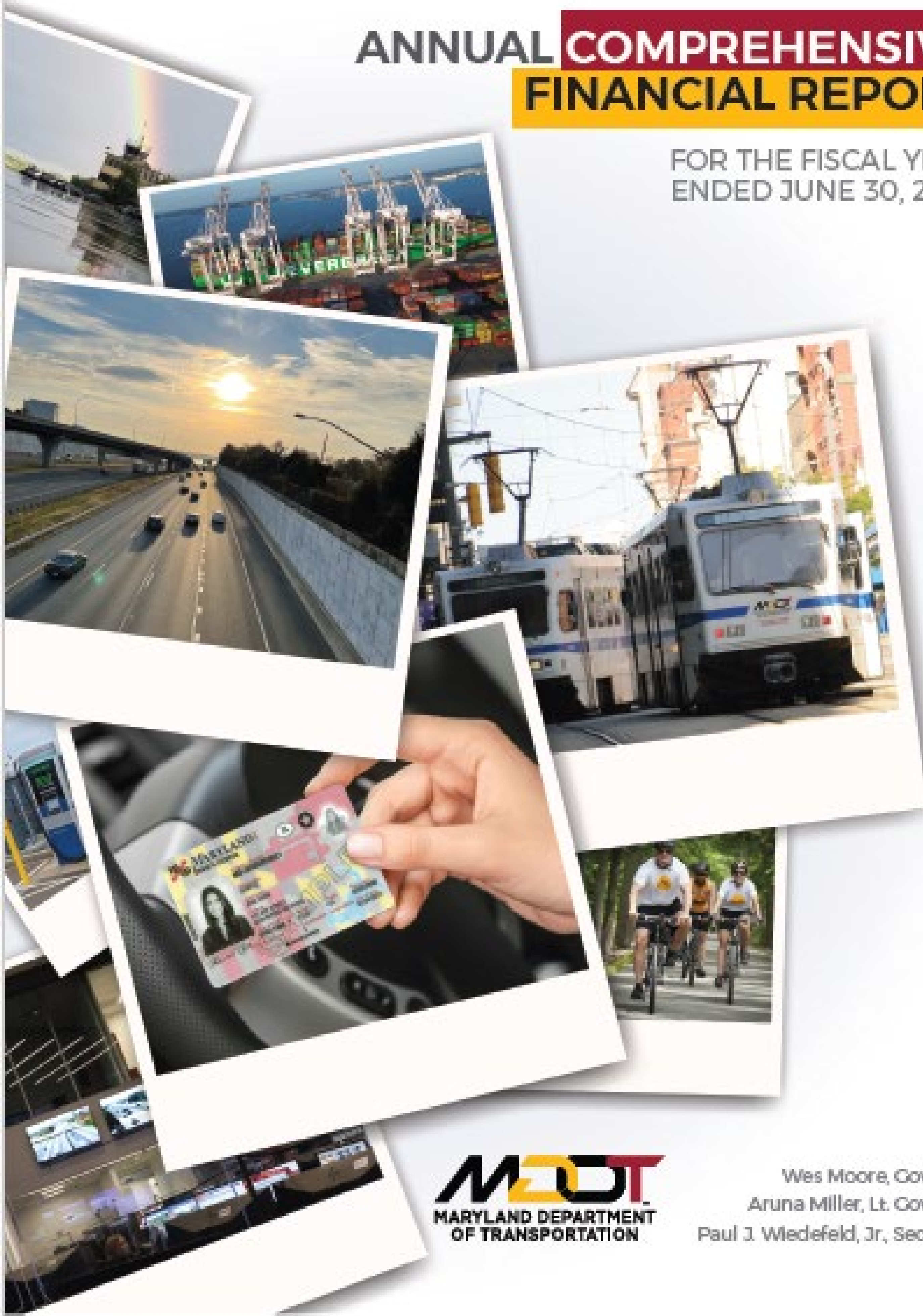

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2023

MARYLAND DEPARTMENT
OF TRANSPORTATION

Wes Moore, Governor
Aruna Miller, Lt. Governor
Paul J. Wiedefeld, Jr., Secretary

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2023

MARYLAND DEPARTMENT
OF TRANSPORTATION

Prepared by
the Office of Finance
Chief Financial Officer
Octavia Robinson
Controller
Tim Hayden

MARYLAND DEPARTMENT OF TRANSPORTATION

Our Mission

The Maryland Department of Transportation is a customer-driven leader that delivers safe, sustainable, intelligent, exceptional and inclusive transportation solutions in order to connect our customers to life's opportunities.

Our Goals

The Maryland Department of Transportation maintains six goals that support the achievement of the Department's mission. These goals help guide the Department in tackling the State's biggest transportation challenges over the next 20 years.

- **Safety and Security:** Enhance the safety of the transportation system.
- **System Preservation:** Preserve and maintain the State's existing transportation infrastructure and assets.
- **Quality of Service:** Maintain and enhance the quality of the service experienced by users of Maryland's transportation system.
- **Environmental Stewardship:** Ensure the delivery of the State's transportation infrastructure program conserves and enhances Maryland's natural, historic, and cultural resources.
- **Community Vitality:** Provide options for the movement of people and goods that support communities and quality of life.
- **Economic Prosperity:** Support a healthy and competitive Maryland economy.

MARYLAND DEPARTMENT OF TRANSPORTATION
A Department of the State of Maryland
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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Introductory Section

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
MARYLAND DEPARTMENT OF TRANSPORTATION**

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Larry Hogan
Governor
Boyd K. Rutherford
Lt. Governor
James F. Ports, Jr.
Secretary

December 30, 2022

Mr. James F. Ports, Jr.
Secretary
Maryland Department of Transportation
7201 Corporate Center Drive
Hanover MD 21076

Dear Secretary Ports:

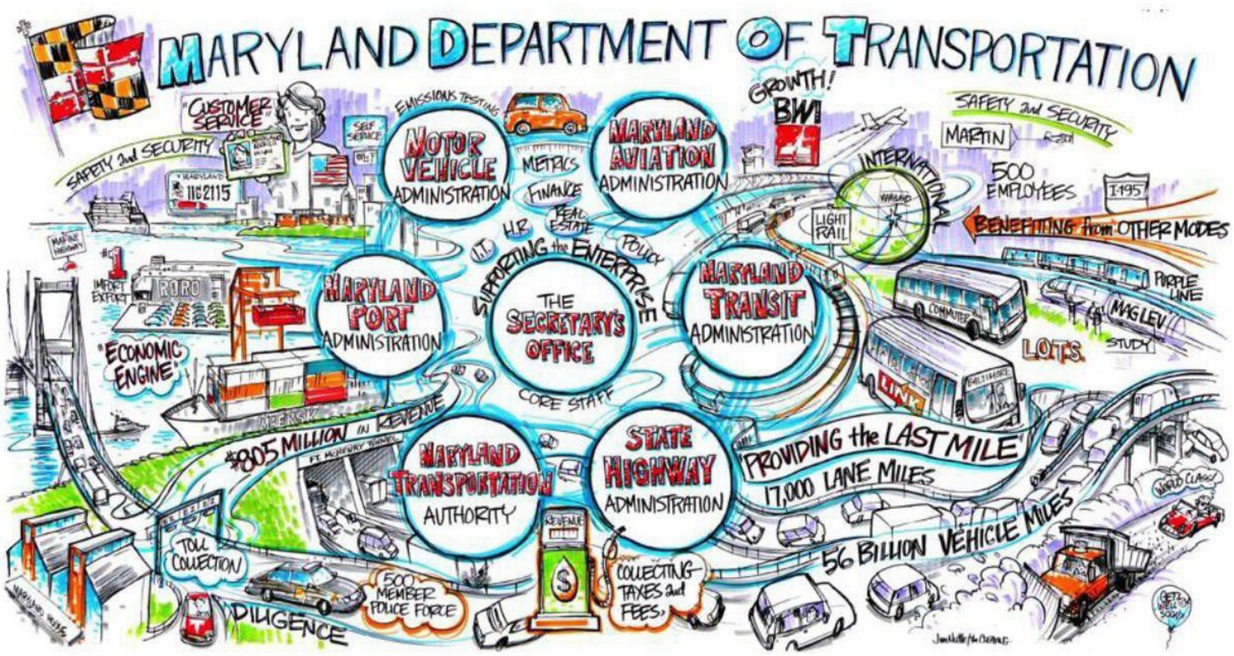
I am pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Maryland Department of Transportation (Department) for the fiscal year ended June 30, 2022, which includes the financial statements of the Department. The data is reported in a manner designed to present fairly the financial position and changes in financial position of the Department. All disclosures necessary to enable the reader to gain a maximum understanding of the Department's financial affairs have been included. This ACFR is a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the Department. Consequently, management assumes full responsibility for the completeness and reliability of all information presented within this report. To provide a reasonable basis for making these representations, the Department's management has established internal controls designed to protect the Department's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Department's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh their benefits, the Department's comprehensive framework ofinternal controls have been designed to provide reasonable rather than absolute assurance that the financialstatements will be free from material misstatement. As management, we assert to the best of our knowledge and belief, that this financial report is complete and reliable in all material respects.

The Department, in conjunction with the State of Maryland (State), requires an audit of the Department's basic financial statements by a firm of licensed certified public accountants. The Department has complied with this requirement, and the independent audit report of CliftonLarsonAllen, LLC is presented on page 25 of this report. The goal of the independent audit is to provide reasonable assurance that the Department's financial statements for the fiscal year ended June 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amountsand disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; evaluating the key internal controls; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Department's basic financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with GAAP.

The independent audit of the Department's basic financial statements is part of a broader audit of the State of Maryland's financial statements. Additionally, the Department is included in the State's federally mandated "Single Audit" designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The State's ACFR and Single Audit can be obtained from the Comptroller of Maryland and is available at https://www.marylandtaxes.gov/reports/index.php.

GAAP requires 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 it. The Department's MD&A can be found starting on page 28 of this report.



Profile of the Maryland Department of Transportation

The Department has responsibility for most State-owned transportation facilities and programs in Maryland. This responsibility includes the planning, financing, construction, operation, and maintenance of various modes of transportation as well as various related licensing and administrative functions. The Department includes the Secretary's Office (TSO), which provides overall policy direction, guidance, and support to five business units and one authority: the Maryland Aviation Administration (MAA), the Maryland Port Administration (MPA), the Maryland Transit Administration (MTA), the Motor Vehicle Administration (MVA), the State Highway Administration (SHA), and the Maryland Transportation Authority (MDTA). In addition, Maryland's share of funding for the Washington Metropolitan Area Transit Authority (WMATA) is paid through the Department. MDTA and WMATA are separate entities with separate fiscal operations and management and are not financially accountable to the Department. Both entities are excluded from the Department's financial statements (other than money paid by the Department to these entities) and produce their own financial statements.

The Department brings together all of the State's modes of transportation into one organization that allows business units to work together seamlessly and leverage one another's strengths. This unified approach provides the State with the ability to develop coordinated and balanced multi-modal solutions to transportation across the State. The Department embraces one unified mission statement across all of its business units that serves as the guiding light for all of the Department's operations and interactions with its customers.

MARYLAND DEPARTMENT OF TRANSPORTATION

MISSION STATEMENT
The Maryland Department of Transportation is a customer-driven leader that delivers safe, sustainable, intelligent, exceptional, and inclusive transportation solutions in order to connect our customers to life's opportunities.

Maryland Aviation Administration

The MAA fosters the vitality of aviation statewide and promotes safe and efficient operations, economic viability, and environmental stewardship. The MAA owns and operates the Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall Airport) and Martin State Airport and supports public-use airports across the State of Maryland. BWI Marshall Airport averages 259 daily departures to 87 nonstop destinations by 18 airlines. The airport served 21.5 million passengers in fiscal year 2022. Southwest Airlines is the busiest carrier at BWI Marshall Airport, serving about 70% of the airport's passenger traffic, and BWI Marshall Airport is one of the busiest airports in Southwest's network. BWI Marshall Airport is a major transportation resource and economic development engine for the State of Maryland and the entire National Capital region, producing a total economic impact of $9.3 billion and supporting more than 106,000 jobs throughout the State.

Maryland Port Administration

The Helen Delich Bentley Port of Baltimore includes both publicly and privately operated terminals. It is one of the busiest and most diverse cargo ports in the United States and leads the nation in handling autos and light trucks, roll on/roll off heavy farm and construction machinery, and imported gypsum, as well as ranking 2nd in exported coal. The Port of Baltimore handled 43.6 million tons of international cargo in calendar year 2021, ranking it 11th among all U.S. ports for cargo handled. The Port of Baltimore set a record in calendar year 2021 by handling $61.3 billion worth of foreign cargo, ranking it 9th among all U.S. Ports. The Port of Baltimore generates about 15,300 direct jobs, with nearly 140,000 jobs overall linked to Port activities.

Maryland Transit Administration

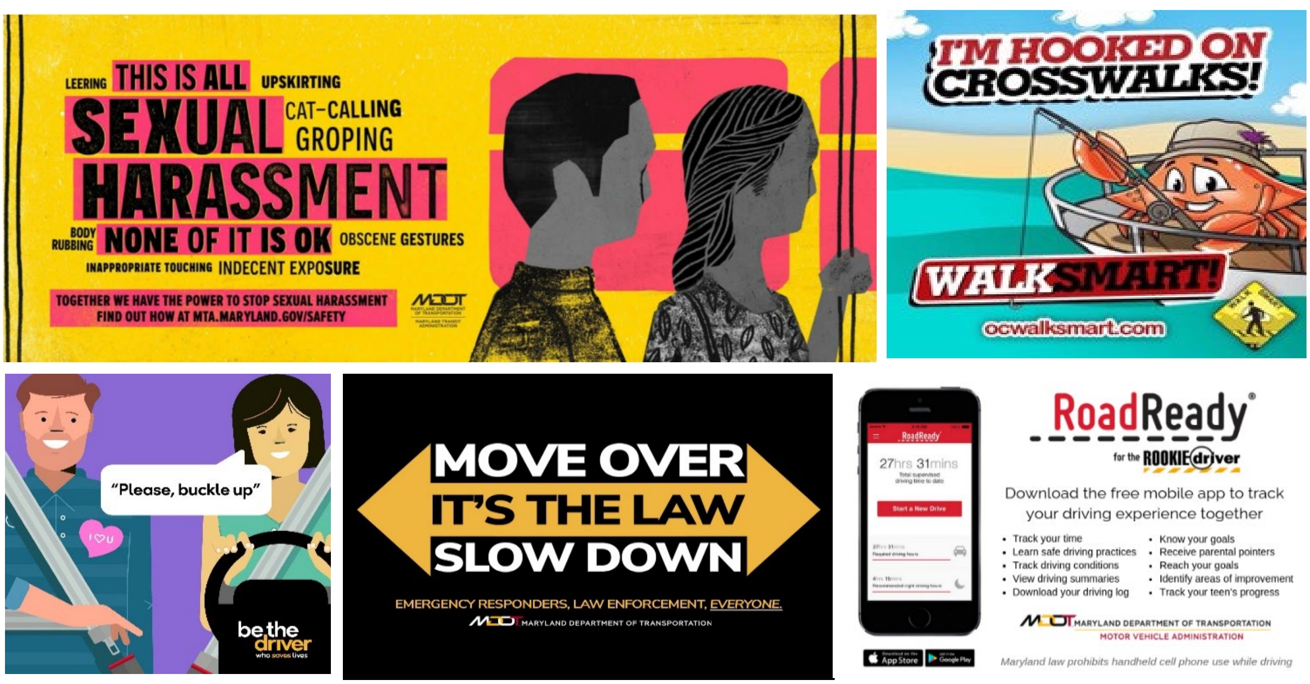
The MTA is one of the largest multi-modal transit systems in the United States with a goal to provide safe, efficient, and reliable transit across Maryland with world-class customer service. The MTA operates local and commuter buses, Light RailLink, Metro SubwayLink, Maryland Area Regional Commuter (MARC) train service, and a comprehensive paratransit (MobilityLink) system. The MTA also manages the Taxi Access system and directs funding and statewide assistance to locally operated transit systems in each of Maryland's 23 counties, Annapolis, Baltimore City, and Ocean City. The MTA's system has consistently been ranked as the safest transit system out of the top 12 U.S. transit agencies.

Motor Vehicle Administration

The MVA provides premier customer service to Marylanders at 24 offices and 18 vehicle emissions inspection stations conveniently located throughout the State. The MVA is committed to delivering premier customer service, offering more online service options, increasing customer convenience, and decreasing customer wait times. Nearly 75% of MVA transactions in fiscal year 2022 were delivered through alternative services, which include web transactions, self-service kiosks, mail-in options and others. These alternative services provide reliable and convenient service delivery to customers and allow the MVA to operate more efficiently. The MVA is home to the Maryland Highway Safety Office and is committed to decreasing traffic fatalities through a comprehensive Strategic Highway Safety Plan.

State Highway Administration

The SHA operates, maintains, and rebuilds the major highways (numbered, non-toll routes) in Maryland's 23 counties, including more than 17,000 lane-miles and 2,572 bridges. The Department's Coordinated Highways Action Response Team (CHART) continuously monitors traffic and provides emergency patrols that assist with incident responses, disabled vehicles, and traffic management operations for special and weather-related events. In calendar year 2021, CHART drivers responded to 65,839 incidents and disabled vehicles on the road. Their efforts saved motorists $1.9 billion in user costs through fuel savings and crash reductions and helped reduce delays by 39.7 million vehicle-hours. Construction projects at SHA sustain thousands of jobs in the highway industry for contractors, suppliers, engineering firms and small and minority businesses. The State highway system supports Marylanders' quality of life by connecting communities, schools, recreation, worship, and the world through BWI Marshall Airport and the Port of Baltimore.



A few of the many public education messages issued by the Maryland Department of Transportation, including (starting top left and moving clockwise): sexual harassment, pedestrian safety, new driver education, Maryland's Move Over Law, and wearing seatbelts.

Maryland Transportation Authority

The MDTA owns and operates Maryland's eight toll facilities, which includes four bridges, two tunnels, and two turnpikes across the State. The MDTA Board consists of eight members who are appointed by the Governor with the advice and consent of the Maryland Senate. The Secretary of Transportation presides as MDTA's Chairman. The MDTA acts on behalf of, but is separate from, the Department. The MDTA is solely funded through toll revenues and does not receive funding from the Department. The MDTA prepares a separate ACFR, available at http://mdta.maryland.gov/About/Finances/Financial_Statements_and_Annual_Reports.html.

Washington Metropolitan Area Transit Authority

WMATA operates the third largest rail system and the seventh largest bus network in the United States. It is an interstate compact agency that was created in 1967 as an instrumentality of the State of Maryland, the Commonwealth of Virginia, and the District of Columbia. WMATA is governed by an eight-member board, composed of two members each from Maryland, Virginia, D.C, and the federal government. The Secretary of Transportation serves as one of Maryland's representatives on the WMATA board. In accordance with State law, Maryland's share of WMATA's operating and capital expenses are paid as a grant from the Department's Transportation Trust Fund (TTF). Services include a Metrorail network of 6 lines, 91 stations, and 117 miles of track; a Metrobus system covering more than 11,000 stops across 1,500 square miles in Maryland, Virginia, and Washington D.C.; and the MetroAccess paratransit system. WMATA is a wholly separate entity from the Department and prepares a separate ACFR, available at https://www.wmatabonds.com/wmata-bonds-dc/financial-documents/i2812.

Transportation Trust Fund

The TTF was established in 1971 as a nonlapsing special fund to establish a dedicated fund to support the Department. The use of this integrated trust fund approach allows Maryland tremendous flexibility to meet varying transportation service and infrastructure needs. The continuing commitment to these needs has provided Maryland with the excellent infrastructure system necessary to support the economic growth of the State. All funds dedicated to the Department are deposited in the TTF, including motor fuel taxes, vehicle excise (titling) taxes, motor vehicle fees (registrations, licenses, and other fees), a portion of the State's corporate income taxes, a portion of the State's sales and use tax on rental vehicles, operating revenues (e.g., transit fares, port fees, airport fees), federal aid, and bond proceeds. All activities of the Department are supported by the TTF, including debt service, maintenance, operations, administration, and capital projects. Unexpended funds at the close of each fiscal year remain in the TTF and do not revert to the State's General Fund.

Funds in the TTF are dedicated to transportation. In 2014, a Constitutional amendment was overwhelmingly approved by Maryland voters that limits the use of the TTF to debt service on transportation bonds and for constructing and maintaining the State's transportation system. Except for transfers for local transportation aid or to the MDTA, funds from the TTF may not be transferred to the State's General Fund or any other fund unless the Governor declares a fiscal emergency and the General Assembly approves legislation by a three-fifths vote of both chambers concurring with the use or transfer of funds. In addition, State law requires any funds diverted or transferred be repaid within five years.

State law requires that certain transportation revenues be shared with the counties and municipalities across the State as a capital grant once all of the Department's debt service obligations and operating expenses are paid. The amount of funding for local transportation aid is established in State law through a formula based on certain percentages of certain revenues less certain statutory deductions. In fiscal year 2022, 13.5% of designated revenues less statutory deductions were distributed as local transportation aid capital grants.

Accounting records for the TTF are maintained by the Comptroller of Maryland, and all cash and investments of the TTF are held by the State Treasurer, except for revolving cash accounts. Accounts maintained by the Department on a budgetary basis generally conform to GAAP, but there are certain departures from these principles, primarily for the exclusion of non-budgeted activities and classification of fund-type, that are dictated by statutory requirements and historical practices.

Long-Term Planning

The Department's strategic approach is presented through the annual State Report on Transportation, which is comprised of three documents: (1) the Maryland Transportation Plan, which outlines the Department's 20-year vision for the transportation system; (2) the Consolidated Transportation Program (CTP), which outlines the Department's six-year plan for transportation capital projects; and (3) the Annual Attainment Report on Transportation System Performance, which evaluates and reports the performance of Maryland's transportation system compared to the goals established in the Maryland Transportation Plan. These documents are available at https://mdot.maryland.gov/tso/Pages/Index.aspx?PageId=27.

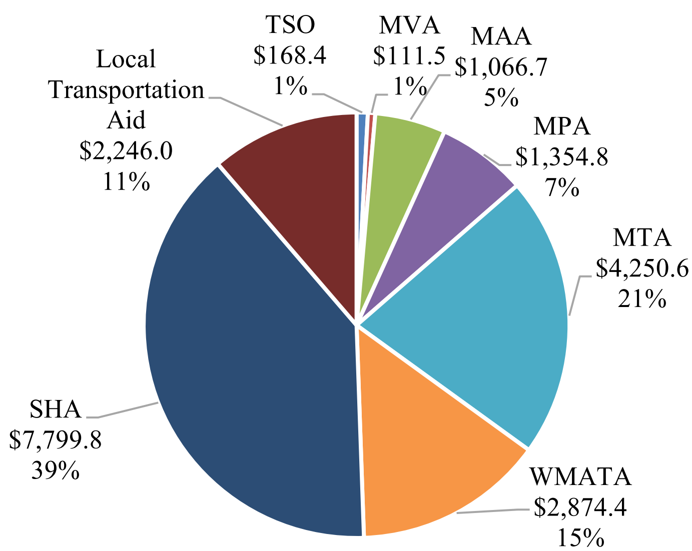
The Maryland Transportation Plan and the performance measures reported in the Annual Attainment Report are based on the 2040 Maryland Transportation Plan Goals (listed below) that were last updated in January 2019. These documents are updated every five years following extensive outreach efforts and collaboration with the public, local jurisdictions, and State agencies to ensure they reflect the needsand priorities of Marylanders. The CTP and Annual Attainment Report are updated on an annual basis.

2040 Maryland Transportation Plan Goals

- ✓ Ensure a Safe, Secure, and Resilient Transportation System
- ✓ Facilitate Economic Opportunity and Reduce Congestion in Maryland Through Strategic System Expansion
- ✓ Maintain a High Standard and Modernize Maryland's Multimodal Transportation System
- ✓ Improve the Quality and Efficiency of the Transportation System to Enhance the Customer Experience
- ✓ Ensure Environmental Protection and Sensitivity
- ✓ Promote Fiscal Responsibility
- ✓ Provide Better Transportation Choices and Connections

The Department publishes the draft CTP in September of each year and the final CTP in January of the next calendar year. Projects included in the Department's draft CTP for fiscal years 2023-2028 provide for $19.9 billion of investment in the Department's multi-modal transportation network during the next six years. Funding for the draft CTP includes $9.3 billion in State funds (revenues and bond proceeds of the Department), $7.7 billion in federal funds, and $2.8 billion in other funds. Other funds include other funding sources not received through the TTF, such as passenger facility charges and customer facility charges at BWI Marshall Airport, the proceeds of Special Transportation Project Revenue Bonds, capital funding received from the State, federal funds received directly by WMATA, and funding from the MDTA.

FY 2023-2028 Draft Consolidated Transportation Program
Spending by Transportation Business Unit
($ in Millions)



MAA: MD Aviation Administration
MPA: MD Port Administration
MTA: MD Transit Administration
MVA: Motor Vehicle Administration
SHA: State Highway Administration
TSO: The Secretary's Office
WMATA: Wash. Metro. Area Transit Authority

Total 6-year capital program
$19.9 billion

Relevant Financial Policies

The Department's annual budget serves as the foundation for its financial planning and control. The Maryland Constitution requires the Governor to submit, and the General Assembly to adopt, a balanced budget containing a complete plan of proposed expenditures and estimated revenues for the ensuing fiscal year, including a plan of proposed expenditures and estimated revenues for the Department. The General Assembly may not amend the budget to affect payment of State debt or otherwise to change its provisions, except to increase or decrease the appropriations relating to the General Assembly or the Judiciary, or to delete or reduce other appropriations submitted by the Governor. On November 3, 2020, Maryland voters approved a legislatively referred constitutional amendment that, beginning with the fiscal year 2024 budget, allows the General Assembly to increase, decrease, or add items to the State budget as long as such measures do not exceed the total proposal submitted by the Governor.

The Department's expenditures are made in accordance with appropriations provided for in the annual budget bill. The legal level of budgetary control is at the program level by fund type. The Department may, with the Governor's approval, transfer funds from one project or business unit to another or increase or decrease the amount of the appropriation to the extent that actual revenues exceed budget estimates and sufficient revenues are available. All budget amendments approved by the Governor are required to be reported to the next session of the General Assembly. Unexpended appropriations may be carried to the following year to the extent of available resources and encumbrances. A schedule showing budget and actual expenditures is presented as required supplementary information on page 97 of this report.

The Department publishes its six-year financial plan at least twice per year in conjunction with the publication of the draft CTP and the final CTP to demonstrate the affordability of the capital program. For internal planning purposes, additional financial plans are developed throughout the year to reflect year-to-date revenue attainment and spending, alternative planning horizons, or sensitivity testing. The financial plan accounts for all of the Department's revenues, planned expenses, debt service, and the issuance of bonds to help fund the capital program. Revenue forecasts are based on historical attainment, econometric modeling, independent forecasts of certain variables, and a consensus process with the State's Board of Revenue Estimates and legislative staff.

The Department issues Consolidated Transportation Bonds to help fund its capital program. The Department maintains strong credit ratings of AAA from Standard and Poor's, Aa1 by Moody's, and AA+ by Fitch Ratings. These ratings are in part based on strong debt oversight by both the Department and the State. State debt oversight includes the Capital Debt Affordability Committee, composed of the State Treasurer, the State Comptroller, the Secretary of the Department of Budget and Management, the Secretary of Transportation, and one member of the public appointed by the Governor. The Committee annually reviews all tax-supported debt, including the Department's tax-supported debt, to ensure affordability. New issuances of tax-supported debt must be authorized by the Board of Public Works, which is composed of the Governor, the State Treasurer, and the State Comptroller, and must mature within 15 years.

State law and the Department's debt practices limit Consolidated Transportation Bonds issuances with three criteria: a debt outstanding limit and two coverage tests. State law establishes a maximum debt outstanding limit for Consolidated Transportation Bonds of $4.50 billion and requires the Maryland General Assembly to establish an annual debt limit in the budget bill. For fiscal year 2022, the annual debt outstanding limit was $3.68 billion, and the debt outstanding was $3.64 billion as of June 30, 2022.

Two bond coverage tests are established in the Department's bond resolutions and require that annual pledged taxes and net income from the prior year each equal at least 2.0 times the maximum level of future debt service payments on all Consolidated Transportation Bonds debt outstanding and expected to be issued. The Department maintains a management practice that requires minimum coverage of 2.5 times maximum future debt service. The net income coverage test is the ratio of all prior year's income (excluding federal capital, bond proceeds, and third-party reimbursements) minus prior year operating expenses, debt service payments, and deductions for certain non-transportation agencies to maximum future annual debt service. The pledged taxes coverage test measures annual net revenues from vehicle excise, motor fuel, rental car sales tax, and corporation income taxes (excluding refunds and all statutory deductions) as a ratio of maximum future annual debt service. If either of these coverage ratios falls below the 2.0 times level, the Department is prohibited under its bond covenants from issuing additional debt until the ratios are once again at the minimum 2.0 times level. In fiscal year 2022, the ratio of pledged taxes was 4.72 and the ratio of net income was 3.38.

The Department also has the authority to issue Special Transportation Project Revenue Bonds, which are bonds backed by project-specific revenues. The Department issued BWI Marshall Airport Special Transportation Project Revenue Bonds in fiscal year 2021 and 2022 to refund certain previously outstanding intergovernmental financing agreements and to provide funding for BWI Marshall Airport's Concourse A/B Connector and Baggage Handling System Improvement project. The bonds will be repaid from airport revenues, excluding passenger facility charges and customer facility charges.

Major Initiatives

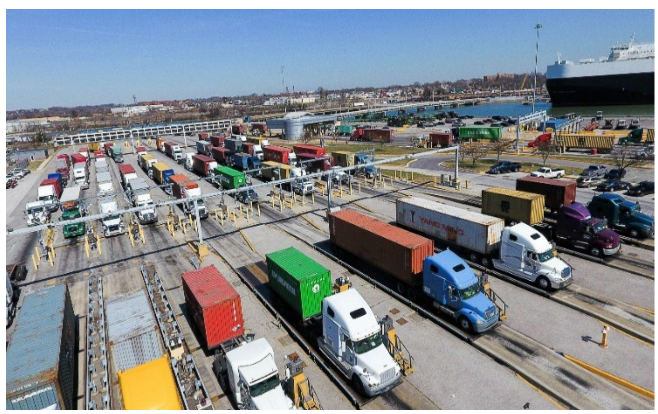
The Department works daily to deliver safe, sustainable, intelligent, exceptional, and inclusive transportation solutions to connect our customers to life's opportunities. To achieve this, the Department is actively planning and investing in the State's transportation system to ensure that all efforts and available resources are directed at creating the most safe, efficient, reliable, and fiscally prudent transportation options. Safety, maintaining the transportation network in a state of good repair, providing exceptional customer service, spurring economic growth, and addressing climate adaptation and resilience continue to be critical priorities for the Department.

This stained-glass crab at the BWI Marshall Airport welcomes visitors to Maryland and symbolizes Maryland's deep connection to the Chesapeake Bay.

Port of Baltimore

Strategic investments in vital infrastructure equipped the Port of Baltimore to continue critical operations throughout the COVID-19 global pandemic and the global supply chain crisis and to handle additional ship calls to prevent economic disruptions caused by backlogs across the nation. In addition to being ranked first among the nation's ports for volume of autos and light trucks, roll on/roll off heavy farm and construction machinery, and imported gypsum, the Port of Baltimore continues to grow its containerized cargo business. There is a need for more utilization from ports like Baltimore to handle containerized cargo in the United States to address the substantial increase in demand. The Port of Baltimore is a prime gateway for goods heading to the ecommerce market through Maryland's many distribution centers and for cargo sent to the Midwest via rail.

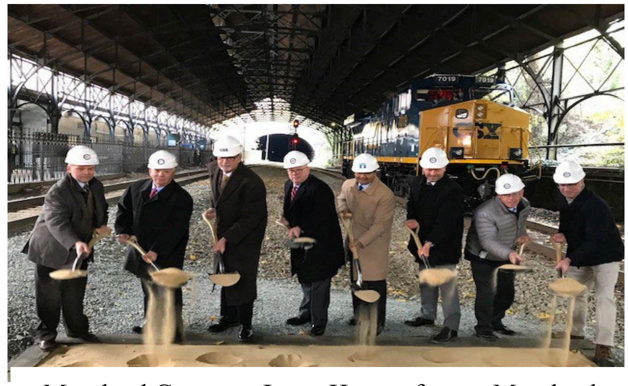
Four supersized Neo-Panamax cranes being delivered to support operations of a second 50-foot berth for Seagirt Marine Terminal at the Port of Baltimore.



Trucks entering Seagirt Marine Terminal to deliver containerized cargo to and from the Port of Baltimore.

Since entering into a public-private partnership with Ports America Chesapeake in 2009 for the investment in a 50-foot berth and 50-year operation of Seagirt Marine Terminal, containerized cargo has increased, and major improvements continue. In fiscal year 2022, four supersized, Neo-Panamax container cranes were put into operation as part of an additional $166 million investment made by Ports America Chesapeake to put into service a second 50-foot deep berth to allow the Port to serve two supersized cargo ships simultaneously. Other recent improvements include 15 additional rubber tire gantry cranes to handle cargo, new entry and exit gates, and a new appointment scheduling system.

The investment at Seagirt complements another major investment happening along the CSX network, including an expansion of the Howard Street Tunnel in Baltimore. This expansion project will allow double-stacked container rail cars to travel through the Howard Street Tunnel, thus providing the East Coast with seamless double-stack capacity from Maine to Florida. The project began in November 2021 and is scheduled for completion in 2025. It is funded from a partnership between the federal government, Maryland, Pennsylvania, and CSX and is expected to increase the Port's business by about 160,000 containers annually and generate 6,550 construction jobs and an additional 7,300 jobs from the increased business.



Maryland Governor Larry Hogan, former Maryland Transportation Secretary Greg Slater, CSX CEO Jim Foote, U.S Senator Ben Cardin, and others break ground on the Howard Street Tunnel project.

Another major investment in the Port's future is occurring through the Mid-Chesapeake Bay Island Ecosystem Restoration project, which will restore island habitat at James and Barren islands, help protect the Dorchester County shoreline from erosion, and provide a critical resource for the placement of material dredged from the channels of the Chesapeake Bay for more than 30 years. The project is funded as a cost-sharing between the federal government and the Department.

Motor Vehicle Administration

The MVA strives to provide premier customer service to Maryland citizens and to exceed customers' expectations. To do so, they are continually looking for ways to improve the customer experience by reducing wait times and making government services, not just driver and vehicle services, more convenient. In fiscal year 2022, customer wait times at MVA branch offices averaged just 17 minutes.

The MVA completed its implementation of its Customer Connect System Modernization project, which provides a 360-degree view of all MVA transactions related to a customer. This new system allows one MVA customer service representative to handle multiple MVA transactions for a customer, provides customers greater access to their account information, and allows for more online services. The MVA also implemented an appointment-only model to allow for better control over customer flow and arrival patterns to meet both customer and business needs. It is using real-time performance reports to optimize appointment durations to match anticipated transaction times and build appointment schedules appropriate for each branch's staffing levels, with flexibility to address temporary and seasonal demand and capacity issues.

The MVA continues to expand its one-stop approach to government services. The most recent deployment includes the ability for Maryland-born residents to obtain a birth certificate at MVA to allow for the completion of driver's license or identification card transactions. Other government services already available at certain MVA branches include services related to E-ZPass, hunting and fishing licenses, U.S. Transportation Security Administration's PreCheck and Transportation Worker Identification Card programs, MTA and WMATA fare cards, and veterans' benefits. Another initiative to improve convenience for customers and partners with other agencies includes the recent launch of Maryland Mobile IDs in Apple Wallet. Maryland is the second state in the nation to implement this secure, voluntary, and free product that provides mobile credentials for use at airport security.

The MVA also continues to ensure that Marylanders will be ready for the federal deadline of May 2023, to have a REAL ID compliant driver's license or identification card to board commercial aircraft or enter federal government buildings. Maryland's compliance rate is approximately 88% - one of the highest rates in the nation. The MVA was the first in the nation to have its REAL ID process recertified by the U.S. Department of Homeland Security. The federal REAL ID Act, created post-9/11, creates a security standard for driver's licenses and identification cards nationwide.

BWI Marshall Airport

Nearly 22 million passengers flew through the BWI Marshall Airport in fiscal year 2022. While passenger levels have not yet fully recovered from the impacts of the COVID-19 pandemic, passenger levels in fiscal year 2022 were more than 60% higher than the previous year. During the past year, several new carriers added service and several existing carriers expanded service to additional locations. In fiscal year 2022, BWI Marshall Airport handled a greater market share of passengers in the Washington-Baltimore area than regional airports Washington Dulles and Reagan National.

The BWI Marshall Airport terminal at sunset.

The Maryland One airplane includes an artist's rendering of Maryland's flag to celebrate the strong partnership between Maryland and Southwest Airlines.

BWI Marshall Airport's focus on being the "Easy Come, Easy Go" airport of the Washington-Baltimore area has helped it to rebound from the COVID-19 pandemic more quickly that forecasted. Though passengers are still down about 12% from pre-pandemic levels, MAA has an eye on the future and is using this time to advance a major investment in BWI Marshall Airport. The Concourse A/B Connector and Baggage Handling System Improvement project will accommodate passenger growth and enhance the passenger experience. This major upgrade to the center of operations for Southwest Airlines, includes a new, sophisticated baggage handling system, a direct connection between concourses A and B, expanded holdroom areas at passenger gates, new restrooms, and additional food and retail concessions space. The project is the largest terminal enhancement ever for the airport and will be complete in 2026.

The substantial growth in e-commerce that occurred during the COVID-19 pandemic has propelled rapid growth in cargo operations at BWI Marshall Airport. The airport handles 60% of all cargo operations for the region. In fiscal year 2022, cargo operations totaled 21.8 metric tons, which is down slightly from the record high in fiscal year 2021 but is 20% higher than the amount of cargo handled pre-pandemic. The growth is fueled by Amazon, whose Baltimore location is one of Amazon's five busiest locations in the world, as well as UPS, FedEx, and DHL.

Transit

Some of the dedicated employees at the MTA who provide critical transit services to the people of Maryland.

When COVID-19 cases first peaked in the spring of 2020, transit ridership on MTA's system decreased by 60% to 95% across all MTA modes. Personal travel shrank dramatically as many residents stayed home, venturing out only to purchase essential items. Many people who used transit to commute to work or school started working and learning from home. However, essential employees that communities relied on to provide food, healthcare, and other goods and services continued to rely on MTA. Throughout the pandemic, the MTA remained agile by adjusting services based on ridership demand, major job center needs, and the recovering economy, while always prioritizing transit-critical service for essential workers and the most transit-dependent households. As riders return to the system, MTA continues focus on these prioritized riders while also recognizing that it will take several years for ridership to fully recover to pre-pandemic levels; core bus and MobilityLink ridership will recover quicker than other modes; and MARC and commuter bus ridership will take the longest to recover and may experience long-term ridership loss.

The MTA recognizes that travel patterns have changed and in August 2021, launched the CharmFlex pass, which provides 3- and 10-day passes that can be used on non-consecutive days. In November 2021, MTA launched its Fast Forward: Customer Experience Enhancement Program, a $43 million initiative to improve transit reliability, travel times, and customer safety and access. This program will design and construct additional dedicated bus lanes, create new and enhanced transit hubs, add more bus shelters, make Americans with Disabilities Act (ADA) and pedestrian safety improvements at and near bus stops, improve real-time signs, and enhance wayfinding at Light RailLink stations.

In September 2021, the MTA launched its *Rebuilding Better: Committed to an Equitable Transit Future,* its five-year strategic plan focused on returning riders to transit following the COVID-19 pandemic with a renewed focus centering on equity in everything MTA does. The plan establishes a series of commitments focused on five areas: centering equity, addressing safety and security, providing reliable and efficient transit service, communicating with stakeholders, and planning for a sustainable future. The plan complements the *Regional Transit Plan for Central Maryland* issued in October 2020, the draft *Statewide Transit Plan* issued for public comment in January 2022, the updated *Capital Needs Inventory and Prioritization Report,* and cornerstone plans for bus, Light RailLink, Metro SubwayLink, MARC, and MobilityLink.

An MTA bus, equipped with a front bike rack, travels in a dedicated bus lane.

The MTA has already started delivering on some of the commitments made in its strategic plan. Real-time location and predicted arrival information for Light RailLink trains is now available, which completes the implementation of up-to-the-minute information for passengers for all MTA fixed-route services. Additionally, the MTA launched a campaign to address sexual and gender-based harassment on transit. The anti-harassment campaign is the beginning of a long-term investment in shifting the culture on the transit system to improve the transit experience for all riders.

To continue progress on the regional transit plan, the MTA, in collaboration with local government stakeholders, completed the first phase of feasibility studies for the East-West and North-South transit corridors. The feasibility studies identified preliminary alternatives utilizing stakeholder feedback, a market analysis of travel patterns, transit ridership, land use and market conditions, and transit mode options (heavy rail, light rail and bus rapid transit. Following a public comment period, the MTA and local government stakeholders will utilize the feedback to determine which preliminary alternatives will be advanced for further study.

MTA's updated *Capital Needs Inventory and Prioritization Report* demonstrates the progress being through strategic investments in MTA's system to reduce the State of Good Repair backlog. The MTA operates and maintains $12.6 billion in assets to provide transportation services throughout Maryland. Since the last assessment in 2019, total funding needs for the next ten years increase by $600 million for inflation, the cost of zero-emission busses, garage modernizations, light rail vehicle replacements, and aging rail systems. However, due to a historic level of investment inf $1.1 billion over the last three years, the backlog declined despite the rising costs. Expected levels of state and federal funding over the next ten years will reduce the current back from 14% of all assets to just 1% in calendar year 2031.

State Highway System

A safe, well-maintained highway system is crucial to a strong economy, enabling mobility and access for people and goods from and throughout the State, keeping people safe as they travel, and improving the quality of life of Maryland's citizens. The SHA owns and maintains the interstate, U.S., and Maryland- numbered non-toll routes across the State. Despite owning 16% of road mileage, SHA roads carry 65%of all traffic in the State. The sheer number and value of these assets requires SHA to maintain a robustdata-driven asset management program and to invest in regular repairs to preserve and extend the usefullife of these assets and reduce overall cost.

In 2015, Governor Larry Hogan invested significant funding to improve Maryland's highways and bridges. Today, 92% of the roadways in the state have an acceptable pavement condition. Of the 69 poorly rated bridges identified in 2015, SHA has repaired or replaced all of them. As of March 2022, Maryland had only 26 bridges, or 1% of total bridges, rated as poor, one of the lowest numbers for any state in the nation. All of these bridges are now under construction, funded for construction, or in design.

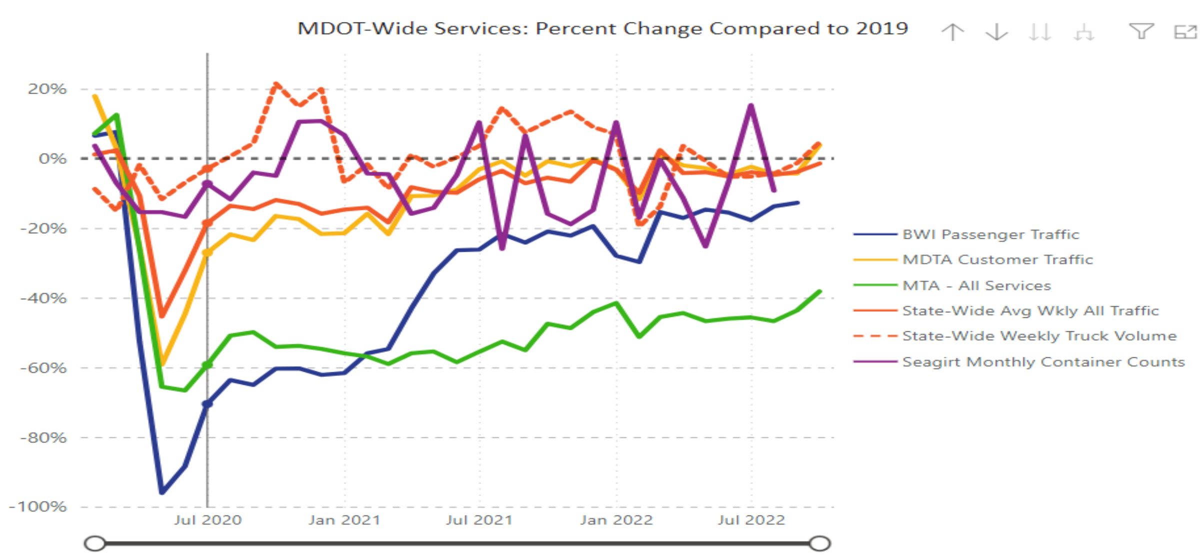
The SHA recognizes that even the best designed and maintained highway network will have traffic incidents and utilizes the Statewide Operations Center to coordinate responses to these events. In calendar year 2021, SHA completed a renovation and reimagination of its Statewide Operations Center to improve communication and collaboration between team members during traffic incidents, emergencies, and storms. New consoles and monitors provide operator's the ability to highlight dashboards, weather maps and web pages on wall monitors, thus enabling operators to focus on the day's most essential emergencies, such as severe weather and major traffic incidents. SHA also has incorporated active signal management into its Statewide Operations Center, allowing for real-time traffic management operations.

While declines in traffic associated with the COVID-19 provided a temporary reprieve of traffic congestion across Maryland, congestion is returning. SHA continues to look toward the future to better manage congestion through projects like the I-270 Innovative Congestion Management project, which utilizes ramp metering to help motorists merge safely onto I-270 while minimizing delay and reducing congestion, and the Phase 1 South: American Legion Bridge I-270 to I-370 Relief Plan, which will replace the American Legion Bridge, add two managed high occupancy toll lanes, and provide new opportunities for transit, ridesharing, and bike and pedestrian connections. In August 2022, SHA and the U.S. Federal Highway Administration announced approval of the Record of Decision for the I-495 and I-270 Managed Lanes Study, which includes Phase 1 South. This approval marks the final milestone in the National Environmental Policy Act process for the project that will provide congestion relief to some of the worst traffic bottlenecks in the country.

Pictured left to right: SHA employees visit a local daycare for a Touch-A-Truck event, roadside workers keep Maryland roads clean, Transportation Secretary Jim Ports (center) and transportation and law enforcement officials share the message to “Focus in Work Zones” to keep our employees and the traveling public safe.

COVID-19

Beginning in March 2020, Maryland and the world have been impacted by the global COVID-19 pandemic. Transportation usage and revenues were significantly impacted by various stay-at-home and safer-at-home executive orders, but the transportation network, and the citizens of Maryland, remain resilient, and recovery continues. By October 2022, most transportation services have returned to pre-pandemic levels, though airport passengers and transit ridership continue a slower recovery.



Despite the challenges of operating during a global wide pandemic, more than 9,000 employees of the Department, along with our private sector partners, continued to deliver premiere customer service to Maryland residents during unprecedented times.

Economic Outlook

The population of Maryland increased by 7% between 2010 and 2020, with Maryland's population topping more than six million for the first time. Montgomery County, where one in six Maryland residents live, surpassed one million residents and became the first jurisdiction in Maryland to reach that milestone. While the State's population was growing in some parts of the State, it was declining in others. This impacts land use transformations and transportation demands now and into the future. Reviewing the condition of the Maryland economy, it becomes apparent that the $4.7 trillion in federal relief aid saved the nation from a deep recession and will likely permanently elevate the State's tax revenue base, even if the direct federal money is not recurring. That is largely due to wage growth acrossall industries that will raise personal income tax collections, as well as nonwage income growth.

Maryland closed fiscal year 2022 with a fund balance of $5.5 billion in the State's General Fund. Of this amount, $4.4 billion was assigned by the Maryland General Assembly for fiscal year 2023 operations, leaving a preliminary unassigned fund balance of $2.0 billion. In accordance with State law, $0.9 billion of this unassigned fund balance then gets transferred to the State's Rainy Day Fund, leaving an unassigned balance of $1.1 billion. Unprecedented federal stimulus efforts, coupled with State measures in response to the COVID-19 pandemic, had a larger positive impact on State tax revenues than had been originally anticipated.

Looking ahead, revenue growth is expected to slow in the near-term, though the pace and size of the slowdown are difficult to predict. Whether the State's tax revenue continues to grow on top of the unexpectedly high fiscal year 2022 base, and to what extent the revenue gains of the past few years will be temporary or sustained, depends primarily on whether, and at what pace, the economy continues to grow. In the near-term, economic growth will be heavily influenced by Federal Reserve policies. If the Fed gets the balance right, recent revenue gains may be sustained

Consumption spending held up well over the pandemic because total income kept growing, largely due to government stimulus efforts. The last round of fiscal stimulus became law in March 2021; however, there is a delay between the allocation of money and its expenditure, and much of the stimulus checks and payments sent to individuals were saved. This means that the impact of the stimulus took time to dissipate. As inflation continued throughout fiscal year 2022, prices, and thus spending, increased as well. Although the Federal Reserve is actively tightening monetary policy to bring inflation under control, higher-than-normal inflation is expected to continue in the near term.

Transportation Trust Fund

The TTF is credited with all transportation taxes and fees, federal transportation funds, and bond proceeds and it is the primary source of funding for transportation spending across the State. The Department prepares financial plans for a six-year period that coincides with the six-year capital program. Revenue forecasting relies on the condition and outlook for the State as a whole, as well as the condition and outlook for each major revenue source. In September 2022, the Department published its six-year draft capital program totaling $19.9 billion, the largest six-year program ever. Total projected revenues for the FY 2023-2028 draft capital program amount to $38.4 billion for the six-year period.

The following provides a summary of the major sources of revenue for the Transportation Trust Fund:

Motor Fuel Tax: As of July 1, 2022, the motor fuel tax rates are 42.7 cents per gallon for gasoline and 43.45 cents per gallon for diesel fuel. These rates include three components: a base rate of 23.5 and 24.25 cents per gallon for gasoline and diesel, respectively; an annual inflation adjustment based on the average percentage growth in the Consumer Price Index for All Urban Consumers, and a sales and tax use equivalent rate of 5% on the average retail price of gasoline. Modest growth is expected as vehicle miles traveled continue to recover from COVID-19 declines and inflation and gas prices remain high in the near-term. This revenue source is projected to provide $8.0 billion during the six-year period.

Motor Vehicle Titling Tax: The titling tax of 6% of the fair market value of motor vehicles, less an allowance for trade-ins, is applied to new and used vehicles sold and to vehicles of new residents. The titling tax follows the cycle of auto sales with periods of decline and growth. This revenue source is projected to provide $6.3 billion during the six-year period.

Motor Vehicle Fees: This includes a number of fees for various vehicle and licensing services. The six-year forecast assumes revenues will increase an average of 1% per year over the program period. This revenue source is projected to provide $4.3 billion during the six-year period.

Corporation Income Tax: The Department currently receives 14.6% of the State's 8.25% corporation income tax. The Department's share will increase incrementally during the six-year period as the result of legislation passed during the 2022 legislative session. The State's Board of Revenue Estimates forecasts these revenues for both the State and the Department. This revenue source is projected to provide $2.4 billion for the Department during the six-year period.

Operating Revenues: The activities of MAA, MPA, and MTA generate operating revenues. Revenues from the MTA include rail and bus fares, which are indexed to inflation. The MPA's revenues include terminal operations, rent revenue collected for office space, and other Port-related revenues. Revenue from the MAA include flight activities, rent and user fees, parking, airport concessions, and other aviation-related fees.The Transportation Trust Fund receives the net revenues from airport activities after accounting for debtservice due on Special Transportation Project Revenue Bonds. Operating revenues are projected at $2.9 billion during the six-year period, including $1.8 billion from MAA, $0.8 billion from MTA, and $0.3 billion from MPA.

Federal Aid: The Department expects to receive funds totaling $8.8 billion from various federal grant programs over the six-year period to support its operating and capital programs. The Department continues to benefit from COVID relief funding from the federal American Rescue Plan Act and has programmed additional transportation funding associated with higher funding levels available under the Infrastructure Investment and Jobs Act (IIJA). IIJA provides a multi-year reauthorization of many critical transportation programs.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Maryland Department of Transportation for its ACFR for the fiscal year ended June 30, 2021. It was the 22nd consecutive year that the Department received this prestigious award. To be awarded a Certificate of Achievement, the Department must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Department believes that this ACFR continues to meet the Certificate of Achievement Program's requirements and we will again submit it to the GFOA to determine its eligibility for another certificate.

The dedicated men and women of the Department provide exceptional multimodal transportation services to connect the citizens of Maryland to life's opportunities. The work the Department does is not possible without their hard work and dedication. From our employees on the frontline interacting with our customers every day to our employees in offices supporting these efforts, we are truly one Department, working together to deliver solutions across the transportation network. The preparation of this ACFR could not have been possible without the professionalism of the financial staff across the Department. Their expertise and hard work are greatly valued and sincerely appreciated.

Sincerely,

Jaclyn D.
Hartman

Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Maryland Department of Transportation

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Executive Director/CEO

MARYLAND DEPARTMENT OF TRANSPORTATION
Organizational Chart

Governor

Secretary

Deputy Secretaries

Assistant Secretaries

EXECUTIVE STAFF
- Chief of Staff
- Office of General Counsel
- Office of Audits
- Office of Finance
- Office of Public Affairs
- Office of Strategic Customer Service

BOARDS AND COMMISSIONS
- Maryland Aviation Commission
- Maryland Port Commission
- Maryland Transportation Authority
- Washington Metropolitan Area Transit Authority

TRANSPORTATION BUSINESS UNITS
- Maryland Aviation Administration
- Maryland Port Administration
- Motor Vehicle Administration
- Maryland Transit Administration
- State Highway Administration

OPERATING STAFF
- Office of Climate Change Resilience and Adaptation
- Office of Diversity and Equity
- Office of Environment
- Office of Fleet, Facilities and Administrative Services
- Office of Freight and Multimodalism
- Office of Government Affairs
- Office of Homeland Security, Emergency Management and Rail Safety
- Office of Human Resources
- Office of Minority Business Enterprise
- Office of Planning and Capital Programming
- Office of Policy and Regulations
- Office of Procurement and Project Quality Assurance
- Office of Real Estate and Economic Development
- Office of Risk Management
- Office of Small and Minority Business Policy
- Office of Transportation and Technology Services
- Washington Suburban Transit Programs

MARYLAND DEPARTMENT OF TRANSPORTATION
List of Principal Department Officials
For the Year Ended June 30, 2023

Title	Name
Secretary of Transportation	Paul J. Wiedefeld
Deputy Secretary of Transportation	R. Earl Lewis, Jr.
Deputy Secretary of Transportation	Sean Powell
Maryland Aviation Executive Director	Ricky D. Smith, Sr.
Maryland Port Executive Director	William P. Doyle
Maryland Transit Administrator	Holly Arnold
Motor Vehicle Administrator	Christine Nizer
State Highway Administrator	Tim Smith, P.E.

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Financial Section

Annual Comprehensive Financial Report Maryland Department of Transportation

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Secretary James F. Ports, Jr.
Maryland Department of Transportation
Hanover, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Maryland Department of Transportation (the Department of Transportation), a Special Revenue Fund of the State of Maryland, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department of Transportation as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Department of Transportation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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 opinions. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Department of Transportation'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.

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 America require that management's discussion and analysis, and the required supplementary information, as listed in the table of contents 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 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 30, 2022 , on our consideration of the Department of Transportation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department of Transportation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Department of Transportation's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
December 30, 2022

MARYLAND DEPARTMENT OF TRANSPORTATION
Management's Discussion and Analysis

As management of the Maryland Department of Transportation (Department), we offer the citizens of Maryland and others interested in the Department's financial statements this narrative overview and analysis of the financial activities of the Department for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here inconjunction with additional information that we have furnished in our letter of transmittal, which can be found starting on page 3 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Department exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year in the amount of $17,809,165,000 (net position). Of this amount, $1,765,277,000 represents the unrestricted deficit primarily related to the noncurrent liabilities of the Department.

- The Department's governmental funds reported a combined ending fund balance, as of the close of the current fiscal year, of $625,105,000, an increase of $2,017,000 compared to the prior fiscal year.
- The Department's Consolidated Transportation Bonds debt outstanding totaled $3,297,030,000, which was a decrease of $346,445,000, or 9.5%, from the prior fiscal year. This includes the settlement of $143,585,000 of the Forward Refunding Bonds to defease $161,910,000 in bonds.

Overview of the Financial Statements

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

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Department's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the Department's assets, deferred outflows, liabilities, and deferred inflows, with the difference between these reported as net position. Over time, increases and decreases in net position may serve as one of several useful indicators of the Department's financial position. The Statement of Activities presents information showing how the Department'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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Department that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions. The government-wide financial statements include only the Department (a Special Revenue Fund of the State of Maryland) and does not include the Maryland Transportation Authority (MDTA), which is a separate enterprise fund of the State of Maryland. The government-wide financial statements can be found starting on page 41 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Department, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Department can be divided into two categories: governmental funds and fiduciary funds.

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, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the 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 government'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.

The Department maintains two individual 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 Special Revenue Fund and the Debt Service Fund. The Special Revenue Fund is considered to be a major fund. The basic governmental fund financial statements can be found starting on page 43 of this report.

The Maryland General Assembly authorizes an annual appropriated budget for the Department's Special Revenue Fund. A budgetary comparison schedule has been provided for the Special Revenue Fund to demonstrate compliance with this budget. The budgetary comparison schedule can be found on page 97` of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Department's own programs. The basic fiduciary fund financial statements can be found starting on page 47 of this report.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 49 of this report.

Changes in Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) previously issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements; and Statement No. 96, Subscription-Based Information Technology Arrangements, which the Department implemented during the year ending June 30, 2023. Statement No. 96 had a material effect on the Department's financial statements.

As of June 30, 2023, the GASB issued the following pronouncements, which will require adoption in the future, if applicable: Statement No. 99, Omnibus 2022; Statement No. 100, Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62; and Statement No. 101, Compensated Absences. The Department has not yet completed the process of evaluating the impact of these pronouncements on its financial statements and plans to adopt them, as applicable, by their effective date.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Department's Maryland Transit Administration (MTA) OPEB Plan, MTA Pension Plan, and the Department's participation in the Maryland State Retirement Pension Plan, as well as the budget and actual comparison schedule. Required supplementary information can be found starting on page 91 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. For the Department, assets and deferred outflows exceeded liabilities and deferred inflows by $17,809,165,000 at the end of fiscal year 2023. The largest portion of the Department's net position reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure), less any outstanding related debt used to acquire those assets.

The Department's capital assets provide services to the citizens of Maryland; consequently, these assets are not available for future spending. Although the Department's investment in its 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 cannot be used to liquidate the liabilities.

The Department's net position increased by $1,534,738,000 during the fiscal year ended June 30, 2023. One factor was the increase in Capital Assets. This includes a recovery for an impaired asset, see note 9 for additional information. Long-term liabilities added to the increase. The only debt issuance was more than offset by the debt refunded it was issued for, see notes 10 & 11 for additional information. The Department takes seriously its responsibility to operate and maintain the transportation network in a safe and secure manner for all travelers. A robust and data-driven asset management program is utilized to identify and prioritize capital needs.

The following schedule reflects the Department's Net Position Summary (amounts expressed in thousands):

Maryland Department of Transportation
Net Position Summary

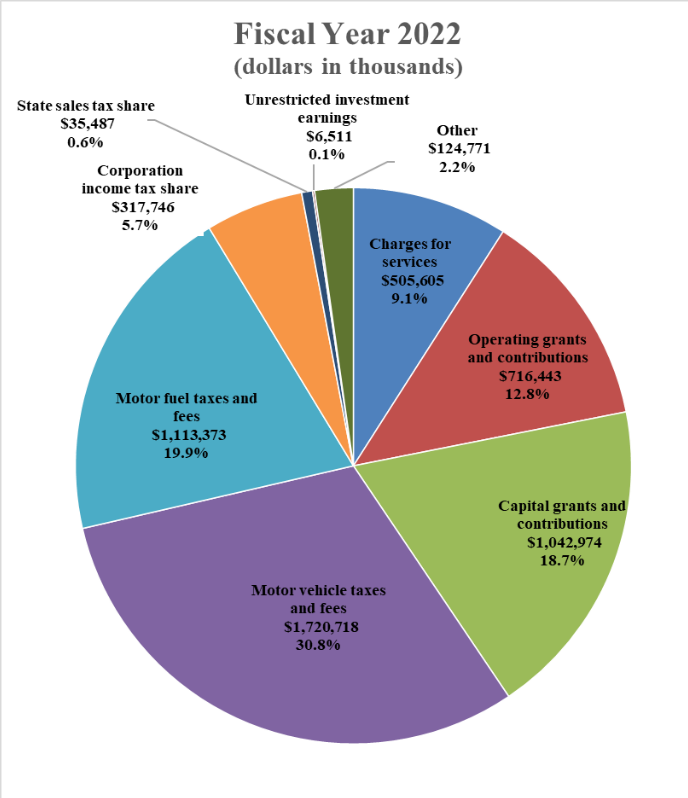
	For Fiscal Years Ended June 30,			
Governmental Activities	**2023**	**2022**	**Variance**	**% Change**
Current and other assets	$ 2,222,072	$ 2,166,695	$ 55,377	2.6%
Capital assets	23,942,992	23,310,841	632,151	2.7%
Total assets	26,165,064	25,477,536	687,528	2.7%
Deferred amount related for pensions	307,831	355,472	(47,641)	-13.4%
Deferred amount related for OPEB	94,417	113,241	(18,824)	-16.6%
	402,248	468,713	(66,465)	-14.2%
Long-term liabilities outstanding	6,671,700	7,261,301	(589,601)	-8.1%
Other liabilities	852,004	1,028,343	(176,339)	-17.1%
Total liabilities	7,523,704	8,289,644	(765,940)	-9.2%
Deferred service concession arrangement receipts	210,356	226,379	(16,023)	-7.1%
Deferred amount for refunding bonds	19,024	7,444	11,580	155.6%
Deferred amount related for leases	234,216	225,002	9,214	4.1%
Deferred amount related for pensions	413,494	776,898	(363,404)	-46.8%
Deferred amount related for OPEB	357,353	146,455	210,898	144.0%
	1,234,443	1,382,178	(147,735)	-10.7%
Net position:				
Net Investment in capital assets	19,574,442	18,540,714	1,033,728	5.6%
Unrestricted deficit	(1,765,277)	(2,266,288)	501,011	-22.1%
Total net position	$ 17,809,165	$ 16,274,426	$ 1,534,738	9.4%

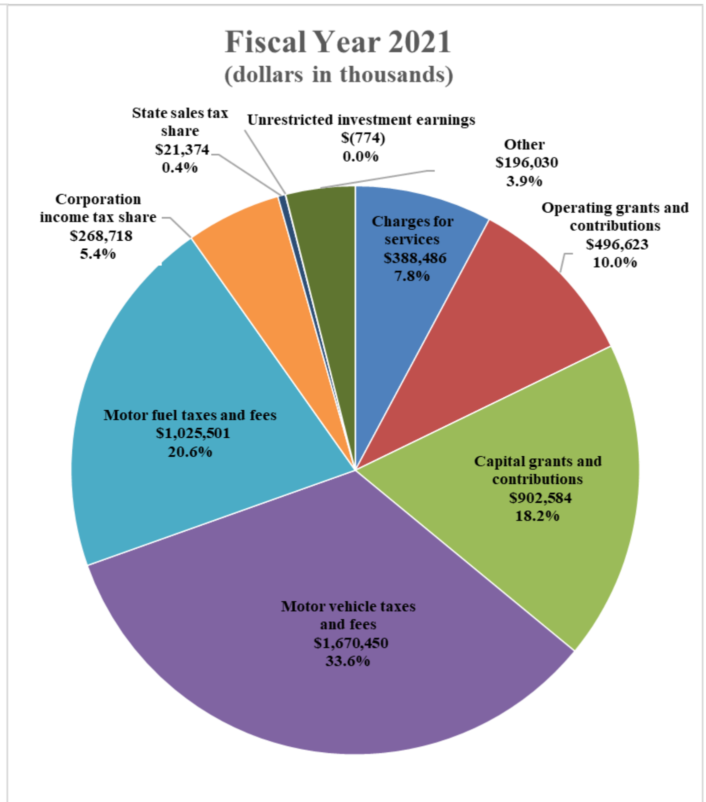
The Department's primary revenue sources are motor vehicle taxes and fees, which includes revenues from the titling tax and various driver and vehicle fees, and motor fuel taxes and fees. Motor fuel taxes and fees increased $189,646,000 from the previous year,_____________. Capital grants and contributions revenue and expenses for the Transit Administration were impacted by the impaired asset recovery discussed in note 9. Other includes a transfer in from the state to support the annual funding contribution to the Washington Metropolitan Area Transit Authority (WMATA). The key elements of the Department's governmental activities are as follows (amounts expressed in thousands):

Maryland Department of Transportation
Statement of Activities

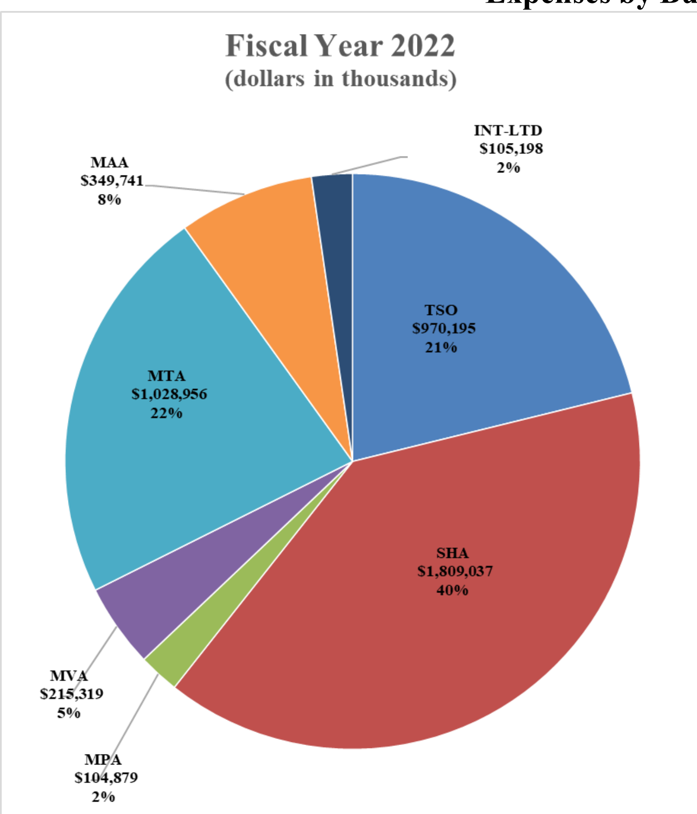
	For Fiscal Years Ended June 30,			
Governmental Activities	**2023**	**2022**	**Variance**	**% Change**
Revenues:				
Program revenues:				
Charges for services	$ 515,691	$ 505,605	$ 10,086	2.0%
Operating grants and contributions	521,950	716,443	(194,493)	-27.1%
Capital grants and contributions	1,283,674	1,042,974	240,700	23.1%
General revenues:				
Motor vehicle taxes and fees	1,718,718	1,720,718	(2,000)	-0.1%
Motor fuel taxes and fees	1,303,019	1,113,373	189,646	17.0%
Corporation income tax share	333,768	317,746	16,022	5.0%
State sales tax share	41,330	35,487	5,843	16.5%
Unrestricted investment earnings	4,177	6,511	(2,334)	-35.8%
Other	311,671	124,771	186,900	149.8%
Total revenues	6,033,998	5,583,628	450,370	8.1%
Expenses:				
Secretary's Office	898,125	970,195	(72,070)	-7.4%
State Highway Administration	1,570,376	1,809,037	(238,661)	-13.2%
Port Administration	9,832	104,879	(95,047)	-90.6%
Motor Vehicle Administration	236,612	215,319	21,293	9.9%
Transit Administration	1,323,524	1,028,956	294,568	28.6%
Aviation Administration	371,434	349,741	21,693	6.2%
Interest on long-term debt	89,356	105,198	(15,842)	-15.1%
Total expenses	4,499,259	4,583,325	(84,066)	-1.8%
Change in net position	1,534,738	1,000,303	534,435	53.4%
Net position – July 1	16,274,426	15,274,123	1,000,303	6.5%
Net position – June 30	$ 17,809,165	$ 16,274,426	1,534,738	9.4%

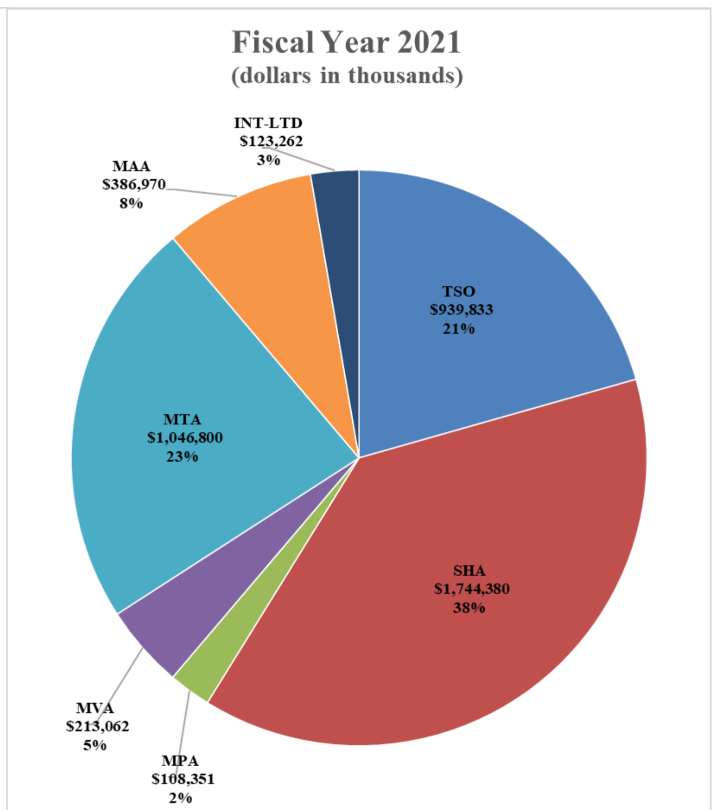
Revenues by Source





Expenses by Business Unit





INT-LTD: Interest on Long-term Debt MAA: MD Aviation Administration MPA: MD Port Administration
MTA: MD Transit Administration MVA: Motor Vehicle Administration SHA: State Highway Administration
TSO: The Secretary's Office

Financial Analysis of the Government's Funds

The Department uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the Department's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Department's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Department's governmental funds reported combined ending fund balances of $623,088,000, an increase of $353,094,000 from the prior fiscal year. The Department's governmental funds increase is due primarily to a $295,000,000 issuance of debt and the related $40,120,000 premium. All of the Special Revenue Fund balance isnon-spendable, restricted, committed, and/or assigned fund balance and indicates that it is not available for new spending because it has already been committed and/or assigned for the following purposes: (1) to maintain a separate nonspendable account for inventory activity in the amount of $93,438,000; (2) to maintain a separate unassigned account for specific custodial account balances in the amount of $529,650,000.

The Special Revenue Fund is the chief operating fund for the Department. As a measure of the Special Revenue Fund's liquidity, it may be useful to compare the total fund balance of $623,088,000 to total Special Revenue Fund expenditures of $5,316,080,000. The total fund balance represents 11.7% of the total fund expenditures.

Capital Asset and Debt Administration

Capital assets

The Department's investment in capital assets as of June 30, 2022, amounts to $23,310,841,000 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure, and construction in progress. Additional information on the Department's capital assets can be found in Note 8.

In the current fiscal year, the Department's investments in capital assets increased by $772,812,000. Some of the major capital asset events during the current fiscal year included the following:

- A variety of widening and/or expansion of existing and new highways and bridges were completed in fiscal year 2022; infrastructure assets for the State Highway Administration at the close of the current fiscal year reached $25,856,253,000, an increase of $896,307,000, or 3.6%, from the prior fiscal year.
- Various transit projects were ongoing in the current fiscal year; construction in progress as of June 30, 2022, was $7,989,458,000, an increase of $850,235,000, or 11.9%, from the prior year dueto an increase in the number of active construction projects.

The following schedule reflects the Department's Capital Assets Summary (amounts expressed in thousands):

Maryland Department of Transportation
Capital Assets (net of depreciation/amortization)

	For Fiscal Years Ended June 30,			
Governmental Activities	**2022**	**2021**	**Variance**	**% Change**
Land	$ 3,002,524	$ 2,965,420	$ 37,104	1.3%
Buildings and improvements	1,602,405	1,656,413	(54,008)	-3.3%
Machinery and equipment	726,237	717,507	8,730	1.2%
Infrastructure	9,849,026	9,916,954	(67,928)	-0.7%
Seagirt Assets	42,457	43,777	(1,320)	-3.0%
Purple Line Assets	98,734	98,734	-	0.0%
Construction in progress	7,989,458	7,139,224	850,234	11.9%
Total	$ 23,310,841	$ 22,538,029	$ 772,812	3.4%

The Department implemented GASB Statement No. 87 effective July 1, 2021. As a result, the beginning balances include the right-to-use leased assets for those qualifying leases that were in place at that date.

Long-term debt

The Department issues long-term debt to fund construction and improvements to its capital assets. Long-term debt includes Consolidated Transportation Bonds and Special Transportation Project Revenue Bonds. These bonds have separate repayment sources, credit ratings, coverage limits, and debt outstanding limits and thus will be discussed separately. Additional information on the Department's long-term debt can be found in Note 11 of this report.

Certain transportation taxes and fees are pledged for repayment of Consolidated Transportation Bonds. At the end of the current fiscal year the Department had total Consolidated Transportation Bonds outstanding of $3,643,475,000. The Department's Consolidated Transportation Bonds outstanding debt decreased by $28,855,000, or 0.8%, from the prior fiscal year. This includes the issuance of $486,610,000 of refunding and new money debt along with principal payments of $296,351,000 and payments to refund debt issued in prior years of $219,114,000

As provided by State law, the maximum outstanding aggregate amount of Consolidated Transportation Bonds that may be outstanding is $4,500,000,000. In addition, the General Assembly sets an annual limit on the amount of debt outstanding. For fiscal year 2022, that amount was $3,675,580,000. The Department's Consolidated Transportation Bonds outstanding as of June 30, 2022, was less than these amounts and therefore was within legal limits. The Department maintains an "AAA" rating with Standard & Poor's, an "AA+" rating with Fitch Ratings and an "Aa1" rating with Moody's Investors Services, Inc., for its Consolidated Transportation Bonds.

The following schedule reflects the amount of debt outstanding and legal debt margin for Consolidated Transportation Bonds (amounts expressed in thousands):

Maryland Department of Transportation
Consolidated Transportation Bonds

Governmental Activities	For Fiscal Years Ended June 30, 2022	2021	Increase (Decrease)	% Change
Debt Outstanding	$ 3,643,475	$ 3,672,330	$ (28,855)	-0.8%
Statutory Limit of Debt Outstanding	4,500,000	4,500,000	-	0.0%
Available Legal Debt Margin	$ 856,525	$ 827,670	$ 28,855	3.5%

The Department may also issue Special Transportation Project Revenue Bonds, which are backed by certain project-specific revenues and limited by bond coverage requirements as outlined in the bond documents. At the end of the current fiscal year the Department had total Special Transportation Project Revenue Bonds outstanding of $410,365,000. The Department's Special Transportation Project Revenue Bonds outstanding debt increased by $190,485,000 from the prior fiscal year due to the issuance of Special Transportation Project Revenue Bonds for BWIMarshall Airport. Series 2021B bonds in the amount of $190,485,000 were issued in July 2021 to fund construction of the Concourse A/B Connector and baggage handling system replacement project at BWI Marshall Airport. These bonds are secured by a gross pledge of airport revenues, exclusive of passenger facility charges and customer facility charges. These bonds maintain an "A" rating with Fitch Ratings and an "A1" rating with Moody's Investors Services, Inc.

The following schedule reflects the amount of debt outstanding for Special Transportation Project Revenue Bonds (amounts expressed in thousands):

Maryland Department of Transportation
Special Transportation Project Revenue Bonds

Governmental Activities	For Fiscal Years Ended June 30, 2022	2021	Increase (Decrease)	% Change
Debt Outstanding	$ 410,365	$ 219,880	$ 190,485	86.6%

Intergovernmental financing agreements and certificates of participation

At the end of the current fiscal year the Department had intergovernmental financing agreements and certificates of participation outstanding of $248,065,000.The Department's obligations related to the agreements decreased by $12,882,000, during the current fiscal year because of payments made. The Department maintains an "AA+" rating with Standard & Poor's, an "Aa2" rating with Moody's Investors Services, Inc. and an "AA" with Fitch Ratings for the Certificates of Participation. Additional information on these agreements can be found in Note 12 of this report.

The following schedule summarizes the Department's Intergovernmental financing agreements and Certificates of Participation (amounts expressed in thousands):

Maryland Department of Transportation
Intergovernmental Financing Agreements and Certificates of Participation
(amounts expressed in thousands)

Governmental Activities	For Fiscal Years Ended June 30, 2022	2021	Increase (Decrease)	% Change
Intergovernmental Financing Agreements and Certificates of Participation	$ 248,065	$ 260,947	$ (12,882)	-4.9%

Leases

The Department implemented GASB Statement No. 87 as of July 1, 2021. At the end of the current fiscal year, the Department recognized a long-term liability of $23,737,000.

Special Revenue Fund Budgetary Highlights

Between the original and final amended budgets, the Department's appropriations increased by $353,545,000 for special funds and increased by $603,849,000 for federal funds. These changes are primarily due to a return to normal operations following service reductions associated with the COVID 19 pandemic, the recognition of additional federal COVID relief funds, and additional costs for the Purple Line Light Rail project. The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual can be found on page 97 of this report.

Economic Factors and Next Year's Budgets and Rates

The strength of the Transportation Trust Fund is its diversity of revenue sources. This is evident when reviewing the recovery from the negative revenue impacts of the COVID-19 pandemic. Many of the Department's revenue sources have already returned to 2019 levels. Other revenue sources, like operating revenues from the airport and transit are slower to recover.

Throughout fiscal year 2022, the revenue and budget outlook continued to improve as the economic recovery from COVID-19 progressed and federal relief funds offset revenue losses. As of June 30, 2022, many of the Department's revenues have returned to pre-pandemic levels and the Department's fiscal outlook has improved. Federal relief efforts were critical in maintaining the Department's operations through this period. The Department will continue to utilize funds available from federal COVID relief efforts through fiscal year 2024. The recent passage of the Infrastructure Investment and Jobs Act will help to continue this recovery into future years and allow the Department to maintain its existing network but also look toward future needs.

Requests for Information

This Annual Comprehensive Financial Report is designed to provide a general overview of the Department's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Jaclyn D. Hartman, Chief Financial Officer, Maryland Department of Transportation, 7201 Corporate Center Drive, Hanover, MD, 21076.

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Basic Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT
MARYLAND DEPARTMENT OF TRANSPORTATION

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MARYLAND DEPARTMENT OF TRANSPORTATION
Statement of Net Position
June 30, 2023
(amounts expressed in thousands)

		Total Governmental Activities
ASSETS:		
Cash and cash equivalents - restricted	$	167,864
Taxes receivable, net		166,098
Intergovernmental receivable		637,990
Other accounts receivable		452,438
Due from other State agencies		250,004
Lease receivable		242,855
Prepaids		199,731
Inventories		105,092
Capital assets not depreciated:		
Construction in progress		8,690,374
Land		3,025,140
Capital assets (net of depreciation/amortization):		
Buildings and improvements		1,537,218
Machinery and equipment		687,633
Infrastructure		9,961,490
Seagirt assets		41,137
Total assets		26,165,064
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount for pensions		307,831
Deferred amount for OPEB		94,417
Total deferred outflows of resources		402,248
LIABILITIES:		
Salaries payable		23,928
Accounts payable and other current liabilities		616,420
Accounts payable to political subdivisions		75,651
Due to other State agencies		66,700
Unearned revenue		31,790
Accrued interest payable		37,515
Noncurrent liabilities:		
Due within one year		442,399
Due in more than one year		6,229,301
Total liabilities		7,523,704
DEFERRED INFLOWS OF RESOURCES:		
Deferred service concession arrangement receipts		210,356
Deferred amount for refunding bonds		19,024
Deferred amount for leases		234,216
Deferred amount for pensions		413,494
Deferred amount for OPEB		357,353
Total deferred inflows of resources		1,234,443
NET POSITION:		
Net investment in capital assets		19,574,442
Unrestricted deficit		(1,765,277)
Total net position	$	17,809,165

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

MARYLAND DEPARTMENT OF TRANSPORTATION
Statement of Activities
For the year ended June 30, 2023
(amounts expressed in thousands)

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Positon: Total Governmental Activities
Governmental activities:					
Secretary's Office	$ 898,125	$ 10,984	$ 10,149	$ 5,890	$ (871,102)
State Highway Administration	1,570,376	48,802	73,502	637,509	(810,563)
Port Administration	9,832	22,850	-	8,896	21,914
Motor Vehicle Administration	236,612	44,380	9,367	-	(182,865)
Transit Administration	1,323,524	94,356	428,177	611,931	(189,060)
Aviation Administration	371,434	294,319	755	19,448	(56,912)
Interest on long-term debt	89,356	-	-	-	(89,356)
Total governmental activities	$ 4,499,259	$ 515,691	$ 521,950	$ 1,283,674	(2,177,944)
	General revenues:				
	Motor vehicle taxes and fees				1,718,718
	Motor fuel taxes and fees				1,303,019
	Corporation income tax share				333,768
	State sales tax				41,330
	Unrestricted investment earnings				4,177
	Other revenue				311,671
	Total general revenues				3,712,683
	Change in net position				1,534,738
	Net position, July 1, 2022				16,274,426
	Net position, June 30, 2023				$ 17,809,165

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

MARYLAND DEPARTMENT OF TRANSPORTATION
Balance Sheet
Governmental Funds
June 30, 2023
(amounts expressed in thousands)

	Special Revenue	Nonmajor Governmental Fund Debt Service	Total Governmental Funds
ASSETS:			
Cash and cash equivalents - restricted	$ 167,864	$ -	$ 167,864
Taxes receivable, net	166,098	-	166,098
Intergovernmental receivable	637,990	-	637,990
Other accounts receivable	452,438	-	452,438
Due from other State agencies	250,004	-	250,004
Lease receivable	242,855	-	242,855
Prepaid Expenditures	199,731	-	199,731
Inventories	105,092	-	105,092
Total assets	2,222,072	-	2,222,072
LIABILITIES & FUND BALANCES:			
Liabilities:			
Salaries payable	23,928	-	23,928
Accounts payable and other current liabilities	616,420	-	616,420
Accounts payable to political subdivisions	75,651	-	75,651
Due to other State agencies	66,700	-	66,700
Unearned revenue	31,790	-	31,790
Total liabilities	814,489	-	814,489
DEFERRED INFLOW OF RESOURCES			
Lease related	234,216	-	234,216
Unavailable revenue	548,262	-	548,262
Total deferred inflow of resources	782,478	-	782,478
FUND BALANCES:			
Nonspendable fund balance:			
Inventories	105,092	-	105,092
Prepaid items	199,731		199,731
Unassigned fund balance:	320,282	-	320,282
Total fund balances	625,105	-	625,105
Total liabilities, deferred inflows and fund balances	$ 2,222,072	$ -	$ 2,222,072

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

MARYLAND DEPARTMENT OF TRANSPORTATION
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
As of June 30, 2023
(amounts expressed in thousands)

Amounts reported for governmental activities in the statement of net assets are different because:		2023
Amount in governmental funds, fund balance (page 43)	$	625,105
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements.		23,942,992
Accrued interest payable on bonds and capital leases		(37,515)
Long-term liabilities not due and payable in the current period and, therefore, are not reported in the fund financial statements, includes the following:		
Unavailable revenue		548,262
Deferred amount on refunding bonds		(19,024)
CTB Bonds payable		(3,297,030)
Special Transportation Revenue Bonds		(410,365)
Intergovernmental financing agreements		(222,215)
Lease Payable		(39,661)
Subscription Payable		(9,812)
Pollution liability		(37,959)
MTA OPEB liability		(750,748)
Net pension liability		(1,373,390)
Premium on bonds not liquidated with current financial resources		(354,866)
Workers' compensation costs		(72,313)
Energy savings liability		(15,577)
Compensated absences		(87,764)
Net deferred outflows and inflows related to pensions and OPEB		(368,599)
Deferred service concession arrangement receipts		(210,356)
Net position of governmental activities (page 41)	$	17,809,165

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

MARYLAND DEPARTMENT OF TRANSPORTATION
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023
(amounts expressed in thousands)

	Special Revenue	Nonmajor Governmental Fund Debt Service	Total Governmental Funds
REVENUES:			
Taxes:			
Motor vehicle taxes and fees	$ 1,718,718	$ -	$ 1,718,718
Motor vehicle fuel taxes and fees	1,303,019	-	1,303,019
Revenue sharing of State corporation income tax	333,768	-	333,768
Revenue sharing of State sales tax	41,330	-	41,330
Federal reimbursements	1,217,302	-	1,217,302
Charges for services	515,691	-	515,691
Passenger facility charges	45,520	-	45,520
Customer facility charges	9,430	-	9,430
Investment earnings	4,177	-	4,177
Impaired asset recovery	399,893	-	399,893
Other	231,260	-	231,260
Total revenues	5,820,108	-	5,820,108
EXPENDITURES:			
Current:			
Department administration, operating, and maintenance expenditures:			
Secretary's Office	179,463	-	179,463
State Highway Administration	304,001	-	304,001
Port Administration	100,677	-	100,677
Motor Vehicle Administration	218,287	-	218,287
Transit Administration	898,588	-	898,588
Aviation Administration	329,340	-	329,340
Intergovernmental:			
Highway user revenue distributions and federal fund pass-thru to local subdivisions	366,291	-	366,291
Washington Metropolitan Area Transit Authority grants	716,664		716,664
Debt service:			
Principal repayment	-	328,120	328,120
Interest	-	152,341	152,341
Impaired asset recovery	399,893	-	399,893
Capital outlay	1,827,841	-	1,827,841
Total expenditures	5,341,045	480,461	5,821,506
Excess of expenditures over revenues	479,063	(480,461)	(1,398)
OTHER FINANCING SOURCES (USES):			
Issuance of CTB refunding bonds	143,585	-	143,585
Premium on CTB refunding bonds	21,740	-	21,740
Payment to refund CTB debt	(161,910)	-	(161,910)
Debt service transfer	(480,461)	480,461	-
Total other financing sources and uses	(477,046)	480,461	3,415
Net change in fund balances	2,017	-	2,017
Fund balances, July 1, 2022	623,088	-	623,088
Fund balances, June 30, 2023	$ 625,105	$ -	$ 625,105

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

MARYLAND DEPARTMENT OF TRANSPORTATION
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023
(amounts expressed in thousands)

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds (page 45)		$ 2,017
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 exceeded depreciation/amortization in the current period.		
Capital outlays	$ 1,827,841	
Loss on disposal of assets	(14,740)	
Depreciation/amortization expense	(1,194,208)	
		618,893
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue		213,890
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net positon. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Premium on bonds	$ (21,740)	
Reductions of premium	82,880	
Principal repayment of bonds	328,120	
Debt issued, Consolidated Transportation Bonds (CTB)	(143,585)	
CTB refunding payments to escrow agent from refunding bonds	161,910	
Intergovernmental financing agreements	25,850	
Lease and Subcription Payable	(12,479)	
		420,956
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.		
Accrued interest	$ 6,595	
Compensated absences	(8,469)	
Energy savings liability	5,458	
Pollution obligations	115,343	
Workers compensation	5,716	
State net pension liability	(168,447)	
MTA net pension liability	(6,866)	
MTA OPEB obligation	239,167	
		188,497
Deferred financing inflows (outflows)		
Pension activity	$ 315,764	
OPEB activity	(229,722)	
Amortization of deferred concession reciepts	16,023	
Refunding bonds	(11,580)	
		90,485
Change in net positon of governmental activities (page 42)		$ 1,534,738

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

MARYLAND DEPARTMENT OF TRANSPORTATION
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2023
(amounts expressed in thousands)

	Maryland Transit Administration Pension Plan Trust Fund	Custodial Fund
ASSETS		
Cash and cash equivalents	$ 9,330	$ 26,262
Collateral for loaned securities	42,410	-
Investments:		
U.S. Government obligation	46,985	-
Domestic corporate obligations	27,588	-
International obligations	11,943	-
Domestic stocks	78,100	-
International stocks	71,984	-
Mortgages and mortgage related securities	12,477	-
Alternative investments	231,610	-
Total investments	480,687	-
Receivables:		
Accrued investment income	1,487	-
Investment sales proceeds	3,291	-
Total receivables	4,778	-
Total assets	537,205	26,262
LIABILITIES		
Obligation for collateral for loaned securities	42,410	
Accounts payable and accrued liabilities	7,336	9,788
Total Liabilities	49,746	
NET POSITION:		
Restricted for pension	$ 487,459	
Restricted for other governments		$ 16,474

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

MARYLAND DEPARTMENT OF TRANSPORTATION
Statement of Change in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2023
(amounts expressed in thousands)

		Maryland Transit Administration Pension Plan Trust Fund	Custodial Fund
ADDITIONS:			
Contributions from employer		$ 55,926	-
Contributions from employees		7,024	-
Funding offset to political subdivision		-	$ 15,625
Investment earnings:			
Interest, Dividends & Other Income	$ 17,322	-	-
Net appreciation in fair value of investments	834	-	-
Net investment earnings		18,156	-
Total additions		81,106	15,625
DEDUCTIONS:			
Benefit payments/Contribution withdrawals		50,465	-
Debt Service payments		-	14,443
Reimbursement to political subdivision		-	9,796
Administrative expenses		3,424	-
Total deductions		53,889	24,239
Change in net postion		27,217	(8,614)
Net positon, July 1, 2022		460,242	25,088
Net position, June 30, 2023		$ 487,459	$ 16,474

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

Index for Notes to the Financial Statements

MARYLAND DEPARTMENT OF TRANSPORTATION
Notes to the Financial Statements
For the Year Ended June 30, 2023

1. Summary of Significant Accounting Policies:

A. Reporting Entity:

The Maryland Department of Transportation (Department), a department of the State of Maryland, was established by statute in 1971. The Department is responsible for carrying out the Governor's policies in the area of transportation under statutory mandates, guidelines and constraints established by the Maryland General Assembly. The Department has the responsibility for most State-owned transportation facilities and programs, including planning, financing, constructing, operating, and maintaining various modes of transportation and carrying out related licensing and administrative functions. The Department includes the Secretary's Office (TSO), which provides overall policy direction, guidance, and support to five business units and one authority: the Maryland Aviation Administration (MAA), the Maryland Port Administration (MPA), the Maryland Transit Administration (MTA), the Motor Vehicle Administration (MVA), the State Highway Administration (SHA), and the Maryland Transportation Authority (MDTA).

The accompanying financial statements include the Department, which has no component units. The MDTA is a separate entity with separate fiscal operations and management, and accordingly, is excluded from the Financial Reporting Entity of the Department, because it is not financially accountable to the Department, as required by generally accepted accounting principles (GAAP) in the United States of America to require inclusion in the reporting entity.

B. Government-Wide and Fund Financial Statements:

The Department'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 government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The Department's governmental activities are supported primarily by taxes, intergovernmental revenues, and charges for services. Fiduciary funds are excluded from the Department's government-wide and fund financial statements, as fiduciary assets are not available for the Department's use. Separate financial statements are provided for the fiduciary funds, the MTA Employee Pension Plan Trust Fund and a custodial fund used for debt service for bonds issued under the County Transportation Revenue Bond program on behalf of Baltimore City.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The government-wide financial statements and the fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the financial statements as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department considers 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 or obligation is incurred as a result of goods or services rendered, as under accrual accounting. However, under the modified accrual basis, debt service expenditures are recorded only when payment is due. Compensated absences, retirement, workers' compensation costs and claims, judgments, and other liabilities not expected to be paid with current available resources are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Motor vehicle taxes, motor vehicle fuel taxes, charges for services, federal reimbursements, and interest associated with the current fiscal period are all considered to be available and susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered tobe measurable and available only when cash is received by the Department.

The Department collects and receives various types of motor vehicle taxes and fees. These taxes and feesconsist primarily of a portion of the motor vehicle fuel taxes, motor vehicle titling taxes and motor vehicleregistration fees. The Department accrues the motor vehicle fuel taxes and titling taxes for the month of June that are unremitted as of year-end as a receivable. These taxes are considered measurable and available since they represent June collections that are remitted to the Department in July and thereafter by merchants who collect these taxes. Expenditure-driven federal grants are recognized as revenue whenthe qualifying expenditures have been incurred, all other grant requirements have been met, and the reimbursement funding is available from the federal government.

The Department reports the following major governmental fund:

Special Revenue Fund:

Transactions related to resources obtained, the uses of which are restricted for specific purposes, are accounted for in the Special Revenue Fund. The Special Revenue Fund accounts for resources used for operations (other than debt service and pension activities) of the Department, including construction and improvement of transportation facilities and mass transit operations. Fiscal resources dedicated to transportation operations include the excise taxes on motor vehicle fuel and motor vehicle titles, a portionof the State's corporation income tax and the sales tax on short-term vehicle rentals, wharfage fees, a portion of landing fees, fare box revenues, bond proceeds, federal grants for transportation purposes, and other receipts of the

Department's agencies. The Department's unexpended balances as of year-end do not revert to the State's General Fund. In addition, the various series of Consolidated Transportation Bonds are serviced from the resources of the Department. The particular taxes and other designated revenues are dedicated to the payment of Consolidated Transportation Bonds and constitute the sole sources to which holders of Consolidated Transportation Bonds may legally look for repayment.

The Department reports the following non-major governmental fund:

Debt Service Fund:

Transactions related to the resources accumulated and payments made for principal and interest on Consolidated Transportation Bonds are accounted for in the Debt Service Fund.

Additionally, the Department reports the following fund types:

MTA Employee Pension Plan Trust Fund:

The MTA Employee Pension Plan Trust Fund (MTA Pension Trust Fund) accounts for the activities of the MTA Employee Pension Plan, which accumulates resources for pension benefit payments to qualifiedMTA employees. The MTA Pension Trust Fund accounts for plan assets at their fair value. Additional information regarding the MTA Employee Pension Plan is included in Note 15. The accounts of the MTAPension Trust Fund are maintained and reported using the accrual basis of accounting. Under this method,revenues are recorded in the fiduciary fund financial statements when earned, administrative expenses arerecorded at the time the liabilities are incurred, and pension benefits are recorded when paid.

Custodial Fund:

The custodial fund uses the economic resources measurement focus and reports resources, not in a trust, that are held by the Department for other parties outside of Department's reporting entity. The Department uses a custodial fund to account for the accumulation of and payment of debt service for bonds issued under the County Transportation Revenue Bond program. Additional information regarding County Transportation Revenue Bonds is included in Note 11.

D. New Pronouncements:

The Governmental Accounting Standards Board (GASB) previously issued :

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and
- Statement No. 96, *Subscription-Based Information Technology Arrangements*;

which the Department implemented during the year ending June 30, 2023. Statement No. 96 had a material effect on the Department's financial statements.

The GASB issued the following pronouncements, which will require adoption in the future, if applicable:

- Statement No. 99, *Omnibus 2022*;
- Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*; and
- Statement No. 101, *Compensated Absences*.

The Department has not yet completed the process of evaluating the impact of these pronouncements on its financial statements and plans to adopt them, as applicable, by their effective date.

2. Summary of Significant Accounting Policies – Assets, Deferred Outflows of Resources, Liabilities,Deferred Inflows of Resources, and Net Position:

A. All Funds:

Deposits and investments:

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

The Department participates in the centralized cash receipt and disbursement function operated by the StateTreasurer's Office and the Department's Special Revenue Fund retains its interest earnings per statute. Statelaw establishes allowed investments and other investment criteria that the State Treasurer's Office must follow. The Department's cash on hand, demand deposits and short-term investments maturing within 90 days from the date purchased are considered as cash and cash equivalents. The Department's investmentsare recorded at fair value and changes in fair value are recognized as revenue. Additional information on permitted investments is available in the State's Annual Comprehensive Financial Report, available at: https://www.marylandtaxes.gov/reports/cafr.php.

The cash and cash equivalents and investments of the MTA Pension Trust Fund are maintained by the StateRetirement and Pension System of Maryland (the System) on a pooled basis. The System, in accordance withSection 21 of the State Personnel and Pensions Article of the Annotated Code of Maryland, is permitted tomake investments subject to the terms, conditions, limitations and restrictions imposed by the Board of Trustees of the System. The System's investments are commingled in three combined investment funds. Twoinvestment funds consist principally of bonds and other fixed income investments, while the other investmentfund consists principally of common stocks.

Receivables and payables:

Amounts due to the Department from various tax revenue sharing programs are recorded as taxes receivable, while amounts due to the Department from the federal government are reported as intergovernmental receivables. Amounts representing balances due from the MDTA and the State's General Fund are reported as due from other State agencies.

Amounts representing balances due to the MDTA and the State's General Fund are reported as due to other State agencies. Amounts representing balances due to political subdivisions are reported as accountspayable to political subdivisions.

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 both government-wide and fund financial statements. In governmental fund typeaccounts, prepaid expenses are generally accounted for using the purchases method. As such, prepaid expenses are treated as expenditures when purchased rather than accounted for as an asset.

Grants:

Revenues from federal reimbursement type grants are recognized when the related expenditures are incurred and the revenues are both measurable and available. The government considers grant revenues to be available if they are for costs incurred during the fiscal year that are eligible to be reimbursed throughan executed grant agreement.

Capital assets:

Capital assets, which include land, buildings and improvements, capital equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, stormwater infrastructure, sidewalks and similar items), and right to use lease assets, are reported in the governmental activities column in the government-wide financial statements. Per State law, the Department adheres to the standards established by the Department of General Services for controlling inventories of materials, supplies, and fixed assets. As such, capital assets are defined as assets with an initial, individual cost of more than $100 and an estimated useful life more than one year. In addition, capital assets include sensitive items, which are items with an individual cost more than $50 that are prone to theft and concealable in a handbag or briefcase, such as laptops and handheld radios, as well as firearms and other law enforcement weapons, regardless of cost.

Capital assets are recorded at historical cost if purchased or constructed. The cost of constructed assets includes materials, labor, design, and any other costs directly related to putting the asset in use. Donated capital assets are recorded at estimated fair value at the date of donation.The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projectsare constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset	**Years**
Infrastructure	10-50
Transit vehicles and equipment	10-25
Buildings and improvements	5-50
Other vehicles	3-10
Office equipment	3-10
Computer equipment	3-10
Right to use leased assets	Lease term

Deferred outflows/inflows of resources:

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense) until then. The Department has two items that qualify for reporting in this category: deferred amount for pensions and the deferred amount for other post-employment benefits (OPEB). Additional information concerning pensions can be found in Note 15 and for OPEB, Note 16.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Department has five items that qualify for reporting in this category: deferred service concession arrangement receipts and the deferred amount for refunding bonds, leases, pensions, and OPEB. Additional information concerning service concession arrangements can be found in Note 9; for refunding bonds, Note 11; for leases, Note 13; for pensions, Note 15; and for OPEB, Note 16.

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 State service. A liability for vacation pay amounts is reported ingovernmental funds only if they have matured as a result of employee resignations or retirements.

All full-time State 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 of75 days as of the end of each calendar year.

Accumulated earned, but unused, annual leave for the Department's employees is accounted for in the government-wide financial statements.

Long-term obligations:

In the government-wide financial statements, long-term debt and other long-term obligations are reportedas liabilities. Bond premiums and discounts adjust the carrying value of the bonds and are amortized overthe life of the bonds. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts duringthe period the debt is issued. 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. Issuance costs are reported as debt service expenditures.

Fund balance:

The Department's Balance Sheet for the reservation of fund balance includes the following categories: (1)Non spendable fund balance (which includes inventories and prepaid items), (2) Restricted fund balance (for debt service items), (3) Committed fund balance (imposed by legislative action), (4) Assigned fund balance (for loans receivable, agency activities and other function related activities), and (5) Unassigned fund balance. The Unassigned fund balance is the residual classification for the Department and includes all spendable amounts not contained in the other classifications for the Special Revenue Fund.

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources are available for use it is the Department's policy to use committedresources first, then assigned, and then unassigned as they are needed.

The Department utilizes encumbrance accounting. Encumbrances, based on purchase orders or other contracts, have been classified based on the existing resources that will be used to liquidate them. Encumbrances not included in the restricted fund balance are included in the committed fund balance since these amounts do not lapse at year-end but are payable from remaining appropriations from the prior year. These amounts can only be used for specific purposes pursuant to constraints imposed by formal actions of the government's highest level of decision-making authority through the budget process.

Leases:

The Department acts as both a lessee and a lessor.

The Department is a lessee for a noncancellable leases of buildings and infrastructure.

The Department recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

At the commencement of a lease, the Department initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Department determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.
The Department uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Department generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Department is reasonably certain to exercise. Lease modifications, cancellations, or renewals will result in a remeasurement of the lease if changes occur that are expected to significantly affect the amount of the lease liability.

The Department is also a lessor for noncancellable leases of building space. The Department recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Department initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Department determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Department uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease modifications, cancellations, or renewals will result in a remeasurement of the lease if changes occur that are expected to significantly affect the amount of the lease receivable.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reportedamounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

3. Reconciliation of Government-wide and Fund Financial Statements:

Explanation of the governmental fund balance sheet and the government-wide statement of net position:

The governmental fund Balance Sheet includes a reconciliation between the fund balance for governmental funds and the net position of governmental activities as reported in the government-wide Statement of Net Position.

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between the net change in fund balance for governmental funds and the change in net position of governmental activities as reported in the government-wide Statement of Activities.

The Statement of Net Position displays assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position, although a balance sheet format (assets plus deferred outflows of resources equals liabilities plus deferred inflows of resources, plus net position) may be used.Regardless of the format used, the Statement of Net Position should report the residual amount as net position, rather than net assets, proprietary or fiduciary fund balance, or equity. The net position representsthe difference between all other elements in a Statement of Net Position and should be displayed in threecomponents: (1) net investment in capital assets, (2) restricted (distinguishing between major categories of restrictions), and (3) unrestricted.

4. Deposits and Investments:

Investments at Fair Value:

The State Treasurer's Office performs a centralized cash receipt and investment function for the Department. 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 assets. 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.

As of June 30, 2023, the Plan had the following recurring fair value measurements:

Investments by fair value level (expressed in millions)	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. Government obligations	$ 47	$ 47	$ -	$ -
Domestic corporate obligations	27		27	
International obligations	7		7	
Emerging markets debt	5		5	
Mortgages & mortgage related securities	12			12
Total debt securities	**98**	**47**	**39**	**12**
Equity Securities				
Domestic stocks (includes REITs)	55	55		
International stocks (includes (REITs)	44	44		
Total equity securities	**98**	**98**	**-**	**-**
Alternative Investments	3	3		
Total investment by fair value level	$ **200**	$ **149**	$ **39**	$ **12**
Investment measured at the net asset value (NAV)				
Equity Open-End Fund	$ 51			
Real Estate Open-End Fund	40			
Private Funds (includes equity, real estate, credit, energy, infrastructure, timber)	150			
Multi-asset	2			
Hedge Funds				
Equity long/short	9			
Event-driven	3			
Global Macro	8			
Relative Value	13			
Opportunistic	1			
Total investment measured at the NAV	$ **277**			
Total	$ **477**			

4. CASH DEPOSITS AND INVESTMENTS (continued)

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

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Private funds (includes equity, energy, credit, infrastructure, timber, commodity and real estate (1)	$ 150	$ 73		
Real estate open-end fund (3)	40		Quarterly	45 - 90 days
Equity open-end fund (2)	27		Daily	1 day
	18		Monthly	5 - 30 days
	5		Triennially	150 days
Multi-asset (9)	2		Monthly	5 days
Hedge Funds				
Equity long/short (5)	6		Monthly	30 - 45 days
	3		Quarterly	60 days
Event-driven (6)	1		Quarterly	15 days
	1		Quarterly	60 - 65 days
	0		Quarterly	90 days
	1		Quarterly	120 days +
	0		N/A	Liquidating
Global macro (4)	-		Daily	2 days
	2		Monthly	5 - 30 days
	6		Monthly	60 - 90 days
	1		Quarterly	60 - 90 days
Relative value (7)	1		Monthly	30 days
	4		Quarterly	30 days
	8		Quarterly	45 - 90 days
Opportunistic (8)	1		Quarterly	90 days
	0		Semi Annual	90 - 120 days
	$ 277	**$ 73**		

1. Private funds (includes equity, real estate, credit, energy, infrastructure, commodities and timber): This type includes 398 Global private funds, which cannot be redeemed. Instead, distributions are received through the liquidation of the underlying assets of the fund. These funds are valued based on individual, audited financial statements and assumptions used by fund managers.

2. Equity Open-End Fund: This type includes investments in institutional investment funds, which invest in three domestic and eight emerging market equities. The fair values of the funds within this type have been determined using the net asset value (NAV) per share, which has been valued by the fund based on the characteristics of the underlying assets. The four funds have a 5 to 30 days liquidity structure and one fund is redeemable in five months with triennial redemption restrictions.

4. CASH DEPOSITS AND INVESTMENTS (continued)

3. Real estate-open ended: This type includes nine domestic open-ended real estate funds, which can be liquidated. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets.

4. Global macro: This category includes six hedge funds that invest in over 100 financial markets. The funds are diversified and take long, short and spread positions. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets. These assets have a liquidity structure which ranges from 5 to 90 days.

5. Equity long/short: This type includes investments in four hedge funds that invest both long and short primarily in U.S. and Asian common stocks. Management of each hedge fund has the ability to shift investment from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets. Two funds have a two-year hard lockup and the other two have a one-year soft lock-up and requires a 30-day to 60-day notice.

6. Event-driven: This type includes five investments, two of which are credit hedge funds. These funds invest in equities and bonds of companies and governments at risk of or in the process of reorganizing to profit from economic, political, corporate and government-driven events. The other three are focused on merger arbitrage and assets across the capital structure. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets. The other funds have a 15 to 90-day liquidity structure.

7. Relative value: This category includes seven hedge funds with a liquidity structure between 30 and 90 days. These funds invest in a wide range of strategies. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets.

8. Opportunistic: Currently there are three hedge funds in this category, which invests in re-insurance for catastrophe risk (mostly hurricane and earthquake). The fund has a quarterly redemption with a 90-day notice and the other has a semi-annual redemption with a 90-day notice. The fair value of this fund has been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets.

9. Multi-asset: This category includes one diversified fund. The fair value of the fund within this type has been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets.

4. CASH DEPOSITS AND INVESTMENTS (continued)

The Plan's cash deposits and investments are commingled with MSRPS. MSRPS does not separately trust or manage the Plan's cash and investments. The Plan does not own an individual interest in specific assets. For full disclosure on the risks over cash deposits and investments. MSRPS's audited financial statements and cash and investment footnote can be found on sra.maryland.gov.

Security Lending Transactions

MSRPS accounts for securities lending transactions in accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*.

The following table details the net income from securities lending for MSRPS for the year ended June 30, 2023 (in thousands):

	2023
Interest Income	$226,992
Less:	
Interest expense	202,127
Program fees	1,243
Expenses from Securities Lending	203,370
Net Income from Securities Lending	$ 23,622

The Board of Trustees has authorized MSRPS to lend its securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. Deutsche Bank, pursuant to a written agreement, is permitted to lend long-term securities to authorized broker-dealers subject to the receipt of acceptable collateral. MSRPS lends securities for collateral in the form of either cash or other securities. The types of securities on loan as of June 30, 2023 included long-term U.S. government obligations, domestic and international equities, as well as domestic and international debt obligations. At the initiation of a loan, borrowers are required to provide collateral amounts of 102% (domestic securities and foreign securities that are denominated in the same currency as the collateral provided by the counterparty) and 105% (foreign securities that are not denominated in the same currency as the collateral provided by the counterpart). In the event the collateral fair value falls below 100% for domestic securities and foreign securities that are denominated in the same currency as the collateral or 103% on foreign securities not denominated in the same currency as the collateral provided by the counterparty, the borrower is required to provide additional collateral to the original levels by the end of the next business day. Deutsche Bank is obligated to indemnify the client if there are any losses of securities, collateral, or investments of the client in the Bank's custody arising out of or related to the negligence or dishonesty of the Bank.

4. CASH DEPOSITS AND INVESTMENTS (continued)

MSRPS maintains the right to terminate the 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 6.28 days. MSRPS cannot pledge or sell collateral securities received unless (and until) a borrower defaults. At year-end, MSRPS had no credit risk exposure to borrowers because the amount MSRPS owed the borrowers exceeded the amount the borrowers owed MSRPS. The fair value of securities on loan and cash value of collateral held as of June 30, 2023 (in thousands) was $42,410 and $43,231, respectively.

The following table presents the fair values of the underlying securities, and the value of the collateral pledged at June 30, 2023 for the MTA plan (in thousands):

	As of June 30, 2023		
Securities Lent	**Fair Value Loaned Securities**	**Collateral Fair Value**	**Percent Collateralized**
Lent for Cash collateral			
U.S. Government and Agency	$26,101	$26,650	102.1%
Domestic bond & Equity	16,129	16,393	101.6%
International Fixed	25	25	101.7%
International Equity	155	163	104.7%
Total Securities Lent	$42,410	$43,231	101.9%

There were no significant under-collateralization events as of June 30, 2023

The Department discloses investment risk 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. 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 State Treasurer will not directly invest in securities maturing more than five years from the date of purchase.

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law requires that repurchase agreements be collateralized by U.S. Treasury and agency obligations. In addition, investments may be made directly in U.S. agency obligations. These agency obligations are rated Aa1 by Moody's and AAA by Standard and Poor's. State law also requires that money market mutual funds contain only U.S. Treasuries or agencies or repurchase agreements secured by U.S. treasuries or agencies. The money market mutual funds are rated Aaa/AAA.

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. 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.

Custodial credit risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Department 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. State law permits the State Treasurer to deposit in a financial institution in the State, unexpended or surplus moneyin which the State 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, or (c) a custodian holds the collateral.

As of June 30, 2023, the Department reported a total of $167,864,000 in Cash and cash equivalents on the Department's Balance Sheet. This amount is primarily for unspent bond proceeds for the Series 2021B Special Transportation Project Revenue Bonds (BWI Marshall Airport).

State law authorizes the Department to invest in obligations of the U.S. Treasury including bills, notes, and bonds; obligations of U.S. agencies and instrumentalities; obligations of supranational issues; repurchase agreements secured by an U.S. Treasury agency; instrumentality obligations or bankers' acceptances guaranteed by a financial institution with the highest short-term debt rating by at least one nationally recognized statistical rating organization (NRSRO); commercial paper with the highest rating by at least one NRSRO; shares or certificates in a money market mutual fund as defined by the State Treasurer; and the Maryland Local Government Investment Pool.

5. Receivables and Unearned Revenue:

The Department's receivables as of June 30, 2023, consisted of the following (amounts expressed in thousands):

Receivables	Special Revenue Fund
Taxes receivable	$ 166,098
Intergovernmental receivable	637,990
Other accounts receivable	452,438
Lease receivable	242,855
Due from other State agencies	250,004
Total receivables	$ 1,749,385

The Department's taxes receivable consists of receivables recorded at year-end for the motor vehicle fuel tax in the amount of $115,202,000, the motor vehicle titling tax in the amount of $44,907,000 and a motor vehicle excise tax in the amount of $5,989,000.

The Department's intergovernmental receivables consist of receivables from the federal government in the amount of $631,871,000 and from the local subdivisions in the amount of $6,119,000.

The Department's other accounts receivable of $452,438,000 consist of miscellaneous receivables recorded at fiscal year-end across the Department.

The Department's Lease receivable is related to the leases held by MPA of $208,777,000 and held by

MAA of $34,079,000.

The Department's due from other State agencies totals $250,004,000 and includes $156,170,000 for the amount due from the State Comptroller's Office for cash transfers related to the collection of certain transportation revenues not transferred to the Department as of June 30, 2023; $83,331,000 due from the MDTA for airport passenger facility charge (PFC) and $9,170,000 for customer facility charge (CFC) collections; $1,189,000 due from the Maryland Department of Budget and Management for the health benefits refund;and $145,000 due from the MDTA for the Intercounty Connector.

The Department's unearned revenue as of June 30, 2023, consisted of the following (amounts expressed in thousands):

Unearned Revenue	Special Revenue Fund
SHA advanced contract payments	$ 27,066
MAA airport services	4,724
Total unearned revenue	$ 31,790

The Department's unavailable revenue as of June 30, 2023, consisted of the following (amounts expressed in thousands):

Unavailable Revenue	Special Revenue Fund
Federal receivables	$ 445,762
MAA PFC and CFC Improvement Funds	92,500
Total unavailable revenue	$ 538,262

6. Interfund Transfers:

The interfund transfers for the Department for the year ended June 30, 2023, were as follows (amounts expressed in thousands):

Transfers In	Transfers Out	Amount
Debt Service Fund	Special Revenue Fund	$ 480,461

The purpose of this interfund transfer is to record the amount of revenue transferred from the Special Revenue Fund to the Debt Service Fund for debt service principal and interest payments for Consolidated Transportation Bonds. This transfer is reported on the Statement of Revenues, Expenditures and Changes in Fund Balances as a debt service transfer under Other Financing Sources (Uses).

7. Due to Other State Agencies:

The amount reported as due to other State agencies within the Special Revenue Fund in the accompanying balance sheet is $66,700,000. That amount represents the amount due to the State's General Fund for cash transfers, not transferred as of June 30, 2023.

8. Capital Assets:

The Department's capital assets activity by asset classification, including accumulated depreciation/ amortization, for the year ended June 30, 2023, was as follows (amounts expressed in thousands):

Capital Assets - Governmental activities	Balance July 1, 2022	Increases	Decreases	Transfers In (Out)	Balance June 30, 2023
Capital Assets not depreciated:					
Land and Land Improvements	$ 3,002,525	$ -	$ (488)	$ 23,103	$ 3,025,140
Construction in progress	8,088,191	1,074,045		(471,863)	8,690,373
Total capital assets not depreciated	11,090,716	1,074,045	(488)	(448,760)	11,715,513
Capital assets depreciated/amortized:					
Building & improvements	3,502,155	546	(237)	16,088	3,518,552
Right To Use leased buildings	23,121	11,650	(8,579)	-	26,192
Machinery & equipment	2,808,734	25,763	(77,597)	62,182	2,819,082
Subscription assets	13,257	-	-	-	13,257
Infrastructure	29,326,404	703,670	-	370,490	30,400,564
Right To Use leased infrastructure	7,789	12,167	(4,604)	-	15,352
Seagirt Assets	54,341	-	-	-	54,341
Total capital assets depreciated/amortized	35,735,801	753,796	(91,017)	448,760	36,847,340
Accumulated depreciation/amortization for:					
Building & improvements	(1,916,032)	(79,122)	191	-	(1,994,963)
Right To Use leased buildings	(6,838)	(6,728)	1,003	-	(12,563)
Machinery & equipment	(2,082,498)	(134,105)	75,341		(2,141,262)
Subscription assets	-	(3,445)	-	-	(3,445)
Infrastructure	(19,483,241)	(968,271)	-	-	(20,451,512)
Right To Use leased infrastructure	(1,926)	(1,217)	230		(2,913)
Seagirt Assets	(11,884)	(1,320)	-	-	(13,204)
Total accumulated depreciation/amortization	(23,502,419)	(1,194,208)	76,765	-	(24,619,862)
Net capital assets after depreciation/amortizatior	12,233,382	(440,412)	(14,252)	448,760	12,227,478
Net total capital assets – governmental activities	$ 23,324,098	$ 633,633	$ (14,740)	$ -	$ 23,942,991

The Department implemented GASB Statement No. 96 effective July 1, 2022. As a result, the beginning balances include the subscription assets for those qualifying subscriptions in place at that date.

Depreciation/amortization expense for the current year on capital assets charged to the Department's transportation business units in the Statement of Activities for the year ended June 30, 2023, was as follows (amounts expressed in thousands):

Depreciation/Amortization Expense - Governmental Activities		
Secretary's Office	$	2,921
State Highway Administration		934,180
Port Administration		25,783
Motor Vehicle Administration		34,292
Transit Administration		114,282
Aviation Administration		82,750
Total depreciation/amortization expense - governmental activities	**$**	**1,194,208**

9. Service Concession Arrangements:

The Department entered into a long-term lease with Ports America Chesapeake in 2009 to manage, operate and maintain the Seagirt 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 certain rights to Ports America Chesapeake for a term of 50 years. After 50 years the Department has the option to buy Ports America Chesapeake's equipment. Ports America Chesapeake charges and collects fees from users for container lifts, short tons of roll on-roll off, breakbulk, 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 accumulated depreciation, and deferred receipts, were $41,137,000.

The Department entered into a public-private partnership agreement for the design, construction, financing, operation, and maintenance of a new light rail line, the Purple Line. This agreement satisfies the criteria established to be considered an availability payment arrangement. The agreement was originally entered into in 2016 and was subsequently modified in 2022. Under the terms of the agreement, the Department transfers certain rights to Purple Line Transit Partners, LLC for a construction term of 10 years and an operation and maintenance period of 30 years. Purple Line Transit Partners, LLC was selected through a competitive process as the concessionaire. 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 2020 management expensed this amount over concerns of the project making it to completion Since that time the construction continued. The Maryland Transportation Administration has reassessed the current situation and believes the project will be completed. The estimated total project cost is $16B. The prior construction costs have been re-evaluated and are properly included as part of this project.

10. Long-term Liabilities:

The Department's long-term liability activity for the year ended June 30, 2023, was as follows (amounts expressed in thousands):

Changes in Long-Term Liabilities

(amounts expressed in thousands)

Governmental activities:	Beginning Balance July 1, 2022	Additions	Reductions	Ending Balance June 30, 2023	Due Within One Year
Transportation bonds (1)	$ 3,643,475	$ 143,585	$ (490,030)	$ 3,297,030	$ 292,120
Special transportation project revenue bonds (1)	410,365	-	-	410,365	26,755
Intergovernmental financing agreements (1)	248,065		(25,850)	222,215	27,010
Lease Payable (1)	23,737	29,295	(13,371)	39,661	7,632
Subscriptions payable (1&3)	13,257		(3,445)	9,812	3,493
Pollution obligations (2)	153,302	24,311	(139,654)	37,959	-
MTA OPEB liability	989,915	-	(239,167)	750,748	-
State Employees' Plan net pension liability	466,405	168,447	-	634,852	-
MTA Plan net pension liability	731,672	6,866	-	738,538	-
Premium on bonds (1)	416,006	21,740	(82,880)	354,866	57,039
Workers' compensation costs	78,029	14,152	(19,868)	72,313	10,847
EPC obligations (1)	21,035	-	(5,458)	15,577	5,223
Compensated absences	79,295	40,023	(31,554)	87,764	12,280
Total long-term liabilities – governmental activities	$ 7,274,558	$ 448,419	$(1,051,277)	$ 6,671,700	$ 442,399

(1) These items are combined for the net related debt calculation on the Statement of Net Position section entitled Net Position – Net investment in capital assets.

(2) Change in estimate

(3) GASB 96 implementation

The Department's long-term liabilities, other than Consolidated Transportation Bonds and Special Transportation Project Revenue Bonds, are generally liquidated through the Special Revenue Fund. The Department estimates there are no material liabilities for arbitrage rebates as of June 30, 2023.

11. Long-Term Debt:

Consolidated Transportation Bonds

The Department issues Consolidated Transportation Bonds to provide funds for the acquisition and construction of major capital facilities. Consolidated Transportation Bonds are limited obligations issued by the Department for highway, port, airport, rail or mass transit facilities or any combination of such facilities. Pursuant to the State Constitution, tax-supported debt such as Consolidated Transportation Bonds must be fully paid within 15 years from the date of issue. As provided by State law, the General Assembly establishes in the budget for each fiscal year a maximum outstanding aggregate amount of Consolidated Transportation Bonds as of June 30 of the respective fiscal year that may not exceed $4,500,000,000. The aggregate principal amount of those bonds that were 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 paid from the Debt Service Fund. As of June 30, 2023, the Department has no defeased debt outstanding.

The Department's Consolidated Transportation Bonds outstanding as of June 30, 2023, were as follows (amounts expressed in thousands):

	Interest Rates	Amount
Consolidated Transportation Bonds – due serially through 2036 – for State transportation activity	2.0-5.0%	$2,880,875
Consolidated Transportation Bonds, refunding – due serially through 2028 – for State transportation activity	4.0-5.0%	416,155
Total Consolidated Transportation Bonds Outstanding		$3,297,030

Principal and interest on Consolidated Transportation Bonds are payable from the proceeds of certain excise taxes levied by statute, a portion of the corporation income tax, and a portion of the State sales tax on short term vehicle rentals credited to the Department. These amounts are applicable 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 payment.

Under the terms of 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 (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.

In Fiscal year 2022, the Department sold Consolidated Transportation Bonds, 2022B Forward Refunding Bonds, in the amount of $143,585,000 with a premium of $21,740,000 which settled in fiscal year 2023. The forward refunding bonds were sold through a negotiated sale with a true interest cost of 1.36%. The Series 2022B Refunding Bonds are dated with maturities ranging from fiscal years 2023 to 2030, at an annual interest rate of 5.00%. This economic refunding resulted in debt service savings with a net present value of $15,203,668.

Annual debt service requirements to maturity for Consolidated Transportation Bonds in future years are as follows (amounts expressed in thousands):

Years Ended June 30,	Principal	Interest	Total Debt Service Requirements
2024	$ 292,120	$ 134,334	$ 426,454
2025	309,860	119,846	429,706
2026	306,255	104,715	410,970
2027	321,310	89,933	411,243
2028	325,735	74,653	400,388
2029-2033	1,394,430	178,262	1,572,692
2034-2037	347,320	15,728	363,048
Total	$ 3,297,030	$ 717,471	$ 4,014,501

Special Transportation Project Revenue Bonds

The Department may also issue Special Transportation Project Revenue Bonds for certain projects that generate facility revenues. Special Transportation Project Revenue Bonds are limited obligations of the Department payable solely from funds deposited in the respective trust estate in accordance with the associated trust agreement. Maturities are not limited by State law but are limited by the useful life of the facilities being constructed or improved. The amount of bonds issued are not limited by State law but are limited by the debt coverage ratios established in the bond documents.

The Department issued Special Transportation Project Revenue Bonds (BWI Marshall Airport), which are payable from a gross pledge of airport revenues, exclusive of passenger facility charges and customer facility charges. The Department maintains an "A" rating with Fitch Ratings and an "A1" rating with Moody's Investors Services, Inc.

Series 2021A were issued in February 2021 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%. Series 2021B were issued in July 2021 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.

Annual debt service requirements to maturity for Special Transportation Project Revenue Bonds in future years are as follows (amounts expressed in thousands):

Years Ended June 30,	Principal	Interest	Total Debt Service Requirements
2024	$ 26,755	$ 10,915	$ 37,670
2025	26,855	10,796	37,651
2026	26,995	10,617	37,612
2027	31,075	10,288	41,363
2028	31,515	9,795	41,310
2029-2033	108,110	40,334	148,444
2034-2038	30,010	31,630	61,640
2039-2043	37,185	24,387	61,572
2044-2048	46,605	14,643	61,248
2049-2053	45,260	3,709	48,969
Total	$ 410,365	$ 167,114	$ 577,479

County Transportation Revenue Bonds

County Transportation Revenue Bonds, enacted during the 1993 session of the General Assembly, 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, and the obligation of, the respective county or Baltimore City.

Baltimore City is the only jurisdiction currently participating in the program. 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 and with the State Treasurer as of June 30, 2023. These funds are reported as restricted cash and cash equivalent in the agency funds. The two amounts are restricted for project funds and county bond debt service respectively. As of June 30, 2023, $76,020,000 in County Transportation Revenue Bonds was outstanding.

12. Intergovernmental Financing Agreements and Certificates of Participation:

The Department has entered into several agreements for the financing of various transportation related projects, including agreements with the MDTA for the financing of various projects at BWI Marshall Airport. The Department reported obligations under **intergovernmental financing agreements** and **certificates of participation** of $317,325,000, as of June 30, 2023. The Department's activity related to intergovernmental financing agreements and certificates of participation is included in the table in Note 10.

The Department's intergovernmental financing agreements and certificates of participation obligations as of June 30, 2023, were as follows:

- $3,225,000 in obligations related to Project Certificates of Participation for Maryland Aviation Administration Facilities, Series 2010 (refunding), issued on December 1, 2010, at annual coupon rates ranging from 3.0-5.0%;
- $3,270,000 in obligations related to Project Certificates of Participation for Maryland Transit Administration Projects, Series 2010 (refunding), issued on December 1, 2010, at annual coupon rates ranging from 3.0-5.0%;
- $2,295,000 in obligations related to Project Certificates of Participation for the Maryland Port

Administration Facility Project, Series 2016 (refunding), issued on November 30, 2016, at an annual coupon rate of 5%.

- $18,625,000 in obligations related to Project Certificates of Participation for the Maryland Aviation Administration's Shuttle Bus Fleet Acquisition, Series 2019, issued on March 27, 2019, at annual coupon rates ranging from 3.0-5.0%.
- $64,755,000 on long-term obligations for bonds issued by the MDTA related to the financing of BWI Marshall Airport's Consolidated Rental Car Facility, Series 2002, issued on June 18, 2002, at annual coupon rates ranging from 2.74-6.65%.
- $28,220,000 on long-term obligations for bonds issued by the MDTA related to the financing of a connector hallway between Concourses B and C at BWI Marshall Airport, Series 2012, issued on April 25, 2012, at annual coupon rates ranging from 4.0-5.0%.
- $73,350,000 on long-term obligations for bonds issued by the MDTA related to the financing of BWI Marshall Airport's runway safety and paving improvement projects, Series 2012, issued on December 13, 2012, with fixed rate bonds with coupon rates ranging from 2.0-4.0%, and variable rate demand bonds with an interest rate of 2.37% as of June 30, 2023.
- $26,290,000 on long-term obligation for bonds issued by the MDTA related to the financing of a connector hallway between Concourses C and D at BWI Marshall Airport, Series 2014, issued on December 18, 2014, at annual coupon rates ranging from 3.0-5.0%; and
- $97,295,000 on long-term obligations for bonds issued by the MDTA related to various improvements at BWI Marshall Airport, Series 2019, issued on June 19, 2019, at annual coupon ratesranging from 3.0-5.0%.

As bond proceeds are spent for construction, the Department's liability (or minimum payments) and related capital assets will increase accordingly. Once construction is completed, the Construction in Progress asset will become a Building or Infrastructure asset.

The future minimum **Intergovernmental Financing Agreement** and **Certificates of Participation** obligations and the net value of these minimum payments as of June 30, 2023, were as follows (amounts expressed in thousands):

Year Ended June 30	Principal	Interest	Total
2024	$ 27,010	$ 14,326	$ 41,336
2025	25,805	13,133	38,938
2026	25,205	11,990	37,195
2027	25,140	10,888	36,028
2028	26,150	9,746	35,896
2029-2033	138,570	27,934	166,504
2034-2038	41,300	6,064	47,364
2039-2043	8,145	326	8,471
Total	$ 317,325	$ 94,407	$ 411,732
Less: amount representing interest			$ (94,407)
Less: funds held by trustee (1)			(56,994)
Value of minimum intergovernmental financing agreement payments			260,331

(1) The reduction shown in the amount of $56,994,000 are monies held by the bond trustee on behalf of the MDTA to be used for construction and Debt Service Reserve Fund expenditures.

The capital assets acquired through intergovernmental financing agreements as of June 30, 2023, were as follows (amounts expressed in thousands):

Capital Asset	Amount
Construction in progress	$ 106,462
Land and improvements	16,569
Buildings and improvements	1,085,163
Machinery and equipment	23,427
Infrastructure	292,106
Total acquired capital assets	1,523,727
Less: accumulated depreciation	638,447
Total capital assets – net	$ 885,280

13. Leases

Department as Lessor (lease receivable):

The Department is a party to multiple leases, primarily at the BWI Marshall Airport and at the Port of Baltimore. The Department recognized $32,903,000 in lease revenue and $7,908,661 in interest revenue related to leases. As of June 30, 2023, the Department's receivable for lease payments was $242,855,000 and the balance of the deferred inflow of resources was $234,216,000. The deferred inflow of resources will be recognized as revenue over the lease term.

Department as Lessee (lease payable):

The Department has entered into various lease agreements as lessee primarily for office space and infrastructure (parking). These 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. If the interest rate implicit in the leases is not readily determinable, the Department 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		
Right-of-use leased assets:		
Building & improvements	$	26,192
Infrastructure		15,352
Total right of use leased assets		41,544
Less accumulated amortization for:		
Right-of-use leased assets:		
Building & improvements		12,563
Infrastructure		2,913
Total accumulated amortization		15,476
Total Right-of-use leased assets, net:		
Building & improvements		13,629
Infrastructure		12,439
Total	$	26,068

Lease Payable		
Current	$	7,632
Non-current		32,029
Total	$	39,661

The future principal and interest lease payments as of June 30, 2023, were as follows (amounts expressed in thousands):

Year Ended June 30,	Principal	Interest	Total
2024	$ 7,632	$ 1,158	$ 8,790
2025	6,921	931	7,852
2026	4,746	725	5,471
2027	4,573	585	5,158
2028	3,245	450	3,695
2029-2101	12,544	3,766	16,310
Total	$ 39,661	$ 7,615	$ 47,276

14. Pollution Remediation Obligations:

The Department has recognized a pollution remediation obligation on the Statement of Net Position for governmental activities. A pollution remediation obligation is an obligation to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, including pre-cleanup activities, cleanup activities, government oversight and enforcement, and post remediation monitoring.

Obligating events that initiate the recognition of a pollution remediation liability include any of the following: (a) there is an imminent and substantial endangerment to the public; (b) the Department is in violation of a pollution prevention related permit or license; (c) the Department is identified as a responsible party or potentially responsible party by an environmental regulator; (d) the Department is named or has evidence that it will be named in a lawsuit to participate in pollution remediation; or (e) the Department voluntarily commences, or legally obligates itself to commence, cleanup activities, monitoring or operations and maintenance of pollution remediation efforts.

The pollution remediation obligation is an estimate and subject to changes from price increases or reductions, technology advances 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 are recognized as they become reasonably estimable. At a minimum, the liability is reviewed for sufficiency when various benchmarks occur and as remediation is implemented and monitored. The measurement of the liability is based on the current value of outlays to be incurred using the expected cash flow technique. This technique measures the sum of probability-weighted amounts in a range of possible potential outcomes – the estimated mean or average.

The Department's pollution remediation liability as of June 30, 2023, is estimated at $37,959,000, net of expected recoveries from third parties . Included in this liability are cost estimates for site monitoring and repair excavation of road and infrastructure, because of contaminations by hazardous materials under federal and State law. In these cases, either the Department has been named in a lawsuit by a State Regulator or the Department has legally obligated itself under Section 7-201 of the Environment Article of the Annotated Code of Maryland.

Cost estimates for the Department's pollution remediation, due to site contamination from hazardous materials, are based on managerial cost estimates. The estimated long-term costs that the Department may be responsible for over the next 15 years include: various cleanup projects related to several MTA construction sites and projects related to cleanup of underground hazardous substances at the MPA's Dundalk Marine Terminal and land recently purchased for a dredge material disposal site. The Dundalk Marine Terminal's pollution remediation liability was reviewed, and the present value of the estimated liability was significantly reduced during FY 2023 due to reduced yearly remediation expenses.

15. Retirement Systems and Pension Plans:

The Department is a member of the Maryland State Retirement System and Pension System (the System) and sponsors a pension plan covering the employees of MTA. The Department recognized a $90,795,000 expense from the system and the MTA plan recognized a gain of $21,554,000, for a Department wide pension expense of $69,241,000.

M*aryland State Retirement and Pension System:*

The Department and its employees contribute to the Maryland State Retirement System and Pension System (the System). The System was established by the State to provide pension benefits for State employees (other than employees covered by the MTA Employee Pension Plan described below) and employees of various participating political subdivisions or other entities within the State. The non-State entities that participate within the System receive separate actuarial valuations in order to determine their respective funding levels and actuarial liabilities.

While the System is an agent multiple-employer public employee retirement system, the Department accounts for the plan as a cost sharing multiple-employer public employee retirement system as a separate valuation is not performed for the Department and the Department's obligation to the plan is its required annual contributions. Retirement benefits are paid from the System's pooled assets rather than from assets relating to a particular plan participant.

The State Retirement Agency is the administrator of 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 prepares a separately audited Annual Comprehensive Financial Report, which can be obtained from the System and is available at: http://www.sra.state.maryland.gov/ comprehensive-annual-financial- reports.

Plan description:

The System includes several plans based on date of hire and job function. Employees of the Department are members of the Employees' and Teachers' Retirement System, Employees' and Teachers' Pension System, or Law Enforcement Officers' Pension System. The Employees' and Teachers' Retirement System (the Retirement Plan) includes those employees hired prior to January 1, 1980, who have not elected to transfer to the Employees' and Teachers' Pension System (the Pension Plan) and are not a member of the Law Enforcement Officers' Pension System (the Officers' Plan). Members of the Pension Plan include those employees hired after January 1, 1980, and prior employees who elected to transfer from the Retirement Plan and are not a member of the Officers' Plan. Members of the Officers' Plan include all MTA law enforcement officers.

Benefits provided:

Members of the Retirement Plan become vested after five years. Members are generally eligible for full retirement benefits upon the earlier or attaining age 60 or accumulating 30 years of eligible service regardless of age. The annual retirement allowance equals 1/55 (1.8%) of the member's highest three-year average final salary (AFS) multiplied by the number of years of accumulated credible service. A member may retire with reduced benefits after completing 25 years of eligible service.

The Pension Plan includes several components based on a member's date of hire. This is the result of legislative changes to the Pension Plan enacted in 1998, 2006, and 2011. Provisions for these components are largely the same; however, important distinctions exist in the areas of member contributions, retirement eligibility and benefit calculations. Generally, the greatest distinctions for members of the planexist for those hired before July 1, 2011, and those hired on or after that date.

The following applies to members of the Pension Plan hired before July 1, 2011. Vesting occurs once members have accrued at least five years of eligible service. Members of the Pension Plan are generally eligible for full retirement benefits upon attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. Generally, the annual pension allowance for a member equals 1.2% of the member's three-year AFS, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFS, multiplied by the number of years of creditable service accumulated prior to June 30, 1998. A member may retire with reduced benefits upon attaining age 55 with at least 15 years of eligible service. Benefits are reduced by 0.5% per month for each month remaining until the retiree reaches the normal retirement service age. The normal retirement service age is 62 with a maximum reduction of 42%.

The following applies to members of the Pension Plan hired on or after July 1, 2011. Vesting occurs once members have accrued at least ten years of eligible service. To receive full retirement benefits, a member's age and years of eligibility service must equal at least 90, or if the member is at least age 65, aminimum of 10 years of eligibility service are required on the date of retirement. The annual pension allowance for a member equals 1.5% of the member's five-year AFS multiplied by the number of years of creditable service. A member may retire with reduced benefits at age 60 with at least 15 years of eligible service. Benefits are reduced by 0.5% per month for each month remaining until the retiree reaches the normal retirement service age. The normal retirement service age is 65, with a maximum reduction of 30%.

For members of the Officers' Plan, hired on or before June 30, 2011, vesting occurs once members have accrued at least five years of eligible service. For members hired on or after July 1, 2011, vesting occurs once a member has accumulated ten years of eligible service. Members are eligible for full retirement benefits upon the earlier of attaining age 50 or accumulating 25 years of eligible service regardless of age. Generally, the annual pension allowance for a member equals 2.0% of the member's AFS, up to a maximum of benefit of 60% of AFS (30 years of creditable service). The Officers' Plan does not provide for early retirement.

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. Employees are required to contribute to the System a fixed percentage of their regular salaries and wages. Members of the Retirement System pay 5-7% depending on the retirement system selected. Members of the Pension Plan and Officers' Plan pay 7% of earnable compensation.

The Department's contractually required contribution rate for the System for the year ended June 30, 2023, was $82,028,000, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the System from the Department were $82,028,000 for the year ended June 30, 2023.

The Department recognizes the long-term obligation for pension benefits as a liability on the Statement of Net Position and measures the pension costs. As of June 30, 2023, the Department reported a liability of $634,852,000 for its proportionate share of the System's net pension liability. The Department's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. As of June 30, 2023, the Department's proportionate share of the System's liabilities and assets was 3.40%, compared to 3.35% measured as of June 30, 2022.

The Department's proportion of the System's net pension liability was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined.

For the year ended June 30, 2023, the Board of Trustees recognized pension expense for the System of $2,667,529,000, $90,795,000 of the expense allocable to the Department. As of June 30, 2023, the Department reported deferred outflows of resources and deferred inflows of resources related to the System from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 62,944	$ -
Change in experience	-	44,915
Contribution after measurement date	82,028	
Change in proportionate share		719
Net difference between projected and actual earning on pension plan investments	1,585	
Total	$ 146,557	$ 45,634

The $82,028,000 reported as deferred outflows of resources related to pensions resulting from the Departments contributions subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ended June 30, 2024.

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense is as follows (amounts expressed in thousands):

Year ending June 30,	Amount
2024	$ (4,466)
2025	(4,103)
2026	(13,472)
2027	43,423
2028	(2,487)
Total	$ 18,895

The sensitivity of the Department's proportionate share 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 Department's net pension liability, calculated using a single discount rate of 6.80%, a change from the prior year's 7.40% rate, as well as what the net position liability would be if the single discount rate 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%
Proportionate share of the State's net pension liability	$ 973,113	$ 634,852	$ 353,384

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 Employee Pension Plan:

Plan description:

The MTA Employee Pension Plan (the MTA Plan) is a single employer plan that covers certain MTA employees. Covered employees include: any employee who is a member of the Amalgamated Transit Union, Local 1300, or the Office and Professional Employees International Union, Local 2, who are not included in the System; any employee who is a member of the Police Local Union No. 1859, who is not included in the Officers' Plan; and any management employee who transferred from any of the bargaining units above. The MTA Plan is administered and funded in compliance with the collective bargaining agreements, which established the MTA Plan. As of June 30, 2023, membership in the Plan includes 2,532 active members, 562 vested former members, and 2,135 retirees and beneficiaries.

The MTA Plan is part of the Department's financial reporting entity and is included in the Department's financial statements as a Pension Trust Fund. The MTA Plan prepares separate audited financial statements, which can be obtained from the MTA Plan, and is available at: https://www.mdot.maryland.gov/tso/Pages/Index.aspx?PageId=53.

Benefits Provided:

Members of the MTA Plan are vested once members have accrued at least five, seven, or ten years, depending on date of hire. Members of the MTA Plan are generally eligible for full retirement benefits upon attaining age 52 with 30 years of eligibility service or attaining age 65 and being fully vested with five years of eligible service. The annual pension allowance for a member equals 1.7% of the member's pensionable earnings for three years over the last 10 years of credited service. Effective July 1, 2016, AFS may include overtime, allowing for up to 2,392 total pay hours in any year. A member may retire with reduced benefits upon attaining age 55 plus years of service at least equal to 85. Benefits are reduced by 0.33% or 0.42% per month depending on age at retirement for each month remaining until the retiree reaches age 65, the normal retirement service age.

Funding Policy:

The MTA'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 MTA Plan are paid by the MTA Plan.

During fiscal year 2023, the MTA contributed $55,926,000 to the plan, the actuarially determined contribution. The contribution equals 32.90% of covered payroll.

Assumptions and other inputs:

The actuarial method and significant assumptions listed below were used in the actuarial valuation of the Plan for the MTA Plan as of July 1, 2022:

Actuarial Cost Method:	Entry Age – Level Dollar Normal Cost
Amortization Method:	Level Dollar Closed
Wage Inflation: Salary increases: Investment rate of return: Municipal bond rate: Single discount rate: Retirement age:	2.75% 2.40% to 8.40% including inflation 6.80% 3.86% 5.37% Age-based table of rates that are specific to the type of eligibility condition.
Mortality:	• Pre-retirement: RP-2014 Blue Collar Employee mortality table, sex distinct, with generational mortality improvements from 2006 using scale MP-2018. • Post-retirement Healthy lives: RP-2014 Blue Collar Healthy Retiree mortality table, sex distinct, with generational mortality improvements from 2006 using scale MP-2018. • Post-retirement Disabled lives: RP-2014 Disabled Retiree mortality table, sex distinct, with generational mortality improvements from 2006 using scale MP-2018.

Plan Fiduciary Net Position:

The MTA Plan's fiduciary net position has been determined on the same basis used by the pension plan. The MTA 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 MTA Plan was determined by an actuarial valuation as of July 1, 2023.

Change of assumptions: An increase of the effective single discount rate from 5.29% to 5.37%. The wage inflation assumption decreased from 3.10% to 2.75%. The assumed COLA remained constant at 2.00%.

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	(487,459)
Employer net pension liability	$ 738,538
Plan fiduciary net position as a percentage of the total pension liability	39.76%

Due to rounding, numbers presented here may not add up precisely to the totals provided.

The 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 MTA Plan's net pension liability, calculated using a single discount rate of 5.37%, as well as what the net position liability would be if the single discount rate is 1-percentage-point lower or 1-percentage-point higher (amounts expressed in thousands):

	1% Decrease 4.37%	Discount Rate 5.37%	1% Increase 6.37%
Net pension liability	$ 905,745	$ 738,538	$ 599,511

For the year ended June 30, 2023, the MTA Plan recognized a gain on the plan of $24,084,000 and reported deferred outflows of resources and deferred inflows of resources from the following sources (amount expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 28,163
Changes of assumptions	-	190,101
Net difference between projected and actual earning on pension plan investments	11,679	-
Total	$ 11,679	$ 218,264

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the MTA Plan will be recognized in pension expense as follows (amounts expressed in thousands):

Year ending June 30,	Amount
2024	$ (49,919)
2025	(41,464)
2026	(42,024)
2027	(71,955)
2028	(1,223)
Total	$ (206,585)

The changes in the employer's net pension liability as of June 30, 2023, are as follows (amounts expressed in thousands):

Total Pension Liability	
Service cost	$ 29,389
Interest on the Total Pension Liability	62,495
Changes of benefit terms	-
Differences between expected and actual experience	21,902
Change of assumptions	(29,238)
Benefit payments, including refunds of member contributions	(50,465)
Net Changes in total pension liability	34,082
Total pension liability - beginning	1,191,914
Total pension liability - ending	$1,225,996
Plan fiduciary net position	
Contributions - employer	55,926
Contributions - member	7,024
Net investment income	18,156
Benefit payments, including refunds of member contributions	(50,465)
Administrative expense	(3,424)
Net Changes in plan fiduciary net position	27,217
Plan fiduciary net position - beginning	460,242
Plan fiduciary net position - ending	487,459
Net pension liability - ending	$ 738,538

Due to rounding, numbers presented here may not add up precisely to the totals provided.

16. Other Postemployment Benefits:

State Employee and Retiree Health and Welfare Benefits Program of Maryland

Plan Description:

The State Employee and Retiree Health and Welfare Benefits Program (the Plan) is a single-employer defined benefit healthcare plan established by the State Personnel and Pensions Article of the Annotated Code of Maryland. The Plan is self-insured to provide medical hospitalization, prescription drug and dentalinsurance benefits to eligible State employees, retirees, and their dependents. State law grants authorityto establish and amend benefit provisions to the Secretary of the Department of Budget and Management. In addition, the Secretary specifies 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 in 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 System. A separate audited GAAP-basis postemployment benefit report is available for the defined benefit healthcare trust fund. The OPEB Trust is included in the State's Annual Comprehensive Financial Report, which can be obtained from the Comptroller of Maryland, and is available at https://www.marylandtaxes.gov/reports/index.php.

Funding Policy:

The contribution requirement of Plan members and the State are established by the Secretary of the Department of Budget and Management. 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 and may not exceed $100,000 annually.

Eligibility for the Plan is determined by various factors, including date of hire. Generally, employees hired before July 1, 2011, may enroll and participate in the Plan if the employee left State service with at least 16 years of creditable service, retired directly from State service with at least 5 years of creditable service, left State service with at least 10 years of creditable service and within 5 years of normal retirement age, or retired directly from State service with a disability retirement. Employees hired on or after July 1, 2011, may enroll and participate in the Plan if the employee left State service with at least 25 years of creditable service, retired directly from State service with at least 10 years of creditable service, left State service with at least 10 years of creditable service and within 5 years of normal retirement age, or retired directly from State service with a disability retirement.

The State subsidizes a portion of the covered medical, dental, prescription, and hospitalization costs, depending on the type of insurance plan. The Plan assesses a surcharge for postemployment health care benefits, which is based on health care insurance charges for State employees. The State does not distinguish employees by employer/State agency. For the years ended June 30, 2023, 2022, 2021, 2020, and 2019, the State did not allocate postemployment health care costs to participating employers and as a result did not require acontribution from the Department. As such, the State has elected to maintain the entire net OPEB liability as a liability of the General Fund of the State and has not allocated any balances to State agencies.

Maryland Transit Administration OPEB Plan

Plan Description:

The members of the MTA Plan are provided postemployment healthcare benefits through the MTA Health Plan. The MTA Health Plan provides retireehealth care benefits under a collective bargaining agreement to all employees who are members of the MTA Plan, except transfers from union to management positions who are required to enter in the State Employee and Retiree Health and Welfare Benefits Plan. The MTA Health Plan currently funds retirees'health care cost on a pay-as-you-go basis. The MTA does not have a separate fund set aside to pay health care costs.

The MTA Health Plan 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, seven, or ten years of service (in accordance with bargaining unit and date of hire) 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 five years of service, and surviving spouses. The MTA Health Plan provides healthcare coverage for 1,433 retirees. A separate audited GAAP-basis postemployment benefit plan report is not available for the healthcare plan.

Funding Policy:

The Department is required by law to provide funding each year to the MTA Health Plan for the Department's share of the pay-as-you-go amount necessary to provide current benefits to retired employees and their dependents. The MTA Health Plan has not set up an irrevocable trust and an actuarially determined contribution is not calculated. Retirees make the same contributions as active employees; however, Medicare contributions are handled separately.

Actuarial Methods and Assumptions:

An actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

A projection of benefits for financial reporting purposes is based on the substantive plan and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial method and significant assumptions listed below were used in the actuarial valuation as of June 30, 2022, of the OPEB Plan for the MTA Health Plan as of June 30, 2022:

Actuarial Cost Method:	Individual Entry Age
Discount Rate:	3.69%
Wage Inflation:	2.75%
Medical Trend:	7.25% for pre-Medicare and 6.50% for post-Medicare, each gradually decreasing to 3.50% for 2037 and thereafter.
Dental/Vision Trend	3.5% per annum
Mortality:	**Pre-retirement**: RP-2014 Blue Collar Employee mortality table, sex distinct, with generational mortality improvements from 2006 using scale MP-2018. **Post-retirement Healthy lives**: RP-2014 Blue Collar Healthy Retiree mortality table, sex distinct, with generational mortality improvements from 2006 using scale MP-2018. **Post-retirement Disabled lives**: RP-2014 Disabled Retiree mortality table, sex distinct, with generational mortality improvements from 2006 using scale MP-2018.

Discount rate:

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For this valuation, the municipal bond rate is 3.69% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). 1.92% was the rate used in fiscal year 2022.

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

The following presents the plan's OPEB liability, calculated using as 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%
Total OPEB Liability	$ 868,446	$ 750,748	$ 654,427

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

The following presents the MTA Health Plan's OPEB liability, calculated using the 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	Health Trend	1% Increase
Total OPEB Liability	$ 636,962	$ 750,748	$ 916,291

OPEB Liability of the MTA Health Plan:

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

Total pension liability	
Service cost	$ 46,235
Interest on the total OPEB liability	19,257
Changes of benefit terms	-
Differences between expected and actual experience	(116,971)
Change of assumptions	(167,511)
Benefit payments	(20,177)
Net Changes in total pension liability	(239,167)
Total pension liability - beginning	989,915
Total pension liability - ending	$ 750,748

The components of the OPEB expense as of June 30, 2023, are as follows (amounts expressed in thousands):

Service cost	$ 46,235
Interest on the total OPEB liability	19,257
Recognition of Outflow (Inflow) of Resources due to Liabilities	(54,761)
Total OPEB expense	$ 10,731

The MTA Health Plan recognized an OPEB expense of $10,731,000 for the year ended June 30, 2023. At that date, the Department reported deferred outflows and deferred inflows of resources related to the MTA Health Plan from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$101,905
Changes of assumptions	-	161,031
Total	$ -	$262,936

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to the MTA Health Plan will be recognized in the expense as follows (amounts expressed in thousands):

Year ending June 30,	Amount
2024	$ (54,761)
2025	(54,760)
2026	(40,527)
2027	(20,599)
2028	(28,486)
Thereafter	(63,803)
Total	$ (262,936)

17. Risk Management and Insurance:

Workers' Compensation:

The Department is self-insured for workers' compensation liabilities. The Department's workers' compensation self-insured 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, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Liabilities for incurred workers' compensation losses to be settled by fixed or reasonably determined payments over a long period of time are reported at their present value using a 4% discount rate. The workers' compensation costs are based upon separately determined actuarial valuations for the fiscal year ended June 30, 2023.

The Department's workers' compensation self-insurance program is administered by the Chesapeake Employers' Insurance Company under a contract which requires that the Department pay premiums based upon loss experience plus a proportionate share of administrative costs. In the event of termination of the contract, the Department is obligated for any premium deficiency at the time of termination. The Department's accrued workers' compensation costs were $72,313,000 as of June 30, 2023. The Department's activity related to accrued workers' compensation costs is included in the table in Note 10. Changes in the balances for the Department's workers' compensation liability during the past two fiscal years are as follows (amounts expressed in thousands):

	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022
Unpaid claims, beginning of fiscal year	$ 78,029	$ 79,418
Incurred claims and changes in estimates	14,152	19,309
Claim payments	(19,868)	(20,698)
Total unpaid claims, end of fiscal year	$ 72,313	$ 78,029

Insurance:

Certain operations of the Department are covered by commercial liability insurance policies and many claims are handled by the Department's insurance carriers. MAA's two facilities, BWI Marshall Airport and Martin State Airport, are covered by airport owners' and operators' general liability insurance policies providing coverage per occurrence up to $750,000,000 for bodily injury and property damage. The lead policy includes a war, hi-jacking and other perils endorsement with a $250,000,000 limit due to the events of September 11, 2001.

MPA's liability insurance policies, including excess liability policies, provide insurance up to $150,000,000 per occurrence for its port operations. These policies cover liability for both injury and property damage.

MTA's MARC operations are covered by a $495,000,000 excess liability insurance program above the MTA's $5,000,000 self-insured retention. Bombardier and Amtrak are contractors hired to provide MTA's commuter rail service known as MARC. In addition, the MTA pays a track access fee to CSX for the use of CSX's railroad tracks (MARC Brunswick Line and Camden Line) and to Amtrak for use of Amtrak's railroad tracks (MARC Penn Line). The MTA has insurance to cover its contractual obligations for the MARC rail service as well as insurance for the MTA's other modes of service (bus, light rail, commuter bus, subway, and mobility).

All other MTA operations insurance coverage provides excess liability limits up to $200,000,000. This includes a shared self-insured retention of $5,000,000 for rail and $10,000,000 for MTA buses. Claims under $5,000,000 are self-insured by the MTA. The excess liability policies also extend punitive damages liability coverage to Bombardier, Amtrak and CSX arising from commuter rail operations for claims. All third-party liability claims exceeding $10,000 for Bombardier and $25,000 for Amtrak must have prior approval of the MTA for payment/settlement. Workers' compensation claims by Bombardier, Amtrak or CSX are exempt from the MTA's coverage because those are the responsibility of the vendors.

In the last five years, one MTA settlement in the fiscal year ended June 30, 2019, exceeded the insurance coverage. For those areas not covered by purchased insurance, the State Treasurer has a program of self-insurance for tort claims. By statute, bodily injury, personal injury, or property damages are limited to claims of $200,000 per claimant before September 30, 2015, and $400,000 on or after October 1, 2015; however, tort liability limits established in law do not apply to the MTA. As of July 1, 2022, there is a new tort cap for law enforcement of $890,000.

18. Energy Performance Contracts:

The Department of General Services (DGS) implemented an Energy Performance Contract program for the Department in the fiscal year ended June 30, 2011, with a goal to reduce Maryland's energy consumption through energy efficiency projects. The State Treasurer's Office (STO) financed certain Energy Performance Contract obligations on behalf of the Department. As of June 30, 2023, $15,371,000 is outstanding. Certain transportation modes have a loan from the Maryland Energy Administration's State Agency Loan Program with the final payment of $206,000 due in fiscal year 2024. The savings resulting from the projects are used to offset the costs of services. The current portion that is due within one year is the principal due in the amount of $5,016,000 for the Energy Performance Contract obligations and $206,000 for the State Agency Loan Program.

19. Commitments:

The Department has active construction commitments outstanding as of June 30, 2023, of approximately $9,552,098,000 principally for construction of highway, port, motor vehicle, aviation, and transit projects. Approximately 24% of future expenditures, related to these commitments of the Department,are expected to be reimbursed from proceeds of approved federal grants when the actual costs are incurred. The remaining balance will be funded by other financial resources of the Department, including the issuance of long-term debt. As of June 30, 2023, the Department's commitments with contractors were as follows (amounts expressed in thousands):

Construction projects	Spent-to-date	Remaining commitment
Highway construction	$ 2,752,730	$2,880,813
Port construction	794,251	1,412,317
Motor vehicle construction	320,053	184,564
Transit construction	4,388,026	3,990,088
Aviation construction	549,313	1,084,316
Total projects	$ 8,804,373	$9,552,098

20. Related Party Transactions:

Various State of Maryland agencies provide services for the Department for which they are reimbursed from the Department. During fiscal year ended June 30, 2023, such reimbursements are reflected as Distributions to other State agencies in the Special Revenue Fund.

21. Federal Revenue:

Federal revenue consists principally of grants from the Federal Transit Administration for rail and bus projects for the Baltimore region and from the Federal Highway Administration in connection with highway construction projects. In addition, the Department receives federal grants to aid in planning, design, and construction of transportation facilities and to support mass transit operations. 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 Department. As of June 30, 2023, the Department estimates that no material liabilities will result from such audits. For the fiscal year ended June 30, 2023, the Department reports $1,405,731,000 of federal reimbursements.

22. Passenger Facility Charges:

The Aviation Safety and Capacity Expansion Act of 1990 (the 1990 Safety Act), enacted by the United States Congress, allows a public agency to impose an airport passenger facility charge (PFC) for enplaned passengers. The proceeds of such PFCs are to be used to finance eligible airport-related construction projects, as approved by the Federal Aviation Administration. MAA received Federal Aviation Administration approval in July 1992 to collect PFCs for four projects.

The Aviation Investment and Reform Act for the 21st Century, enacted by the United States Congress in April of 2000, together with the 1990 Safety Act, increased the maximum per passenger PFC allowed to be charged by qualifying airports from $3.00 to $4.50. In June 2002, the MAA received approval to increase its collection level to $4.50 to support approved PFC projects in the MAA's capital program. The Federal Aviation Administration further allows the MAA to impose and use PFCs for the payment of debt service for bonds used to fund approved PFC projects (see Note 12 Intergovernmental Financing Agreements and Certificates of Participation). PFC collections not needed for debt service are used for approved PFC pay-as-you-go projects.

The MAA has submitted multiple applications for PFC projects, which were approved by the FAA. Most projects under prior PFC applications have been completed; however, one project from Application 10, submitted in September 2012, and several projects in Application 13, submitted in March 2019, remain open and underway.

23. Net Position/Fund Balance:

The unrestricted deficit for the governmental activities on the government-wide Statement of Net Position is $1,766,513,000.

Non spendable fund balance is reported for a portion of the Special Revenue Fund balance in the amount of $105,092,000 for inventories of supplies and $199,731,000 for prepaid items as of June 30, 2023.

Unassigned fund balance was $320,282,000 reported in the Special Revenue Fund as of June 30, 2023.

24. Contingent Liabilities:

The Department is party to various legal proceedings, many of which occur in the normal course of the Department's operations, including actions commenced and claims asserted for alleged property damage, personal injury, breach of contract, discrimination, or other alleged violations of law. In the opinion of the Maryland Office of the Attorney General, these legal proceedings are not likely to have a material adverse impact on the Department's financial position as of June 30, 2023.

25. Subsequent Events:

The Department reports no subsequent events for the year ended June 30, 2023.

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Required Supplementary Information

ANNUAL COMPREHENSIVE FINANCIAL REPORT
MARYLAND DEPARTMENT OF TRANSPORTATION

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MARYLAND DEPARTMENT OF TRANSPORTATION

Required Supplementary Information

Schedule of Changes in the Total Liability and Related Ratios for the Maryland Transit Administration OPEB Plan

(amounts expressed in thousands)

	Fiscal Year Ended June 30					
	2018	**2019**	**2020**	**2021**	**2022**	**2023**
Total OPEB liability:						
Service cost	$ 47,907	$ 41,137	$ 31,899	$ 46,156	$ 41,932	$ 46,235
Interest	25,090	29,487	26,053	26,467	21,957	19,257
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	(14,073)	(1,121)	19,747	(8,079)	(116,971)
Changes of assumptions	(113,863)	(145,356)	64,216	(21,696)	66,622	(167,511)
Benefit payments	(12,422)	(15,617)	(17,240)	(20,354)	(15,511)	(20,177)
Net change in total OPEB liability	(53,288)	(104,422)	103,807	50,320	106,921	(239,167)
Total OPEB liability - beginning	886,577	833,289	728,867	832,674	882,994	989,915
Total OPEB liability - ending	$ 833,289	$ 728,867	$ 832,674	$ 882,994	$ 989,915	$ 750,748
Expected average remaining service years of all participants	8	8	8	8	8	8

Source: Maryland Transit Administration Pension Plan, GASB 75 Actuarial Information Report.

Notes to Schedule:

Information for FY 2017 and earlier is not available.

MARYLAND DEPARTMENT OF TRANSPORTATION
MARYLAND TRANSIT ADMINISTRATION PENSION PLAN
Changes in the Net Pension Liability and Related Ratios
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

	Fiscal Year Ended June 30									
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Total Pension Liability:										
Service Cost	$ 19,438	$ 24,718	$ 48,499	$ 36,334	$ 37,195	$ 36,027	$ 42,308	$ 43,827	$ 50,802	$ 29,389
Interest	43,472	39,236	31,181	57,880	54,904	56,519	55,831	56,406	51,485	62,495
Changes of benefit terms	-	-	82,510	2,133	3,105	(203)	208	-	-	-
Difference between expected and actual experience	4,025	(19,621)	(15,024)	(20,741)	17,385	(8,527)	(17,140)	(11,809)	(50,063)	21,902
Changes of assumptions	38,643	53,480	338,950	(162,606)	(36,903)	(58,176)	101,716	140,735	(390,469)	(29,238)
Benefit payments, including refunds of member contributions	(32,598)	(30,636)	(35,283)	(39,062)	(37,203)	(42,724)	(44,432)	(44,735)	(47,453)	(50,465)
Net change in total pension liability	72,980	67,177	450,833	(126,062)	38,483	(17,084)	138,491	184,424	(385,698)	34,082
Total pension liability - beginning	768,371	841,351	908,528	1,359,361	1,233,299	1,271,782	1,254,698	1,393,189	1,577,613	1,191,914
Total pension liability - ending (a)	$ 841,351	$ 908,528	$ 1,359,361	$ 1,233,299	$ 1,271,782	$ 1,254,698	$ 1,393,189	$ 1,577,613	$ 1,191,914	$ 1,225,996
Plan fiduciary net position:										
Contributions - employer	$ 39,749	$ 35,400	$ 40,997	$ 40,997	$ 40,997	$ 41,597	$ 43,249	$ 59,280	$ 68,606	$ 57,220
Contributions - member	-	-	-	3,094	3,316	3,006	4,610	7,311	6,833	5,730
Net investment income	15,783	14,045	12,768	27,740	20,550	31,023	12,832	93,213	(10,986)	19,651
Benefit payments, including refunds of member contributions	(32,598)	(30,636)	(35,283)	(39,062)	(37,203)	(42,724)	(44,432)	(44,736)	(47,453)	(50,465)
Administrative expense	(1,587)	(1,851)	(1,967)	(1,914)	(2,213)	(2,325)	(2,652)	(3,601)	(4,135)	(4,919)
Other	-	-	-	(2,631)	-	(6,720)	-	-	-	-
Net change in plan fiduciary net position	$ 21,347	$ 16,958	$ 16,515	$ 28,224	$ 25,447	$ 23,857	$ 13,607	$ 111,467	$ 12,865	$ 27,217
Plan fiduciary net position - beginning	189,957	211,303	228,261	244,776	273,000	298,447	322,304	335,911	447,378	460,242
Plan fiduciary net position - ending (b)	$ 211,303	$ 228,261	$ 244,776	$ 273,000	$ 298,447	$ 322,304	$ 335,911	$ 447,378	$ 460,242	$ 487,459
Net pension liability - ending (a)-(b)	$ 630,048	$ 680,267	$ 1,114,585	$ 960,299	$ 973,335	$ 932,394	$ 1,057,278	$ 1,130,235	$ 731,672	$ 738,538
Plan fiduciary net position as a percentage of the total pension liability	25.11%	25.12%	18.01%	22.14%	23.47%	25.69%	24.11%	28.36%	38.61%	39.76%
Covered payroll	$ 137,596	$ 135,545	$ 137,427	$ 137,154	$ 145,834	$ 148,445	$ 149,768	$ 164,553	$ 163,102	$ 170,004
Net pension liability as a percentage of covered payroll	457.90%	501.88%	811.04%	700.16%	667.43%	628.11%	705.94%	686.85%	448.60%	434.42%
Expected average remaining service years of all participants	7	7	7	7	7	6	6	6	6	6

Source: Maryland Transit Administration Pension Plan, GASB 67 and 68 Actuarial Information Report.

Notes to Schedule:

FY 2015 reflects a reduction to the effective discount rate from 5.24% to 4.75%.

FY 2016 reflects removal of the dollar-per-month benefit limit, a reduction to the effective discount rate from 4.75% to 3.5%, and a change to the RP2014 mortality tables.

FY 2017 reflects the increased vesting requirement to 10 years for employees of Local 2 or Local 1300 hired on or after July 1, 2016, a cap on pensionable earnings of 2,392 pay hours per year, and implementation of 2% employee contributions for I Local 1300 employees effective July 1, 2016. Reflects increase to the effective discount rate from 3.5% to 4.32%, decrease in wage growth assumption from 3.5% to 3.2%, and changes to the salary scale, retirement rates and termination rates.

FY 2018 reflects an increase of the effective discount rate from 4.32% to 4.52%.

FY 2019 reflects an increase of the effective discount rate from 4.52% to 4.53% and COLA assumption change from 2.5 to 2.1%.

FY 2020 reflects that all Local 1300 employees will contribute 3% of earnings to the plan effective July 1, 2019 and 4% effective July 1, 2020 and reflects a decrease to the effective discount rate from 4.53% to 4.05%.

FY 2021 reflects a decrease to the effective discount rate from 4.05% to 3.26%.

FY 2022 reflects an increase to the effective discount rate from 3.26% to 5.29%.

FY 2023 reflects an increase to the effective discount rate from 5.29% to 5.37%.

MARYLAND DEPARTMENT OF TRANSPORTATION
Required Supplementary Information
Schedule of Employer Contributions for the Maryland Transit Administration Pension Plan
(amounts expressed in thousands)

	Fiscal Year Ended June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	$ 39,749	$ 40,807	$ 44,736	$ 62,217	$ 66,495	$ 64,649	$ 55,213	$ 58,842	$ 53,639	$ 55,926
Actual contribution	(39,749)	(35,400)	(40,997)	(40,997)	(40,997)	(41,597)	(43,249)	(59,280)	(68,606)	(57,220)
Contribution deficiency (excess)	$ -	$ 5,407	$ 3,739	$ 21,220	$ 25,498	$ 23,052	$ 11,964	$ (438)	$ (14,967)	$ (1,294)
Covered payroll	$137,596	$ 135,545	$ 137,427	$ 137,154	$ 145,834	$ 148,445	$ 149,768	$ 164,553	$ 163,102	$170,004
Contribution as a percentage of covered payroll	28.89%	26.12%	29.83%	29.89%	28.11%	28.02%	28.88%	36.02%	42.06%	33.66%

Source: Maryland Transit Administration Pension Plan, GASB 67 and 68 Actuarial Information Report.

Notes to schedule:

Information for FY 2013 is not available.

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

Methods and assumptions used in the FY 2022 actuarial valuation

Actuarial cost method	Entry-Age - Level Dollar Normal Cost
Amortization method	Level Dollar Closed
Wage 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	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	**Pre-retirement:** RP-2014 Blue Collar Employee mortality table, sex distinct, with generational mortality improvements from 2006 using scale MP-2018. **Post-retirement Healthy lives**: RP-2014 Blue Collar Healthy Retiree mortality table, sex distinct, with generational mortality improvements from 2006 using scale MP-2018. **Post-retirement Disabled lives**: RP-2014 Disabled Retiree mortality table, sex distinct, with generational mortality improvements from 2006 using scale MP-2018.

MARYLAND DEPARTMENT OF TRANSPORTATION
Required Supplementary Information
Proportionate Share of the Net Pension Liability and Related Ratios for the Maryland State Retirement Pension Plan
(amounts expressed in thousands)

	Plan Year Ended June 30								
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Proportion of the Maryland State Retirement System Net Pension Liability (asset)	3.60%	2.86%	2.85%	3.36%	3.28%	3.12%	3.35%	3.35%	3.40%
Proportionate share of the State net pension liability (asset)	$ 748,345	$ 634,087	$ 581,413	$ 704,025	$ 676,059	$ 705,942	$ 705,942	$ 466,405	$ 634,852
Covered payroll	$ 372,296	$ 369,543	$ 371,857	$ 380,156	$ 393,924	$410,152	$399,377	$402,813	$402,813
Net pension liability as a percentage of covered payroll	201.01%	171.59%	156.35%	185.19%	171.62%	172.12%	176.76%	115.79%	157.60%
Plan fiduciary net position as a percentage of the total pension liability	71.87%	68.78%	65.79%	69.38%	71.18%	72.34%	70.72%	76.30%	76.30%

Note: Information for plan year 2013 and prior is not available.

MARYLAND DEPARTMENT OF TRANSPORTATION
Required Supplementary Information
Schedule of Employer Contributions for the Maryland State Retirement Pension Plan
(amounts expressed in thousands)

	Fiscal Year Ended June 30							
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Actuarially determined contribution	$ 56,643	$ 65,517	$ 66,910	$ 66,263	$ 67,221	$ 73,195	$ 72,457	$ 82,028
Contribution in relation to the actuarially determined contribution	(56,643)	(65,517)	(66,910)	(66,263)	(67,221)	(73,195)	(72,457)	(82,028)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 372,296	$ 369,543	$ 371,857	$ 380,156	$ 393,924	$ 410,152	$399,377	$402,813
Contribution as a percentage of covered payroll	15.21%	17.73%	17.99%	17.43%	17.06%	17.85%	18.14%	20.36%

Note: Information prior to fiscal year 2015 is not available.

MARYLAND DEPARTMENT OF TRANSPORTATION
Required Supplementary Information Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023
(amounts expressed in thousands)

	Special Funds				Federal Funds			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)	Original	Final	Amounts	(Negative)
REVENUES:								
Taxes:								
Motor vehicle taxes and fees	$ 1,737,343	$ 1,665,276	$ 1,665,276	$ -	$ -	$ -	$ -	$ -
Motor vehicle fuel taxes and fees	1,131,096	1,269,549	1,269,549	-	-	-	-	-
Revenue sharing of State corporation income tax	305,302	333,768	333,768	-	-	-	-	-
Revenue sharing of State sales tax on rental vehicles	27,775	41,330	41,330	-	-	-	-	-
Federal reimbursements	-	-	-	-	1,729,638	1,828,437	1,405,731	(422,706)
Operating revenues	411,873	413,142	413,142	-	-	-	-	-
Investment earnings	2,000	-	-	-	-	-	-	-
Other	(71)	112,991	112,991	-	-	-	-	-
Total revenues	3,615,318	3,836,056	3,836,056	-	1,729,638	1,828,437	1,405,731	(422,706)
EXPENDITURES and ENCUMBRANCES:								
Current:								
General government:								
The Secretary's Office	1,399,120	1,363,972	1,328,209	(35,763)	15,528	19,680	16,038	(3,642)
State Highway Administration	857,322	922,092	887,530	(34,562)	822,480	808,456	711,011	(97,445)
Maryland Port Administration	238,170	213,310	162,300	(51,010)	53,450	18,868	8,896	(9,972)
Motor Vehicle Administration	232,016	245,870	232,332	(13,538)	13,069	13,237	9,367	(3,870)
Maryland Transit Administration	900,135	923,654	920,451	(3,203)	802,830	933,741	640,216	(293,525)
Maryland Aviation Administration	274,522	339,931	290,746	(49,185)	22,281	34,455	20,203	(14,252)
Total general government	3,901,285	4,008,829	3,821,568	(187,261)	1,729,638	1,828,437	1,405,731	(422,706)
Total expenditures and encumbrances	3,901,285	4,008,829	3,821,568	(187,261)	1,729,638	1,828,437	1,405,731	(422,706)
Excess of revenues over expenditures	(285,967)	(172,773)	14,488	187,261	-	-	-	-
OTHER FINANCIAL SOURCES (USES):								
Bond Proceeds and Premium	-	-	-	-	-	-	-	-
Transfers in (out)	218,360	228,501	228,501	-	-	-	-	-
Total other financing sources and uses	218,360	228,501	228,501	-	-	-	-	-
Net change in fund balances	(67,607)	55,728	242,989	187,261	-	-	-	-
Fund balances, July 1, 2022	225,655	393,186	579,105	185,919	-	-	-	-
Fund balances, June 30, 2023	$ 158,048	$ 448,914	$ 822,094	$ 373,180	$ -	$ -	$ -	$ -

MARYLAND DEPARTMENT OF TRANSPORTATION
Notes to the Required Supplementary Information
For the Year Ended June 30, 2023

Stewardship, Compliance and Accountability:

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 Special Revenue Fund, which includes the transportation activities of the Department, shared taxes, and payments of debt service on transportation bonds. The budgetary federal fund revenue and expenditures are included in the GAAP Special Revenue Fund as federal revenues and expenditures by function. An annual budget is also prepared for the federal funds, which accounts for all Departmental grants from the federal government.

Each year the Department prepares its annual budget and submits it to the Governor. The Governor then presents the State's annual budget (including the Department's) to the General Assembly in accordance with Constitutional requirements. The General Assembly is required to then enact a balanced budget for the next fiscal year.

The GAAP Special Revenue Fund includes both budgetary special and federal funds. The special fund includes all transportation activities of the Department. The federal fund accounts for substantially all grants from the federal government.

Budgetary fund equities and other accounts:

The Department's legal level of budgetary control is exercised at the agency appropriation (program) and fund level (legislative spending authority level). Encumbrances and expenditures cannot exceed appropriated amounts. Appropriation transfers between or within departments and any supplemental appropriations require both executive and legislative branch approvals. Unencumbered and unexpended appropriations lapse at fiscal year-end and become available for appropriation in the subsequent year. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent fiscal year.

All Departmental budgetary expenditures for special and federal funds are made pursuant to appropriations in the annual budget, as amended from time to time. The Department may, with the Governor's approval, amend the appropriations by transportation mode within the budgetary special and federal funds. Additionally, appropriations for programs funded in whole or in part from Special or federal funds may permit expenditures in excess of the original Special or federal fund appropriation to the extent that actual revenues exceed original budget estimates, and such additional expenditures are approved by the Governor. Unexpended appropriations from Special and federal funds may be carried over to the following year to the extent of (1) available resources and (2) encumbrances which are approved by the Department of Budget and Management.

The Department's original and amended budget adopted by the General Assembly for special and federal funds is presented in the Required Supplementary Information - Special Revenue Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual schedule on page 97 of this report. The Department's budgetary fund structure and basis of budgeting, which is the modified accrual basis with certain exceptions, differs from that utilized to present financial statements in conformity with GAAP. The budgetary system's principal departures from the modified accrual basis are the classification of the Department's budgetary funds and the timing of recognition of certain revenues and expenditures. The GAAP Special Revenue Fund is an aggregate of the special and federal budgetary funds.

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 as follows (amounts expressed in thousands):

MARYLAND DEPARTMENT OF TRANSPORTATION
Reconciliation of the Budgetary Special Fund, Fund Balance
to the GAAP Special Revenue Fund, Fund Balance
June 30, 2023
(amounts expressed in thousands)

Classification of budgetary fund equities and other accounts into governmental funds' fund structure:	Special Revenue Fund
Special fund-fund balance (page 97)	$ 822,094
Accounting principle and timing differences:	
Assets recognized in governmental funds financial statements not recognized for budgetary purposes:	
Inventory	105,092
Taxes receivable	5,989
Health insurance receivable	1,189
Cash Held in Escrow for Maryland Aviation Administration	177,153
Maryland Aviation Administration interest income from bond proceeds	8,910
Capital lease adjustments	10,331
Liabilities recognized in governmental funds financial statements not recognized for budgetary purposes:	
Deferral of accrued federal revenue - Maryland Transit Administration	(336,346)
Deferral of accrued federal revenue - State Highway Administration	(119,415)
Maryland Aviation Administration Capital disbursements from bond proceeds	(49,892)
Financial statement governmental funds' fund balance, June 30, 2023	$ 625,105

Maryland Department of Transportation
Annual Comprehensive Financial Report

Statistical Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT
MARYLAND DEPARTMENT OF TRANSPORTATION

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MARYLAND DEPARTMENT OF TRANSPORTATION
STATISTICAL SECTION
June 30, 2022

This part of the Maryland Department of Transportation's annual comprehensive financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Department's overall financial health.

Table of Contents **Pages**

MARYLAND DEPARTMENT OF TRANSPORTATION
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year Ended June 30									
	2013	**2014 (1)**	**2015**	**2016**	**2017 (2)**	**2018**	**2019**	**2020**	**2021**	**2022**
Governmental activities:										
Net Investment in capital assets	$ 13,819,782	$ 14,063,378	$ 14,472,903	$ 15,248,583	$ 16,210,472	$ 16,838,969	$ 16,643,603	$ 17,677,016	$ 17,969,875	$ 18,540,714
Unrestricted (deficit)	(324,664)	(363,200)	(1,450,994)	(1,826,709)	(1,897,379)	(2,517,120)	(2,548,182)	(2,809,227)	(2,695,752)	(2,266,288)
Total governmental activities net assets	$ 13,495,118	$ 13,700,178	$ 13,021,909	$ 13,421,874	$ 14,313,093	$ 14,321,849	$ 14,095,421	$ 14,867,789	$ 15,274,123	$ 16,274,426

(1) FY 2014 Net Position was restated for implementation of GASB Statement No. 68 by ($1,038,224).
(2) FY 2017 Net Position was restated for implementation of GASB Statement No. 75 by ($463,377).

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MARYLAND DEPARTMENT OF TRANSPORTATION
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year Ended June 30									
Governmental Activities:	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Secretary's Office	$ 515,638	$ 570,596	$ 624,378	$ 626,299	$ 652,965	$ 938,626	$ 977,303	$ 944,346	$ 939,833	$ 975,459
State Highway Administration	1,186,116	1,436,114	1,399,446	1,337,696	1,203,216	1,213,310	1,477,133	1,522,930	1,744,380	1,810,024
Port Administration	87,445	99,996	126,885	148,231	126,432	171,714	182,300	139,364	108,351	105,190
Motor Vehicle Administration	195,803	207,342	213,896	206,117	208,783	272,318	239,324	219,570	213,062	219,989
Transit Administration	888,137	886,966	937,286	1,058,861	1,031,072	1,153,718	1,509,847	898,637	1,046,800	1,033,638
Aviation Administration	308,202	354,180	337,596	374,475	339,270	448,647	317,838	328,835	386,970	349,049
Interest on long-term debt	110,984	122,894	69,902	80,888	43,547	62,770	183,064	132,760	123,262	89,976
Total governmental activities expenses	3,292,325	3,678,088	3,709,389	3,832,567	3,605,285	4,261,103	4,886,809	4,186,442	4,562,658	4,583,325
Program Revenues:										
Charges for services:										
Secretary's Office	5,630	3,262	7,133	3,307	4,564	3,721	3,753	3,837	951	6,174
State Highway Administration	59,284	40,586	46,435	52,155	60,802	67,394	95,203	95,795	51,540	60,278
Port Administration	50,298	54,099	52,411	55,999	51,641	157,474	64,968	55,267	64,710	47,193
Motor Vehicle Administration	4	4	4	-	10	11	14	14	17	107
Transit Administration	138,339	139,769	142,363	156,524	149,147	190,862	169,748	118,297	90,055	119,063
Aviation Administration	418,588	328,094	339,958	346,836	361,971	377,982	252,988	223,185	181,213	272,790
Operating grants and contributions	72,397	90,574	92,238	87,324	94,499	99,533	90,795	569,263	496,623	716,443
Capital grants and contributions	779,557	800,019	741,846	722,764	858,187	885,245	851,866	1,044,752	902,584	1,042,974
Total governmental activities program revenues	1,524,097	1,456,407	1,422,388	1,424,909	1,580,821	1,782,222	1,529,335	2,110,410	1,787,693	2,265,022
Net (expense) revenue governmental activities	(1,768,228)	(2,221,681)	(2,287,001)	(2,407,658)	(2,024,464)	(2,478,881)	(3,357,474)	(2,076,032)	(2,774,965)	(2,318,303)
General Revenues and Other Changes in Net Assets:										
Taxes:										
Motor vehicle taxes and fees	1,332,143	1,389,066	1,465,022	1,541,596	1,579,384	1,547,450	1,618,524	1,490,462	1,670,450	1,720,718
Motor fuel taxes	740,428	807,739	918,483	1,013,144	1,078,312	1,084,195	1,140,220	1,076,207	1,025,501	1,113,373
Corporation income tax share	76,746	162,609	166,051	186,803	146,224	150,784	189,878	193,315	268,718	317,746
State sales tax share	25,462	48,653	30,788	30,780	31,566	31,691	34,471	31,686	21,374	35,487
Unrestricted investment earnings	764	2,156	2,096	3,819	627	2,322	2,929	1,918	(774)	6,511
Transfers out	-	-	-	-	-	-	-	-	-	
Total governmental activities general revenues:	2,182,778	2,426,741	2,646,956	2,807,623	2,915,683	2,951,015	3,131,046	2,848,400	3,181,299	3,318,606
Change in Net Position:										
Total Governmental Activities	414,550	205,060	359,955	399,965	891,219	472,134	(226,428)	772,368	406,334	1,000,303

MARYLAND DEPARTMENT OF TRANSPORTATION
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year Ended June 30	Motor Vehicle Excise Tax	Motor Fuel Tax	Corporation Income Tax	State Sales Tax	Total
2013	1,332,143	740,428	76,746	25,462	2,174,779
2014	1,389,066	807,739	162,609	48,653	2,408,067
2015	1,465,022	918,483	166,051	30,788	2,580,344
2016	1,541,596	1,013,144	186,803	30,780	2,772,323
2017	1,579,384	1,078,312	146,224	31,566	2,835,486
2018	1,547,450	1,084,195	150,784	31,691	2,814,120
2019	1,618,343	1,140,401	189,878	34,471	2,983,093
2020	1,490,462	1,076,207	193,315	31,686	2,791,669
2021	1,670,450	1,025,501	268,718	21,374	2,986,043
2022	1,720,718	1,113,373	312,389	35,487	3,181,967

MARYLAND DEPARTMENT OF TRANSPORTATION
Maryland's Largest Employers

Company	Industry	Workers Employed in Maryland
University of MD Medical Ctr	Hospitals	10,000+
University of Maryland	Educational Services	10,000+
Johns Hopkins University	Educational Services	10,000+
Johns Hopkins Hospital	Hospitals	7,500 - 9,999
Northrop Grumman Elctro Systs	Computer and Electronic Product Manufacturing	7,500 - 9,999
Byk Gardner Inc	Repair and Maintenance	5,000 -7,499
Johns Hopkins Univ Applied Physics Laboratory	Educational Services	5,000 -7,499
Lockheed Martin Is & Gs	Computer and Electronic Product Manufacturing	5,000 -7,499
Stephen James Assoc	Administrative and Support Services	5,000 -7,499

Source: Maryland Department of Labor, Office of Workforce Information and Performance.
Data accessed at http://www.labor.maryland.gov/lmi/emplists/maryland.shtml in November 2022.

MARYLAND DEPARTMENT OF TRANSPORTATION
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year Ended June 30,									
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Special Revenue Fund										
Nonspendable	$ 183,355	$ 192,871	$ 197,847	$ 211,726	$ 103,510	$ 240,924	$ 257,039	$ 94,604	$ 91,175	$ 93,438
Committed	11,499	26,989	27,930	23,871	15,402	12,547	8,908	-	-	-
Assigned	108,879	135,279	130,488	-	83,890	793	850	-	-	-
Unassigned	-	-	-	(124,502)	-	(235,155)	(18,085)	(56,612)	178,819	529,650
Total Special Revenue Fund	$ 303,733	$ 355,139	$ 356,265	$ 111,095	$ 202,802	$ 19,109	$ 248,712	$ 37,992	$ 269,994	$ 623,088
All other governmental funds										
Restricted	$ -	$ 5,056	$ 12,331	$ -	$ 12,379	$ 5,769	$ -	$ -	$ -	$ -
Total all other governmental funds	$ -	$ 5,056	$ 12,331	$ -	$ 12,379	$ 5,769	$ -	$ -	$ -	$ -

MARYLAND DEPARTMENT OF TRANSPORTATION
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year Ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Motor vehicle taxes and fees	$ 2,072,572	$ 2,196,805	$ 2,383,505	$ 2,554,740	$ 2,657,696	$ 2,631,645	$ 2,758,744	$ 2,566,669	$ 2,695,951	$ 2,834,091
Revenue sharing of State taxes	102,208	211,262	196,839	217,583	177,790	182,475	224,349	225,001	290,092	353,233
Federal reimbursements	868,121	902,719	833,040	718,951	966,547	847,267	1,005,159	1,319,634	1,478,200	1,749,741
Charges for services	579,850	452,406	460,668	486,151	496,438	571,999	453,011	496,395	388,909	505,605
Passenger facility charges and interest	48,534	43,919	44,745	48,056	49,032	51,781	51,356	39,583	39,583	39,019
Customer facility charges	12,902	12,613	12,733	13,579	13,559	13,195	12,933	10,959	10,959	8,415
Special parking revenues	28,630	54,649	52,551	62,582	63,520	62,483	66,015	48,339	27,599	2,153
Investment earnings	764	2,156	2,096	3,819	627	2,322	2,929	1,918	(774)	6,511
Other	6,103	14,255	63,384	65,255	65,746	44,721	34,973	83,461	127,750	48,192
Total revenues	3,719,684	3,890,784	4,049,561	4,170,716	4,490,955	4,407,888	4,609,469	4,791,959	5,058,269	5,546,960
Expenditures:										
Current:										
Department administration, operating and maintenance expenditures	1,408,232	1,841,195	1,793,321	1,804,794	1,645,987	1,980,911	2,457,431	1,675,124	2,167,839	2,217,795
Intergovernmental:										
Highway user revenues and federal funds	252,574	244,448	253,401	241,459	267,270	294,319	306,252	393,627	270,545	385,835
Washington Metropolitan Area Transit Authority Grants	396,094	404,995	441,964	448,577	448,196	496,698	542,371	770,088	764,185	738,653
Distributions to other State agencies	127,957	23,000	19,926	-	14,728	-	28,170	-	-	
Debt service:										
Issuance expenditure	-	1,002	-	1,192	3,614	595	379	-	-	-
Principal	109,340	130,620	152,415	174,165	207,185	221,710	199,410	205,755	254,860	296,351
Interest	70,968	76,614	79,989	90,193	100,030	118,350	138,156	151,166	157,580	155,917
Capital outlays	1,491,360	1,471,040	1,746,878	1,985,949	2,455,869	2,128,115	1,529,103	2,361,517	1,601,321	1,973,797
Total expenditures	3,856,525	4,192,914	4,487,894	4,746,329	5,142,879	5,240,698	5,201,272	5,557,276	5,216,330	5,768,348
Other financing sources (uses):										
Intergovernmental Finanancing Agreements	29,127	2,519	5,733	917	(1,230)	(3,759)	132,195	-	(219,880)	-
Issuance of Consolidated Transportation Bonds	189,323	325,000	661,250	300,000	892,525	555,000	630,680	490,000	300,000	295,000
Issuance of Special Transportation Project Revenue Bonds	-	-	-	-	-	-	-	-	219,880	191,610
Sale of future revenue rights	-	-	(331,412)	-	(277,611)	-	-	-	-	190,485
Premium on bonds	-	33,292	91,557	41,905	123,337	92,107	58,531	64,597	90,063	116,501
Payment to refund Consolidated Transportation Bonds	-	-	-	-	-	-	-	-	-	(219,114)
Total Other Financing Sources (Uses)	218,450	360,811	427,128	342,822	737,021	643,348	821,406	554,597	390,063	574,482
Net change in fund balances	$ 81,609	$ 58,681	$ (11,205)	$ (232,791)	$ 85,097	$ (189,462)	$ 229,603	$ (210,720)	$ 232,002	$ 353,094
Debt Service as a percentage of noncapital expenditures	7.62%	7.61%	8.48%	9.58%	11.43%	10.93%	9.19%	11.17%	11.41%	11.92%

MARYLAND DEPARTMENT OF TRANSPORTATION
Transportation Trust Fund
Gasoline and Motor Vehicle Revenue Account
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

	Fiscal Year Ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Motor vehicle fuel tax and fees (1)	$ 745,556	$ 812,915	$ 923,593	$ 1,017,870	$ 1,078,502	$ 1,084,373	$ 1,140,401	$ 1,076,358	$ 1,025,501	$ 1,113,373
Motor vehicle titling tax	684,655	740,835	795,510	860,415	886,010	869,309	916,535	846,764	976,727	1,021,300
Licensing and registration	362,324	367,305	376,513	381,344	389,094	390,056	403,495	367,209	407,631	393,681
Corporation income tax (2)	76,746	162,609	166,051	186,803	146,224	150,784	189,878	193,546	268,488	312,389
Sales and use tax on rental vehicles	25,462	30,311	30,788	30,780	31,566	31,690	34,471	31,686	21,373	35,487
Total revenues	1,894,743	2,113,975	2,292,455	2,477,212	2,531,396	2,526,212	2,684,780	2,515,563	2,699,720	2,876,230
Deductions:										
1% portion -- Motor vehicle titling tax	(228,218)	(246,945)	(265,170)	(286,805)	(295,337)	(289,770)	(305,361)	(282,255)	(325,576)	(340,433)
Other to the Trust Fund	(9,040)	(121,401)	(180,913)	(283,832)	(342,237)	(348,418)	(400,323)	(408,100)	(376,088)	(387,617)
Other	(51,500)	(52,617)	(57,881)	(59,659)	(64,860)	(65,795)	(69,160)	(63,992)	(70,399)	(72,838)
Total deductions	(288,758)	(420,963)	(503,964)	(630,296)	(702,434)	(703,983)	(774,844)	(754,347)	(772,063)	(800,888)
Net Highway User Revenues	$ 1,605,985	$ 1,693,012	$ 1,788,491	$ 1,846,916	$ 1,828,962	$ 1,822,229	$ 1,909,936	$ 1,761,216	$ 1,927,658	$ 2,075,342
Allocations (Highway User Revenues): (3)(4)										
Share to the Department	$ 1,445,386	$ 1,530,483	$ 1,616,796	$ 1,669,612	$ 1,653,382	$ 1,647,295	$ 1,726,589	$ 1,524,070	$ 1,667,393	$ 1,795,186
Share to counties and municipalities	30,514	32,167	33,981	35,091	34,750	34,622	36,283	91,345	100,250	107,912
Share to Baltimore City	130,085	130,362	137,714	142,213	140,830	140,312	147,065	145,801	160,015	172,244
Total allocations	$ 1,605,985	$ 1,693,012	$ 1,788,491	$ 1,846,916	$ 1,828,962	$ 1,822,229	$ 1,909,937	$ 1,761,216	$ 1,927,658	$ 2,075,342

Source: Maryland Department of Transportation, The Secretary's Office, Office of Finance.

(1) Chapter 429 of 2013 made changes to the motor fuel tax rate effective July 1, 2013: (a) annual adjustment based on increases in the Consumer Price Index, with no annual increase greater than 8%; and (b) implementation and use tax equivalent rate on all motor fuel, other than aviation and turbine fuel, calculated by multiplying a specified percentage by the prior year's average retail price of regular unleaded motor fuel (less federal and State excise taxes) purchased in the State. These revenues are retained 100% by the Department, while the base motor fuel tax revenue is shared with the local jurisdictions.

(2) Chapter 397 of 2011 changed the allocation of corporation income tax revenue to the Department from 24% to 17.2%. Effective July 1, 2012, the Department received 9.5%; from July 1, 2013 through June 30, 2016, the Department received 19.5%. Effective July 1, 2016, the Department receives 17.2%.

(3) The allocation of highway user revenues is established in State law. In accordance with Chapter 397 of 2011, for fiscal year 2012, the allocation was 79.8% to the Department, 11.3% to the State's General Fund, 7.5% to Baltimore City, 0.8% to the counties, and 0.6% to the municipalities; for fiscal years 2013 throught 2019, the allocation was 90.4% to the Department, 7.7% to Baltimore City, 1.5% to the counties, and 0.4% to the municipalities. Chapters 330 and 331 of 2018 modified the allocation for fiscal years 2020 through 2024 to 86.5% to the Department, 8.3% to Baltimore City, 3.2% to the counties, and 2.0% to the municipalities.

(4) Chapter 330 of 2018 changed the payment of local transportation aid from revenue sharing to capital grants. Beginning in fiscal year 2020, all revenues are credited to the Department but the same allocation formula is applied to determine the amount of a capital grant to each county and municipality. Capital grants are available only after all debt service and Departmental operating expenses have been funded and sufficient funds are available to fund the capital program.

MARYLAND DEPARTMENT OF TRANSPORTATION
Legal Debt Margin Information – Consolidated Transportation Bonds
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

	Fiscal Year Ended June 30									
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Annual debt limit	$ 1,913,290	$ 2,292,670	$ 2,530,255	$ 2,855,105	$ 2,773,900	$ 3,021,675	$ 3,422,265	$ 3,773,000	$ 3,877,330	$ 3,675,580
Net debt applicable to limit	1,618,290	1,812,670	2,020,250	2,146,085	2,578,385	2,911,675	3,342,945	3,627,190	3,672,330	3,643,475
Total legal debt margin	$ 295,000	$ 480,000	$ 510,005	$ 709,020	$ 195,515	$ 110,000	$ 79,320	$ 145,810	$ 205,000	$ 32,105
Net debt applicable to the limit as a percentage of debt limit	84.58%	79.06%	79.84%	75.17%	92.95%	96.36%	97.68%	96.14%	94.71%	99.13%

Note: Maryland law sets a debt outstanding limit for Consolidated Transportation Bonds at $4.5 billion as of June 30 of any year. In addition, the Maryland General Assembly establishes an annual debt outstanding limit below that amount as part of the budget process. The budget has force of law for one year.

MARYLAND DEPARTMENT OF TRANSPORTATION
Ratio of Annual Debt Service Expenditures for Consolidated Transportation Bonds to Total General Governmental Expenditures
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service	Total Noncapital Governmental Expenditures	Percentage of Debt Service to Noncapital Expenditures
2013	109,340	70,968	180,308	2,365,165	7.62
2014	130,620	76,614	207,234	2,721,874	7.61
2015	152,415	79,989	232,404	2,741,016	8.48
2016	174,165	90,193	264,358	2,760,380	9.58
2017	207,185	100,030	307,215	2,687,210	11.43
2018	221,710	118,350	340,060	3,106,219	10.95
2019	199,410	138,156	337,566	3,672,169	9.19
2020	205,755	151,166	356,921	3,195,759	11.17
2021	254,860	157,580	412,440	3,615,009	11.41
2022	296,351	155,917	452,268	3,794,551	11.92

MARYLAND DEPARTMENT OF TRANSPORTATION
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

	Governmental Activities				
Fiscal Year Ended June 30	Consolidated Transportation Bonds	Intergovernmental Financing Agreements	Total Debt	Total Personal Income (1)	Percentage of Debt to to Personal Income
2013	1,618,290	591,783	2,210,073	311,524,000	0.71
2014	1,812,670	594,302	2,406,972	322,438,200	0.75
2015	2,020,250	628,650	2,648,900	337,702,800	0.78
2016	2,146,085	621,732	2,767,817	350,384,400	0.79
2017	2,578,385	569,659	3,148,044	361,776,700	0.87
2018	2,911,675	524,748	3,436,423	372,196,900	0.92
2019	3,342,945	504,059	3,847,004	381,396,700	1.01
2020	3,672,190	480,015	4,152,205	404,520,700	1.03
2021	3,672,330	260,947	3,933,277	422,173,000	0.93
2022	3,643,475	248,065	3,891,540	433,461,000	0.90

(1) Source of personal income data: U.S. Department of Commerce, Bureau of Economic Analysis.
Data for 2013 - 2020 is from State Personal Income Summary data tables last updated September 23, 2021.
Data for 2021 - 2022 is from Personal Income, by State and Region, 2nd Quarter, released September 30, 2022.

MARYLAND DEPARTMENT OF TRANSPORTATION
Transportation Trust Fund
Taxes Pledged to Bonds and Net Revenues as Defined for Purposes of the Consolidated Transportation Bond Coverage Test
Last Ten Fiscal Years
(amounts expressed in thousands – unaudited)

	Fiscal year ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Taxes pledged to bonds:										
Corporation income tax (1)	$ 68,503	$ 146,113	$ 148,949	$ 167,957	$ 131,160	$ 135,321	$ 170,452	191,739	267,065	310,717
Fuel tax (2)	651,196	723,249	827,830	923,216	981,555	987,506	1,043,835	1,050,605	998,216	1,082,520
Titling tax	639,011	693,422	744,597	805,348	829,305	813,673	857,453	846,764	976,727	1,021,300
Sales and use tax on rental vehicles	23,425	27,983	28,424	28,416	29,142	29,257	31,823	31,686	21,373	35,487
Total taxes pledged to bonds	1,382,135	1,590,767	1,749,800	1,924,937	1,971,162	1,965,757	2,103,563	2,120,794	2,263,381	2,450,024
Fees:										
Motor vehicle licenses and registrations	298,071	305,525	310,385	312,771	316,742	317,433	326,555	328,496	363,489	351,013
Other	274,823	280,989	293,315	298,488	306,488	287,720	297,699	259,156	272,388	299,547
Total taxes and fees	1,955,029	2,177,281	2,353,500	2,536,196	2,594,392	2,570,910	2,727,817	2,708,446	2,899,258	3,100,584
Operating revenues:										
Port Administration	49,030	52,841	49,759	49,999	49,039	51,783	55,283	54,743	49,261	50,118
Transit Administration	138,400	139,821	142,414	156,579	149,249	150,911	140,094	108,074	50,060	64,179
Aviation Administration	219,757	217,290	222,117	229,993	243,132	257,218	257,929	231,521	184,300	275,272
Total operating revenues	407,187	409,952	414,290	436,571	441,420	459,912	453,306	394,338	283,621	389,569
Other	30,785	29,139	47,307	59,609	69,012	60,566	56,543	49,418	122,454	112,255
Investment income	758	2,154	2,090	3,819	627	2,322	2,928	1,918	-	-
Total revenues	2,393,759	2,618,526	2,817,187	3,036,195	3,105,451	3,093,710	3,240,595	3,154,120	3,305,333	3,602,408
Expenditures:										
Administration, operation and maintenance expenditures:										
The Secretary's Office	72,256	76,142	75,339	80,229	86,010	90,330	94,138	89,806	94,169	134,791
Washington Metro Transit Grants-in-Aid	263,690	268,340	284,844	318,917	321,349	362,519	388,583	465,894	425,303	399,491
State Highway Administration	251,994	326,560	301,488	297,190	264,039	294,566	311,364	267,038	321,297	318,893
Motor Vehicle Administration	171,344	184,698	194,887	199,153	201,546	199,910	198,520	206,694	201,924	207,484
Port Administration	42,157	45,504	47,867	47,521	46,841	45,869	48,082	47,038	46,414	48,624
Transit Administration	665,844	751,801	767,009	781,769	840,446	859,477	881,561	898,818	870,510	972,059
Aviation Administration	171,122	189,740	188,090	192,692	187,965	196,278	205,719	198,008	220,249	212,626
Total admin., operation and maintenance expend.	1,638,407	1,842,785	1,859,524	1,917,471	1,948,196	2,048,949	2,127,967	2,173,296	2,179,866	2,293,968
Less Federal funds:										
The Secretary's Office	(9,291)	(9,089)	(7,967)	(8,160)	(8,445)	(10,968)	(10,019)	(8,904)	(9,997)	(49,493)
State Highway Administration -- Highway Safety	(13,338)	(10,844)	(11,357)	(10,066)	(14,561)	(14,326)	(13,077)	(15,804)	(105,234)	(67,881)
Transit -- Planning and program development	(42,028)	(60,631)	(59,046)	(58,940)	(60,221)	(61,364)	(59,935)	(321,011)	(349,601)	(584,691)
Port Administration	-	-	-	-	(103)	(73)	(440)	-	-	-
Motor Vehicle Administration	(7,090)	(9,348)	(10,697)	(9,514)	(10,523)	(12,157)	(6,654)	(8,831)	(8,108)	(8,683)
Aviation Administration	(650)	(655)	(776)	(645)	(645)	(645)	(645)	(75,729)	(22,711)	(4,698)
Total Federal funds	(72,397)	(90,567)	(89,843)	(87,325)	(94,498)	(99,533)	(90,769)	(430,279)	(495,651)	(715,446)
Total expenditures	1,566,010	1,752,218	1,769,681	1,830,146	1,853,698	1,949,416	2,037,198	1,743,017	1,684,215	1,578,522
Net revenues	$ 827,749	$ 866,308	$ 1,047,506	$ 1,206,049	$ 1,251,753	$ 1,144,294	$ 1,203,397	$ 1,411,103	$ 1,621,118	$ 2,023,886
Maximum annual principal and interest	$ 237,394	$ 270,527	$ 292,327	$ 305,197	$ 331,345	358,739	415,245	457,080	469,477	479,510
Ratio of taxes pledged to principal and interest	5.92	5.11	5.44	5.73	5.81	5.49	4.73	4.60	4.52	4.72
Ratio of net revenues to principal and interest	3.34	3.06	2.96	3.43	3.64	3.49	2.76	2.63	3.01	3.38

Source: Maryland Department of Transportation, The Secretary's Office, Office of Finance.

(1) Chapter 397 of 2011 changed the allocation of corporation income tax revenue to the Department from 24% to 17.2%. Effective July 1, 2012, the Department received 9.5%; from July 1, 2013 through June 30, 2016, the Department received 19.5%. Effective July 1, 2016, the Department receives 17.2%.

(2) Chapter 429 of 2013 made changes to the motor fuel tax rate effective July 1, 2013: (a) annual adjustment based on increases in the Consumer Price Index, with no annual increase greater than 8%; and b) implementation of a sales and use tax equivalent rate on all motor fuel, other than aviation and turbine fuel, calculated by multiplying a specified percentage by the prior year's average retail price of regular unleaded motor fuel (less federal and State excise taxes) purchased in the State. These revenues are retained 100% by the Department, while the base motor fuel tax revenue is shared with the local jurisdictions.

MARYLAND DEPARTMENT OF TRANSPORTATION
Special Transportation Project Revenue Bonds – BWI Marshall Airport
Operating Data and Financial Information
(unaudited)

	Fiscal Year Ended June 30						
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Number of Nonstop Destinations Served	80	88	91	88	68	77	87
Enplaned Passengers	12,331,941	12,875,954	13,534,033	13,415,606	10,034,304	6,645,250	10,694,176
% change from previous year	8%	4%	5%	-1%	-25%	-34%	61%
Cost Per Enplaned Passenger	$ 9.51	$ 9.34	$ 9.33	$ 9.33	$ 12.55	$ 16.43	$ 11.95
Operating Revenues							
Airline Flight Activities	$ 62,671,220	$ 66,055,412	$ 71,710,348	$ 68,153,431	$ 63,803,472	$ 53,872,442	$ 68,585,456
Airline Other Revenues	$ 68,143,746	$ 69,621,114	$ 66,978,493	$ 67,908,074	$ 74,929,430	$ 69,054,170	$ 74,119,594
Total Airline Revenues	$ 130,814,966	$ 135,676,526	$ 138,688,841	$ 136,061,505	$ 138,732,902	$ 122,926,612	$ 142,705,050
Non-Airline Revenues	$ 102,604,285	$ 107,571,998	$ 118,525,204	$ 121,862,930	$ 94,348,764	$ 83,389,573	$ 216,306,676
Total Operating Revenues	$ 233,419,251	$ 243,248,524	$ 257,214,046	$ 257,924,435	$ 233,081,666	$ 206,316,186	$ 359,011,726
Airline Revenue Percentage of Total	56%	56%	54%	53%	60%	60%	40%
Non-Airline Revenue Percentage of Total	44%	44%	46%	47%	40%	40%	60%
Operating Expenses	$ 192,046,750	$ 187,319,859	$ 195,714,493	$ 205,073,163	$ 197,386,583	$ 198,942,645	$ 214,039,643
Net Operating Income	$ 41,372,501	$ 55,928,665	$ 61,499,553	$ 52,851,272	$ 35,695,083	$ 7,373,541	$ 144,972,083
Capital Funding from the Transportation Trust Fund	$ 84,898,432	$ 66,355,462	$ 48,700,022	$ 10,062,394	$ 27,489,110	$ 42,517,356	$ (103,018,546)
Total State-funded capital program (1)	$ 126,270,933	$ 122,284,127	$ 110,199,574	$ 62,913,666	$ 63,184,193	$ 49,890,897	$ 41,953,536

Source: Maryland Department of Transportation
Note: Data prior to FY 2016 is not available.
(1) State-funded capital program excludes other capital funding sources including but not limited to special transportation project revenue bonds, passenger facility charges, and customer facility charges.
(2) Revenues for FY 2021 and subsequent are net of the debt service for the special transportation project revenue bonds.
(3) Includes revenues and expenses for BWI Marshall Airport, Martin State Airport, and Regional Aviation.

MARYLAND DEPARTMENT OF TRANSPORTATION
Special Transportation Project Revenue Bonds – BWI Marshall Airport
Number of Enplaned Passengers by Airline

	Fiscal Year Ended June 30						
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Domestic scheduled							
Signatory							
Southwest	8,278,543	8,632,719	8,850,763	8,465,545	6,422,702	4,570,841	7,202,944
Spirit	587,150	823,536	1,104,570	1,315,662	1,075,637	668,757	887,925
American	1,007,490	880,180	875,283	875,110	659,129	453,568	628,212
Delta	1,047,350	1,028,406	1,048,574	1,073,870	756,811	355,612	759,983
United	510,232	482,260	529,636	531,441	358,470	180,358	377,251
Frontier (1)	-	-	-	16,541	49,786	74,948	188,506
Alaska (2)	100,955	128,266	191,805	205,564	138,640	38,946	60,033
JetBlue	213,927	271,098	258,668	184,735	85,324	50	108
Nonsignatory (3)	12,205	51,194	70,909	82,721	64,777	54,186	88,504
Subtotal Domestic	11,757,852	12,297,659	12,930,208	12,751,189	9,611,276	6,397,266	10,193,466
International scheduled							
Signatory							
Southwest	338,253	304,247	299,322	314,105	208,527	174,421	334,453
Spirit	-	-	35,834	81,401	59,479	17,462	61,428
Delta	-	5,158	5,219	4,015	1,068	473	163
Air Canada	42,261	48,693	54,822	68,523	52,451	-	5,309
British Airways	57,189	62,308	62,733	65,265	46,801	-	14,109
Condor	9,901	12,334	12,581	15,480	14,120	-	2,121
WOW Air (4)	49,547	74,223	77,300	56,865	-	-	-
Alaska	-	3,520	4,942	1,065	-	-	-
United	-	162	-	47	-	-	115
American	-	176	-	-	-	-	-
Frontier (1)	-	-	-	-	-	-	19,597
Nonsignatory (5)	14,003	12,609	3,000	11,600	-	-	16,351
Subtotal International	511,154	523,430	555,753	618,366	382,446	192,356	453,646
Charter airlines (6)	62,935	54,865	48,072	46,051	40,582	55,628	47,064
Total Enplaned Passengers	12,331,941	12,875,954	13,534,033	13,415,606	10,034,304	6,645,250	10,694,176

Source: Maryland Department of Transportation
Note: Data prior to FY 2016 is not available.
(1) Frontier became a signatory airline on July 1, 2021.
(2) Alaska became a signatory on April 1, 2017.
(3) Includes Allegiant, Avelo Airlines, Boutique Air, Contour Airlines, Southern Airways Express, Sun Country, and Via Air.
(4) WOW Air became a signatory on May 1, 2017 and ceased operations in March 2019.
(5) Includes Air Senegal, Icelandair, Norwegian, PLAY, and Sunwing.
(6) Includes ATI, Atlas Air, Global Crossing Airlines, National Airlines, OMNI and Swiftair.

MARYLAND DEPARTMENT OF TRANSPORTATION
Special Transportation Project Revenue Bonds – BWI Marshall Airport
Percentage of Enplaned Passengers by Airline
(unaudited)

	Fiscal Year Ended June 30						
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Domestic scheduled							
Signatory							
Southwest	67.1%	67.0%	65.4%	63.1%	64.0%	68.8%	67.4%
Spirit	4.8	6.4	8.2	9.8	10.7	10.1	8.3
American	8.2	6.8	6.5	6.5	6.6	6.8	5.9
Delta	8.5	8.0	7.7	8.0	7.5	5.4	7.1
United	4.1	3.7	3.9	4.0	3.6	2.7	3.5
Frontier (1)	-	-	-	0.1	0.5	1.1	1.8
Alaska (2)	0.8	1.0	1.4	1.5	1.4	0.6	0.6
JetBlue	1.7	2.1	1.9	1.4	0.9	0.0	0.0
Nonsignatory (3)	0.1	0.4	0.5	0.6	0.6	0.8	0.8
Subtotal domestic	95.3%	95.5%	95.5%	95.0%	95.8%	96.3%	95.3%
International scheduled							
Signatory							
Southwest	2.7%	2.4%	2.2%	2.3%	2.1%	2.6%	3.1%
Spirit	-	-	0.3	0.6	0.6	0.3	0.6
Delta	-	0.0	0.0	0.0	0.0	0.0	0.0
Air Canada	0.3	0.4	0.4	0.5	0.5	-	0.0
British Airways	0.5	0.5	0.5	0.5	0.5	-	0.1
Condor	0.1	0.1	0.1	0.1	0.1	-	0.0
WOW Air (4)	0.4	0.6	0.6	0.4	-	-	-
Alaska	-	0.0	0.0	0.0	-	-	-
United	-	0.0	-	0.0	-	-	0.0
American	-	0.0	-	-	-	-	-
Frontier (1)	-	-	-	-	-	-	0.2
Nonsignatory (5)	0.1	0.1	0.0	0.1	-	-	0.2
Subtotal International	4.1%	4.1%	4.1%	4.6%	3.8%	2.9%	4.2%
Charter airlines (6)	0.5%	0.4%	0.4%	0.3%	0.4%	0.8%	0.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Maryland Department of Transportation
Note: Data prior to FY 2016 is not available.
(1) Frontier became a signatory airline on July 1, 2021.
(2) Alaska became a signatory on April 1, 2017.
ludes Allegiant, Avelo Airlines, Boutique Air, Contour Airlines, Southern Airways Express, Sun Country, and Via Air
(4) WOW Air became a signatory on May 1, 2017 and ceased operations in March 2019.
ludes Air Senegal, Icelandair, Norwegian, PLAY, and Sunwing.
(6) Includes ATI, Atlas Air, Global Crossing Airlines, National Airlines, OMNI and Swiftair.

MARYLAND DEPARTMENT OF TRANSPORTATION
Schedule of Miscellaneous Statistics
Last Ten Fiscal Years
(unaudited)

	Fiscal Year Ended June 30									
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
State Highway Administration:										
Mainline Miles of State highways (1)	5,145	5,155	5,152	5,154	5,151	5,154	5,164	5,206	5,208	5,210
Lane Miles of State highways (1)	17,050	17,063	17,117	17,132	17,143	17,179	17,210	17,286	17,302	17,361
Vehicle Miles Traveled on State Highways, in thousands	37,036,419	37,031,289	37,109,003	37,758,032	38,627,541	40,655,459	40,497,495	40,957,315	33,847,647	38,332,148
Motor Vehicle Administration:										
Motor Vehicle Titles Issued	1,018,200	1,001,118	1,090,530	1,156,244	1,156,262	1,134,701	1,151,818	1,019,112	1,343,398	1,029,246
Motor Vehicle Registrations	4,813,421	4,872,481	4,950,003	4,992,358	5,032,374	5,078,313	5,123,131	5,155,566	5,069,111	5,123,342
Motor Vehicle Fuel - Gallons Sold, in thousands (2)	3,325,262	3,211,360	3,283,767	3,313,813	3,327,754	3,295,232	3,312,635	3,026,937	2,886,305	2,874,499
Maryland Port Administration:										
Port of Baltimore (3):										
Export Commerce (2,000 lbs.)	19,396,664	16,750,213	17,755,547	18,032,687	24,811,957	28,799,201	29,388,069	24,289,680	28,298,486	28,295,193
Import Commerce (2,000 lbs.)	10,878,770	12,759,986	14,703,255	13,802,320	13,631,719	14,193,921	14,171,665	13,146,680	13,817,741	15,036,302
Total Foreign Commerce (2,000 lbs.)	30,275,434	29,510,199	32,458,802	31,835,006	38,443,676	42,993,122	43,559,734	37,436,548	42,116,227	43,331,495
General Cargo (2,000 lbs.) (included above)	9,939,751	10,230,365	10,685,003	11,326,594	12,317,094	12,317,094	12,360,713	11,587,613	13,397,755	13,799,987
Maryland Aviation Administration:										
Passenger Traffic	22,530,342	22,238,226	22,761,893	24,669,946	25,686,293	26,991,216	26,715,027	20,044,527	13,263,192	21,450,970
Commercial Air Carrier Operations	245,367	232,609	224,246	231,354	238,492	254,202	216,717	187,290	151,105	181,865
Total Aircraft Operations	263,360	251,305	243,255	248,271	253,238	268,254	260,932	224,257	182,549	213,815
Maryland Transit Administration:										
Core and Commuter Bus Ridership	73,404,275	75,780,350	79,035,332	79,828,737	73,453,522	67,550,456	67,612,158	57,961,332	35,466,890	40,881,784
Metro Ridership	15,208,352	14,632,401	13,900,813	12,221,949	10,960,071	8,916,972	7,275,335	5,911,362	1,615,650	1,631,935
Light Rail Ridership	9,371,791	8,105,752	7,657,256	7,475,005	7,413,659	7,416,504	6,966,072	4,648,867	2,453,497	2,910,446
MARC Train Ridership	9,030,039	8,979,468	9,245,588	8,961,892	9,185,382	9,191,727	9,190,885	6,676,588	936,267	2,271,221
Number of MDOT State Employees (Filled Postiions) (4)	5,885	8,387	8,485	8,454	8,403	8,440	8,414	8,489	8,362	8,303

Source: Maryland Department of Transportation.

(1) Mileage as of January 1. Source: Maryland Department of Transportation State Highway Administration Annual Highway Mileage Reports 2012-2021 Form DSD-9.

(2) Source: Motor Fuel Tax and Motor Carrier Tax Annual Report prepared by the Comptroller's Office.

(3) Calendar year basis through 2020, then fiscal year basis.

(4) Fiscal year 2013 data does not include MTA union employees.

MARYLAND DEPARTMENT OF TRANSPORTATION

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Sean Powell, Deputy Secretary of Operations and Homeland Security
R. Earl Lewis, Jr., Deputy Secretary of Policy, Planning, and Enterprise Services
Samantha Biddle, Chief of Staff

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Sheilah F. Brous, Director, Office of Policy and Regulations
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Pilar Helm, Director, Office of Government Affairs
Erin Henson, Director, Office of Public Affairs
Sandy Hertz, Director, Office of Climate Change Resilience and Adaptation
Courtney Highsmith, Assistant Secretary of Operational Enterprise Support
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Office of Finance

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Tim Hayden, Controller
Rafael Espinoza, Director of Financial Systems
Kina Johnson-Malcolm, Director of Debt Management
Monica Kearns, Director of Budget
Jo Ann McCumber, Director of Payroll
John Patermaster, Director of Financial Planning
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