARYLAND

Schedule of Estimated Revenues – Budgetary Basis
For the Year Ending June 30, 2024

(Expressed in Thousands)

Estimated Revenues	General Fund	Special Fund	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Total
Income Taxes	$15,806,801	$ 368,607	$ —	$ —	$ —	$16,175,408
licenses	6,065,428	81,766	—	—	—	6,147,194
Motor vehicle taxes and fees	—	3,534,520	—	—	—	3,534,520
Property taxes	—	1,383,145	—	—	—	1,383,145
Insurance company taxes, licenses and fees	664,910	42,999	—	—	—	707,909
Franchise and corporation taxes	242,962	—	—	—	—	242,962
State tobacco tax and licenses	424,538	—	—	—	—	424,538
Alcoholic beverages taxes and licenses	37,463	—	—	—	—	37,463
Death taxes	229,043	—	—	—	—	229,043
Miscellaneous taxes, fees and other revenues	159,705	36,360	7500[1]	—	—	203,565
Budgeted tobacco settlement recoveries	—	143,985	—	—	—	143,985
Horse racing taxes and licenses	—	1,565	—	—	—	1,565
District courts fines and costs	42,088	—	—	—	—	42,088
Interest on investments	75,000	—	—	—	—	75,000
Hospital patient recoveries	63,200	—	—	—	—	63,200
Legislative	7	—	—	—	—	7
Judicial review and legal	65,616	174,470	10,529	—	—	250,615
control	15,235	789,083	1,361,087	—	—	2,165,405
Financial and revenue administration	19,250	95,633	—	—	—	114,883
Budget and management	1,242	74,800	27,178	—	—	103,220
control	641,074	107,810	—	—	—	748,884
Information technology development	—	11,429	—	—	—	11,429
Retirement and pension	—	24,188	—	—	—	24,188
General services		14,966	1,599	—	—	16,565
Transportation and highways	—	572,771	1,659,677	—	—	2,232,448
Natural resources and recreation	141	110,072	59,827	—	—	170,040
Agriculture	152	44,348	10,559	—	—	55,059
hygiene	111,677	1,070,320	10,355,630	—	—	11,537,627
Human resources	1,852	184,048	2,962,850	—	—	3,148,750
Labor, licensing and regulation	4,208	279,123	240,840	—	—	524,171
Public safety and correctional services	6,724	103,919	31,033	—	—	141,676
Public education	5,770	2,156,499	1,494,361	5,784,781	1,667,664	11,109,075
Housing and community development	—	127,364	506,781	—	—	634,145
Commerce	92	79,755	11,903	—	—	91,750
Maryland technology development corporation	—	—	4,046	—	—	4,046
Environment	450	372,671	159,371	—	—	532,492
Juvenile services	289	4,196	5,840	—	—	10,325
State police	14,700	131,922	10,511	—	—	157,133
Department of Service and Civic Innovation	—	270	7,065	—	—	7,335
Total estimated revenues [2]	$24,699,617	$12,122,604	$18,928,187	$ 5,784,781	$ 1,667,664	$63,202,853

1) Recorded in the Debt Service Fund for accounting purposes.
2) Amounts are reported as of July 1, 2023, 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, 2024

(Expressed in Thousands)

Appropriations	General Fund	Special Fund	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Total
Payments of revenue to civil divisions of the State	$ 258,063	1600000 (1)	$ —			$ 259,663
Public debt	425,100	1,016,700	7,500			1,449,300
Legislative	152,254	—	—			152,254
Judicial review and legal	843,397	176,070	10,529			1,029,996
Executive and administrative control	610,263	827,069	1,361,087			2,798,419
Financial and revenue administration	291,631	203,443	—			495,074
Budget and management	449,783	86,229	27,178			563,190
Retirement and pension	—	24,188	—			24,188
General services	394,276	15,581	1,599			411,456
Department of Service and Civic Innovation	16,941	270	7,065			24,276
Transportation and highways	900	4,507,242	1,659,677			6,167,819
Natural resources and recreation	235,999	487,467	59,827			783,293
Agriculture	78,073	114,344	10,559			202,976
Health, hospitals and mental hygiene	7,478,502	1,296,491	10,355,630			19,130,623
Human resources	840,670	184,048	2,962,850			3,987,568
Labor, licensing and regulation	60,853	279,912	240,840			581,605
Public safety and correctional services	1,428,233	103,919	31,033			1,563,185
Public education	10,985,087	2,082,124	1,494,361	5,784,781	1,667,664	22,014,017
Housing and community development	214,452	127,364	506,781			848,597
Commerce	193,793	79,755	11,903			285,451
Maryland technology development corporation	54,716	—	4,046			58,762
Environment	70,026	372,671	159,371			602,068
Juvenile justice	312,947	4,196	5,840			322,983
State police	425,386	131,922	10,511			567,819
State reserve fund	1,363,223	—	—			1,363,223
Total appropriations (2)	$27,184,568	$12,122,605	$18,928,187	$ 5,784,781	$ 1,667,664	$65,687,805

1) Recorded in the Debt Service Fund for accounting purposes.
2) Amounts are reported as of July 1, 2023 and do not reflect revisions, if any, subsequent to that date.

Dedicated To Sandy Zinck
August 5, 1965 - February 12, 2024

The Comptroller of Maryland and the General Accounting Division appreciates Sandy Zinck for her countless contributions to the Agency, including the oversight of the ACFR production over the past decade. Sandy was a friend, mentor, and motivator to her employees and colleagues. The legacy of her dedication and compassion will forever be held in the highest regard.

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