

**ANNUAL  
COMPREHENSIVE  
FINANCIAL  
REPORT**

**PETER FRANCHOT**  
COMPTROLLER  
STATE OF MARYLAND

**2021**  
*Fiscal Year Ended June 30*



*Public Art, Accessible to All.*

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30

# 2021



**Mural:** Overjoyed **Location:** Waverly, Baltimore City **Artist:** @GaiaStreetArt **Photo:** @GaiaStreetArt

## GOVERNMENTAL BRANCHES OF MARYLAND

### EXECUTIVE

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

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

**PETER FRANCHOT**  
*Comptroller*

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

**NANCY K. KOPP**  
*Treasurer*

### LEGISLATIVE

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

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

### JUDICIAL

**MARY ELLEN BARBERA**  
*Chief Judge  
Court of Appeals of Maryland*





**Mural:** *We the People* **Artist:** Bob Hieronimus **Location:** Lafayette and St. Paul streets, Baltimore City **Painted by:** Hieronimus and a crew of dedicated art students and professionals from UMBC, MICA and Johns Hopkins University **Photo:** @PatrianaSonia

#### **MURALS HAVE LONG BEEN HALLMARKS OF SOCIETY**

revealing the struggles and triumphs of communities. They convey messages of hope and serve as powerful visual symbols to ignite conversation and transform society. Murals like “We the People” pictured above show viewers that

our past is the key to a healthy and prosperous future. By employing the use of powerful Native American female symbolism, we are reminded that a compassionate, environmentally balanced approach can mitigate the impact of this technologically advanced world we have created.



A MESSAGE FROM  
COMPTROLLER  
PETER FRANCHOT

Dear Marylanders,

As Comptroller since 2007, I have seen the State of Maryland recover from myriad challenges, none more daunting than the COVID-19 pandemic. Thanks to science and innovation, the availability of vaccines is helping Maryland begin the return to normal. The state

is positioned for a terrific rebound and our agency is ready to do our part.

Throughout the years, I have served as Maryland’s fiscal watchdog, working to hold government accountable and making certain that taxpayer money is spent wisely. Now more than ever, with billions of federal dollars injected into our state’s economy, its businesses and residents’ bank accounts, we must ensure these relief funds went to those people and businesses who needed it most and determine if fraud or pandemic profiteering occurred. The Comptroller’s Workgroup on Pandemic Spending continues to examine how COVID relief funds were spent, ensuring taxpayers received the grants and loans they desperately needed to recover financially from the pandemic. The results have been eye-opening and provide cautionary tales of how emergency funds need to be more quickly and carefully disseminated.

Maryland’s long-term fiscal health impacts your fiscal health and that is why I remain committed to responsible economic policies that support our residents and small businesses.

A global health crisis has tested our resolve, but our strong economic bones, prudent fiscal policies and sheer resiliency has helped us navigate tough times better than we expected. There is much to rebuild and more to heal, but we are committed to bouncing back bigger and better as we look toward the future.

Small businesses are the key to this recovery, and our support is integral to their survival. I will always advocate for the success of businesses throughout Maryland and remain committed to easing regulatory burdens while at the same time looking out for consumers’ best interests.

Despite a challenging couple of years, I remain as committed as ever to our core mission at the Maryland Comptroller’s Office: being respectful, responsive and getting results for Maryland taxpayers.

I vow to work collaboratively with residents and business owners to ensure a healthy Maryland and a thriving economy today and in the years to come.

Sincerely,

Maryland Comptroller, Peter Franchot

COMPTROLLER OF MARYLAND

**PETER FRANCHOT**  
*Comptroller*

**SHARONNE BONARDI**  
*Deputy Comptroller*

**EMMANUEL WELSH**  
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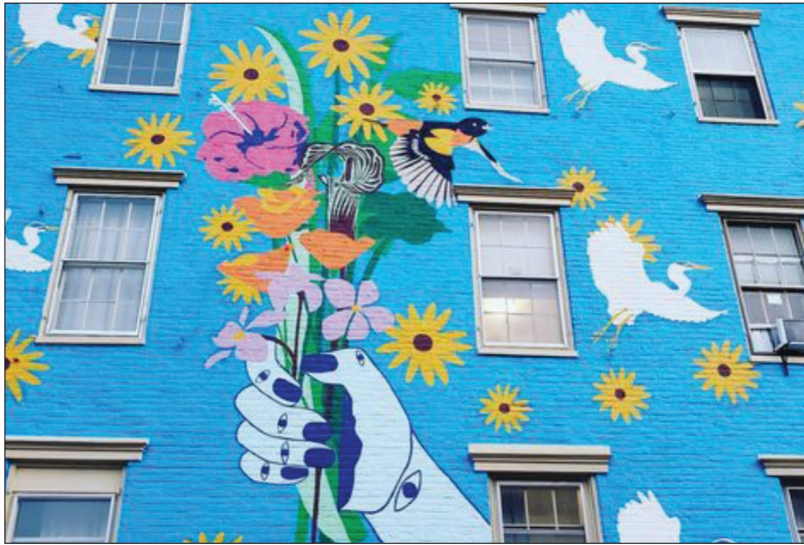
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*Crystal Slakes, CPA*  
*Ken Thompson*  
*Natalie Doherty*





**Mural:** *Healing Bouquet*  
**Artist:** Gera Lozano  
**Location:** City of Frederick, Frederick County  
**Photo:** @kstanleyphotos

**TRANSFORMATIONS COME FROM LESSONS LEARNED**

that move us from the past into the present. Like the seed that eventually becomes the Black-eyed Susan standing tall in the sun or the heron that captures our imagination as it skims the surface of the water in flight, the images in the mural elicit joy and healing.

**ARTISTS OFTEN FIND INSPIRATION FROM WITHIN**

Nicole Bourgea’s son, who has Down syndrome, loves to dance. These evocative images lure passersby into the mural, connecting them with the dancing figures in life affirming movements that both reveal and empower. The image is an authentic representation of the rich cultural heritage and traditions of this diverse neighborhood.



**Mural:** *Tradition is a Part of Us - Humanity is All of Us* **Artist:** Nicole Bourgea **Location:** Wheaton, Montgomery County  
**Photo:** @MichaelgHasArtToSee



**Mural:** Equal Justice Mural Project **Painters:** Team of 15- to 20-year-old youths and young adults guided by teaching artists @FutureHistoryNow.art  
**Location:** City of Annapolis, Anne Arundel County **Photo:** Jahru

### MURALS LIKE THE EQUAL JUSTICE

Mural Project, pictured above, help connect residents and visitors to the iconic luminaries and historical figures that crafted the identity of our nation, invoking a strong sense of pride.

### THEY OFTEN BECOME THE CENTERPIECE

of the neighborhood, creating a welcome gathering place the community builds around, further deepening the investment and engagement. The murals evolve into a touchstone for generations and families, providing a source of comfort that resides in memory, leaving an indelible legacy.



**Mural:** Commissioned by Vigilante Coffee Company **Artist:** @MuellerStudios  
**Location:** City of Hyattsville, Prince George's County **Photo:** @MuellerStudios





**Mural:** Lester Bowie  
**Artist:** Rafael Blanco  
**Location:** City of Frederick,  
Frederick County  
**Photo:** @kstanleyphotos

**Mural:** Global Refugee Mural  
**Artist:** Tom Block  
**Painter:** Joel Bergner  
**Location:** Silver Spring,  
Montgomery County  
**Photo:** @joelartista





**Mural:** Building Blocks **Artist:** Alex Brewer "HENSE" **Location:** City of Hagerstown, Washington County **Photo:** @VisitWashingtonCounty

**IN SOME SPACES**, murals are there not to tell a story, but simply to elicit a reaction. Myriad shapes, vibrant colors, and thought-provoking patterns are arranged

on unusual canvasses to fuel imaginations and spark conversation. Visitors are thus compelled to pause, ponder its purpose and create their own narratives.





**Mural:** *Take My Hand* **Artist:** Michael Rosato **Location:** Harriet Tubman Museum, City of Cambridge, Dorchester County **Photo:** Michael Rosato

**AN ACTION THAT CHANGED THE COURSE OF HISTORY** has captured our imaginations, reminded us of our strength and inspired us not just to dream, but act. This describes the legacy of Harriet Tubman,

beautifully captured in the “Take My Hand” mural painted by Michael Rosato, which invites observers to accompany her on the journey to freedom. ■

MARYLAND COMPTROLLER WINS AWARD FROM  
GOVERNMENT FINANCE OFFICERS ASSOCIATION



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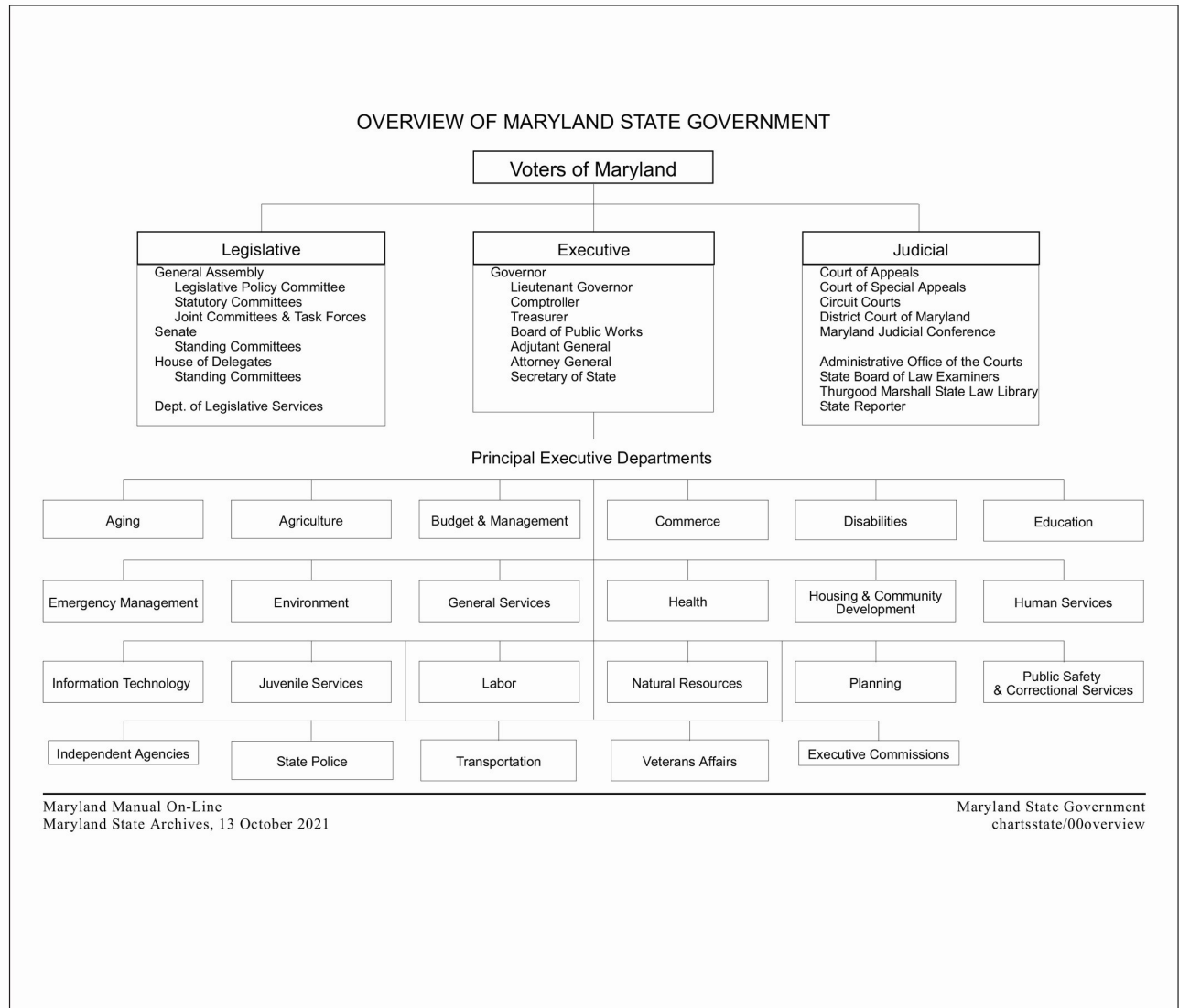
June 30, 2020

*Christopher P. Morill*

Executive Director/CEO



MARYLAND STATE GOVERNMENT OVERVIEW:



ANNUAL COMPREHENSIVE FINANCIAL REPORT , STATE OF MARYLAND  
FOR THE YEAR ENDED JUNE 30, 2021

## Table of Contents

### INTRODUCTORY SECTION

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

### FINANCIAL SECTION

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

### BASIC FINANCIAL STATEMENTS .....

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

### REQUIRED SUPPLEMENTARY INFORMATION .....

Schedule of Revenue and Expenditures and Changes in Fund Balances - Budget and Actual (General Fund) .....	106
Schedule of Revenue and Expenditures and Changes in Fund Balances - Budget and Actual (Special and Federal Funds) .....	107
Reconciliation of the Budgetary General and Special Fund, Fund Balances to the GAAP General and Special Revenue Fund, Fund Balances .....	108
Schedule of Employer Contributions for Maryland State Retirement and Pension System .....	109



ANNUAL COMPREHENSIVE FINANCIAL REPORT , STATE OF MARYLAND  
FOR THE YEAR ENDED JUNE 30, 2021

<b>REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)</b> .....	
Schedule of Employer Net Pension Liability for Maryland State Retirement and Pension System .....	110
Schedule of Employer Contributions for Maryland Transit Administration Pension Plan .....	111
Schedule of Changes in Net Pension Liability and Related Ratios for Maryland Transit Administration Pension Plan .....	112
Schedule of Employer’s Net Pension Liability for Maryland Transit Administration Pension Plan .....	113
Schedule of Investment Returns for Maryland Transit Administration Pension Plan .....	113
Schedule of Employer Contributions for Other Post-Employment Benefit Plan .....	114
Schedule of Changes in Net OPEB Liability and Related Ratios for Other Post-Employment Benefits Plan .....	115
Schedule of Employer’s Net OPEB Liability for Other Post-Employment Benefit Plan .....	115
Schedule of Investment Returns for Other Post-Employment Benefit Plan .....	115
Schedule of Employer Contributions for Maryland Transit Administration Retiree Healthcare Benefits Plan .....	116
Schedule of Changes in Net OPEB Liability and Related Ratios for Maryland Transit Administration Retiree Healthcare Benefits Plan .....	117
Schedule of Net OPEB Liability for Maryland Transit Administration Retiree Healthcare Benefit Plan .....	117
Notes to Required Supplementary Information – Budgeting and Budgetary Control .....	118
 <b>COMBINING FINANCIAL STATEMENTS</b> .....	
<b><i>Non-major Governmental Funds</i></b> .....	120
Combining Balance Sheet .....	121
Combining Statement of Revenues, Expenditures, Other Sources and Uses Of Financial Resources and Changes in Fund Balances .....	122
<b><i>Non-major Enterprise Funds</i></b> .....	123
Combining Statement of Net Position .....	124
Combining Statement of Revenues, Expenses and Changes in Fund Net Position .....	125
Combining Statement of Cash Flows .....	126
<b><i>Fiduciary Funds</i></b> .....	127
Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefits Trust Funds .....	128
Combining Statement of Changes in Plan Net Position – Pension and Other Employee Benefits Trust Funds .....	129
Combining Schedule of Fiduciary Net Position – Maryland State Retirement and Pension System .....	130
Combining Schedule of Changes in Plan Net Position – Maryland State Retirement and Pension System .....	131
Combining Schedule of Fiduciary Net Position – Deferred Compensation Plan .....	132
Combining Schedule of Changes in Plan Net Position – Deferred Compensation Plan .....	132
Combining Statement of Fiduciary Net Position – Custodial Funds .....	133
Combining Statement of Changes in Net Position – Custodial Funds .....	134
<b><i>Non-major Component Units</i></b> .....	135
Combining Statement of Net Position .....	136
Combining Statement of Activities .....	138

ANNUAL COMPREHENSIVE FINANCIAL REPORT , STATE OF MARYLAND  
FOR THE YEAR ENDED JUNE 30, 2021

**STATISTICAL SECTION** .....

Introduction .....	141
Net Position by Component, Primary Government - Last Ten Years .....	142
Changes in Net Position – Last Ten Fiscal Years .....	143
Expenses by Function, Primary Government - Last Ten Fiscal Years .....	145
Revenues, Primary Government – Last Ten Fiscal Years .....	146
Fund Balances, Governmental Funds – Last Ten Fiscal Years .....	147
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years .....	148
Personal Income Tax Filers by Subdivision Tax Year Ended December 31, 2020 .....	150
State Personal Income Tax and Sales Tax Rates – Last Ten Calendar Years .....	151
Personal Income Tax Filers and Liability by Income Level – Last Ten Tax Years Ended December 31st .....	152
Sales and Use Tax Receipts by Principal Type of Business – Last Ten Fiscal Years .....	154
Schedule of Ratio of Outstanding Debt by Type – Last Ten Fiscal Years .....	154
Ratio of General Bonded Debt to Actual Value and General Bonded Debt Per Capita – Last Ten Fiscal Years .....	155
Legal Debt Margin Information – Last Ten Fiscal Years .....	156
Schedule of Taxes Pledged to Consolidated Transportation Bonds and Net Revenues as Defined for Purposes of Consolidated Transportation Bonds Coverage Tests – Last Ten Fiscal Years .....	157
Ratio of Pledged Assets to Revenue Bonds, Community Development Administration - Last Ten Fiscal Years .....	158
Schedule of Demographic Statistics – Last Ten Fiscal Years .....	158
Schedule of Employment by Sector – Prior Year and Nine Years Prior .....	159
Maryland’s Ten Largest Private Employers .....	160
State Employees by Function/Program – Last Ten Fiscal Years .....	161
Schedule of Miscellaneous, Operating and Capital Asset Statistics by Function – Last Ten Fiscal Years .....	162

**FINANCIAL SCHEDULES REQUIRED BY LAW** .....

Schedule of Estimated and Actual Revenues By Source – Budgetary Basis .....	165
Schedule of Budget and Actual Expenditures and Encumbrances by Major Function – Budgetary Basis .....	167
Schedule of Changes in Fund Equities - Budgetary Basis .....	168
Schedule of Funds Transferred to Political Subdivisions .....	169
Schedule of Taxes Receivable from Collectors of State Property Taxes .....	170
Schedule of Estimated Revenues – Budgetary Basis .....	171
Schedule of General, Special, Federal, Current Unrestricted and Current Restricted Fund Appropriations – Budgetary Basis .....	172



# *Introductory Section*

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





**Peter Franchot**  
*Comptroller*

March 21, 2022

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

The Annual Comprehensive Financial Report (ACFR) of the State of Maryland (State), for the Fiscal Year ended June 30, 2021, includes the financial statements of the State as well as information required by Title 2, Section 102 of the State Finance and Procurement Article of the Annotated Code of Maryland. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Office of the Comptroller.

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

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

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

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

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

#### **Background Information on the State:**

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



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

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

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

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

The COVID-19 pandemic (the pandemic) continues to cause disruption amid a rapid but uneven economic recovery. Following a steep decline in output, economic stimulus offset the collapse in demand. As a result, income continued growing through the pandemic. At the same time, the pandemic continues to disrupt supply, which cannot shift as quickly as demand. We expect the recovery to continue but slow as the economy gets back to its long-term trend rate of growth. The worse the pandemic gets the more it will disrupt continued growth. As consumers and investors, people typically react to perceptions of increased risk by pulling back on consumption and increasing their savings. Furthermore, pandemic related supply constraints are causing price increases, leading to the highest measured inflation in decades.

Though the unemployment rate is low, total employment remains millions of jobs below its prior peak, pointing to a decline in labor participation. After falling 5.1% from January to April 2020, labor participation recovered only some of its loss by July 2020 and has been essentially flat ever since. The labor participation rate of workers over 55 remains near its pandemic low. Despite record openings, elevated wage growth, and expired unemployment benefits, potential workers have not been brought back into the labor force in significant numbers.

The preceding analysis speaks to the macroeconomy on average. But this average is not necessarily representative of the experience of any one sector, region, group, person, or business. Losses and gains have been experienced unequally. Job losses were concentrated among lower income workers, particularly in services, while employment in higher income jobs recovered. Larger businesses have better access to government subsidies and the financial system, so can sustain themselves for longer during a crisis. Small businesses run by Black and/or Latino owners closed, whether temporarily or permanently, at higher-than-average rates over the pandemic. In short, the pandemic worsened existing social inequalities.

The result of constrained supply during this period of adjustment is higher real prices and lower output than would otherwise be the case. The pandemic caused a negative supply shock and shifted demand towards goods. At the same time economic stimulus caused a rapid recovery in aggregate demand. The result is elevated inflation in the short run.

Inflation that persists into the long run is achieved through monetary causes. Whether elevated inflation will be persistent therefore depends primarily on monetary policy. Nominal Gross Domestic Product (GDP) has recovered its pre-pandemic trend; unemployment is low, and inflation elevated. These are signals that the Federal Reserve (the Fed) should move to tighten policy to prevent persistent inflation; they recently announced their intention to do just that. Monetary policy is at an inflection point. The nominal recovery is complete, which means the Fed must tighten the right amount at the right time to prevent persistent inflation while avoiding hitting the brakes too hard. It is a delicate balance that is easy to miscalculate in normal times.

Maryland's economy has structural factors in its favor. Typically, the State's economy and employment contracts less than the nation in a recession. This is partly due to high education and skill levels of the labor force and the presence of the federal government, a stable source of well-paying jobs. That said, employment in Maryland has not performed noticeably better than the nation. Maryland employment reached its peak in January 2020 and fell by 400,700 (14.4%) to a low in April 2020. As of October 2021, employment remains 91,800 (3.3%) below the prior peak. However, the State is slightly outperforming the nation in terms of wage growth. In 2021 Q2, the most recent data at the state level, total wages grew 13.3% year-over-year in Maryland compared to 12.3% for the nation.

Our outlook calls for growth in employment and aggregate wages to slow but continue over the winter months. At the same time, there are factors supporting an outlook of continued growth. High savings will boost investment and can be drawn down to sustain consumption in the event of a decline in income. Beyond this winter, we expect the recovery to accelerate as the pandemic wanes. Real growth through 2022 is forecast to accelerate as supply adjusts and settles into longer run trends in 2022. Employment is not expected to regain its prior peak until early 2023.

## Major Initiatives and Long Term Financial Planning:

With the prudent curtailment of state agency spending, Federal stimulus which helped to support individuals and small businesses, and the prudent use of the CARES Act Coronavirus Relief Fund, the state closed FY2020 with a fund balance of \$703 million, \$357 million higher than expected.

The FY 2022 budget preserves \$1.2 billion in cash reserves between the FY 2022 ending budget surplus and the Rainy Day Fund balance. These reserves are necessary for Maryland to retain its AAA bond rating, which demonstrates the state's continued legacy of strong financial stewardship over taxpayer monies. The FY 2022 budget is in full compliance with the General Assembly's spending affordability guidelines.

Currently, the pension system is funded at 76.9% (compared to 73.6% in FY 2020) with FY 2022 pension funding of \$1.73 billion. Progress continues to be made toward the 80% benchmark for a secure pension system.

The Free State continues its record funding of K-12 education for the seventh consecutive year at nearly \$7.5 billion, with a record \$803 million going toward school construction projects. In-state resident tuition growth at the University System of Maryland, Morgan State University, and St. Mary's College is again capped at 2%. Community colleges funding is increased by \$13.8 million, or 5.5%, over FY 2021.

Maryland once again builds upon its legacy of preserving natural resources and the environment by fully funding the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund, which supports critical bay restoration activities. This fully funds all transfer tax programs. Nearly \$43 million supports renewable and clean energy programs and another \$14 million is dedicated to energy efficiency programs.

Maryland's FY 2022 capital budget totals \$4.8 billion, funding construction of buildings, infrastructure as well as long-term assets for the state. Most of the capital budget (\$2.6 billion) supports transportation projects, including roads and mass transit. The remaining \$2.3 billion encompasses education, environmental, and health-care related projects, and projects to spur development following the COVID-19 pandemic. A majority of the total state General Obligation bond funding in the capital budget (56%) is directed to education facilities.

Access to healthcare through the Medicaid program is available to 1.55 million Marylanders, a 10% increase over FY 2021. More than 21,000 eligible children are covered under the Child Care Scholarship program in FY 2022. The state has also provided record funding to treat mental health and substance use disorders. Efforts to treat substance abuse, including opioid abuse, have seen a funding increase of 562% since FY 2016, although the effort is far from over.

Through the RELIEF Act of 2021, an emergency package will provide more than \$1 billion in tax relief and direct stimulus payments to eligible low-income Marylanders, small businesses and those who have lost their jobs as a result of the COVID-19 pandemic. The goal of the RELIEF Act is to jumpstart spending, spur job growth, and incentivize spending in local communities. Tax credits for game-changing technologies such as biotechnology, research and development, and cybersecurity also set the stage for Maryland's future growth, innovation, and success.

## State of Maryland continued response to the Covid recession

Once the pandemic struck there was an immediate understanding that aid would be necessary for Maryland business owners and individual taxpayers to survive the recession. In addition to federal aid from the CARES Act that was administered by the state, Maryland set up its own relief programs. The State has not only been called upon to respond to the COVID-19 public health crisis, but also to ensure the economic, social, and educational well-being of all Marylanders. Although the state of emergency ended on July 21 and over four million Marylanders are fully vaccinated to date, the state continues working to fight the residual economic effects on as many fronts as possible.

The RELIEF Act of 2021, passed by the General Assembly and signed into law by the Governor, provides more than \$1 billion in tax relief and economic stimulus for families and businesses in the form of direct stimulus payments and unemployment insurance relief to qualifying Marylanders and grants, loans, and tax relief for qualifying small businesses. The Act also builds upon the more than \$700 million in emergency economic relief that had already been designated to assist struggling Marylanders. Also, the Comptroller of Maryland again extended the income tax filing and payment deadlines to July 15th, 2021, penalty and interest free, for corporate and individual taxpayers.

In FY 2021, the State obligated \$190 million in Rainy Day funds to the Maryland Department of Commerce for small business relief. The Maryland Department of Housing and Community Development (DHCD) administered over \$45 million for the Governor's Maryland Strong Economic Recovery Initiative (MD-SERI) to support the state's non-profit tourism organizations, entertainment venues, and businesses in the State's designated Main Street Maryland communities and Baltimore City's designated Main Street neighborhoods.

In addition to these targeted economic efforts, the state has spent more than \$1.6 billion in state and federal funds to fight this public health emergency and keep Marylanders safe, including transferring \$361 million to counties to fight the pandemic locally.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Maryland for its Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The State of Maryland has received a Certificate of Achievement for the last 40 consecutive years (Fiscal Years ended 1980 – 2020). We believe that our current Annual Comprehensive Financial Report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

Sincerely,

A handwritten signature in black ink that reads "Peter Franchot". The signature is written in a cursive style with a large, sweeping flourish at the end.

Peter Franchot

Comptroller of Maryland



# *Financial Section*

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





## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Maryland (the State), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit.

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

Opinion Unit	Fund, Agency, or Component Unit	Other Auditors	
		Assets and Deferred Outflows	Revenues
Business-type Activities	Department of Housing and Community Development State Funded Loan Programs Maryland Lottery and Gaming Control Agency	6%	30%
Aggregate Discretely Presented Component Units	Maryland Environmental Service Maryland Prepaid College Trust University System of Maryland Foundation, Inc. University of Maryland College Park Foundation, Inc. University of Maryland Baltimore Foundation, Inc. Bowie State University Foundation, Inc. Towson University Foundation, Inc. Frostburg State University Foundation, Inc. Coppin State University Development Foundation, Inc. University of Baltimore Foundation, Inc. and University Properties, Inc. Salisbury University Foundation, Inc. University of Maryland Baltimore County Research Park Corporation, Inc. UMUC Ventures, Inc. and Subsidiaries	23%	16%
Economic Development Loan Programs - Major Proprietary Fund	Department of Housing and Community Development State Funded Loan Programs	12%	26%
Maryland Lottery and Gaming Control Agency - Major Proprietary Fund	Maryland Lottery and Gaming Control Agency	100%	100%
Aggregate Remaining Fund Information	Maryland Teachers and State Employees Supplemental Retirement Plans Maryland Local Government Investment Pool	14%	30%



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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

#### *Change in Accounting Principle*

During the fiscal year ended June 30, 2021, the State adopted GASB Statement No.84, *Fiduciary Activities*. As a result of the implementation of this standard, the State reported a restatement for Changes in accounting principle (see Note 24). Our auditors' opinions were not modified with respect to the restatement.

#### *Change in Reporting Entity*

During the fiscal year ended June 30, 2021, there was a change in the reporting entity. As a result of the change in reporting entity, the State reported a restatement (see Note 24). Our auditors' opinions were not modified with respect to the restatement.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the accompanying table of contents (collectively referred to as RSI) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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



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

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*

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

The combining financial statements, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections and the financial schedules required by law, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
March 21, 2022



# STATE OF MARYLAND

## Management's Discussion and Analysis

Management of the State of Maryland provides this narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2021. Please read it in conjunction with the Comptroller's letter of transmittal, which can be found in the Introductory Section of this report, and the State's financial statements which follow this section. There may be rounding differences between amounts reported in the MD&A section and amounts reported in other sections of the ACFR.

### Financial Highlights

#### *Government-wide*

- Maryland reported a deficit of \$8.0 billion in fiscal year 2021 and a deficit of \$10.1 billion in fiscal year 2020.
- Of the deficit in fiscal year 2021, a deficit balance of \$34.7 billion was reported as total unrestricted net position, which includes a \$36.2 billion deficit balance in governmental activities and a \$1.5 billion balance in business-type activities.
- The State's total net position increased by a total of \$2.1 billion as a result of this year's operations. The net position for governmental activities increased by \$2.2 billion. Net position of business-type activities increased by \$57.7 million.
- The State's governmental activities had total expenses of \$47.7 billion; total revenues of \$48.6 billion; net transfers from business-type activities of \$1.3 billion for a net increase in net position of \$2.2 billion.
- Business-type activities had total expenses of \$13.4 billion; program revenues of \$14.7 billion; general revenues of \$1.9 million; and transfers out of \$1.3 billion for a net increase in net position of \$57.7 million.
- Total State revenues were \$63.3 billion, while total costs for all programs were \$61 billion.

#### *Fund Level*

- Governmental funds reported a combined fund balance of \$6.8 billion, an increase of \$2.9 billion (72.4%) from prior year's balance of \$3.9 billion.
- The general fund reported an unassigned fund balance surplus of \$1.0 billion and a remaining fund balance (nonspendable, restricted, and committed) of \$4.5 billion, compared to an unassigned fund balance deficit of \$1.4 billion and a remaining fund balance of \$4.4 billion last year. This represents a net increase of \$2.5 billion in general fund, fund balance. The total unassigned fund balance surplus in the governmental funds was \$0.9 billion in the current year and deficit of \$1.6 billion in the prior year.
- Governmental funds reported a total nonspendable, restricted, committed, and assigned fund balance of \$5.9 billion in 2021, compared to \$5.5 billion in the prior year.

#### *Long-term Debt*

- Total bonds and obligations under long-term leases at year end were \$22.0 billion, net-of-related premiums, discounts and adjustments, a net increase of \$578.7 million in 2021 (0.3%) from the prior year.
- \$1.5 billion General Obligation Bonds, \$520 million Transportation Bonds with \$353.6 million and \$90 million net premiums, respectively, and \$1.4 billion Revenue Bonds for business-type activities were issued during the year.

### **Overview of the Financial Statements**

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

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

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

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



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

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

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

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

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

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

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

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

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

## **Fund Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 48 - 104 of this report.

### **Required Supplementary Information**

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

### **Other Supplementary Information**

#### *Combining Financial Statements*

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

## Government-Wide Financial Analysis

The State's combined net position (governmental and business-type activities) totaled to a \$8.0 billion deficit at the end of 2021 and \$10.1 billion deficit at the end of 2020.

<b>Net Position as of June 30,</b> <i>(Expressed in Millions)</i>							
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	
Current and other assets .....	\$ 18,661	\$ 11,260	\$ 8,776	\$ 8,971	\$ 27,437	\$ 20,231	
Capital assets .....	26,775	26,413	6,844	6,585	33,619	32,998	
Total assets .....	45,436	37,673	15,621	15,556	61,057	53,229	
Total deferred outflows of resources .....	6,063	4,645	80	79	6,142	4,724	
Long-term liabilities .....	51,497	51,064	5,733	5,646	57,230	56,710	
Current and other liabilities .....	12,423	7,848	1,077	1,026	13,500	8,874	
Total liabilities .....	63,920	58,912	6,810	6,672	70,730	65,584	
Total deferred inflows of resources .....	4,418	2,417	64	80	4,482	2,497	
Net position:							
Net invested in capital assets .....	19,024	17,692	4,121	4,357	23,145	22,049	
Restricted .....	302	329	3,232	3,347	3,534	3,676	
Unrestricted .....	(36,166)	(37,032)	1,474	1,180	(34,692)	(35,852)	
Total net position .....	\$ (16,840)	\$ (19,011)	\$ 8,827	\$ 8,884	\$ (8,013)	\$ (10,127)	

The largest portion of the State's net position, \$23.1 billion, reflects investment in capital assets such as land, buildings, equipment and infrastructure, less any related debt to acquire those assets that is still outstanding, as adjusted by any deferred inflows or deferred outflows of resources. The State uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the State's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, a portion of the State's net position, \$3.5 billion, represents resources that are subject to external restrictions or enabling legislation on how they may be used. The unrestricted net position, which represents the amount available to meet the State's ongoing obligations, was a deficit of \$34.7 billion. The State is committed to provide post-employment benefits (pension and other post-employment benefits) to eligible employees. As a result, the State has recognized substantial liabilities in the financial statements for these benefits. As of June 30, 2021, the State recognized long term liabilities of \$36 billion for pension and other post-employment benefits, which resulted in a deficit balance in the unrestricted net position.

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



**Changes in Net Position**  
**For the Year Ended June 30,**  
*(Expressed in Millions)*

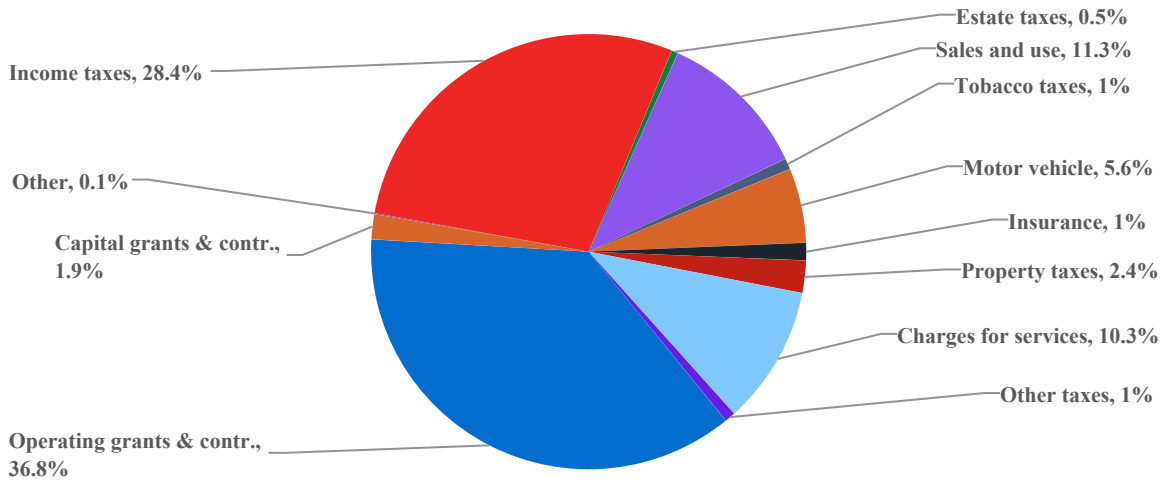
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services .....	\$ 5,004	\$ 3,706	\$ 6,136	\$ 5,058	\$ 11,140	\$ 8,764
Operating grants and contributions .....	17,858	13,646	8,578	4,196	26,437	17,842
Capital grants and contributions .....	903	1,067	—	—	903	1,067
General revenues:						
Income taxes .....	13,787	12,370	—	—	13,787	12,370
Sales and use taxes .....	5,478	4,943	—	—	5,478	4,943
Motor vehicle taxes .....	2,696	2,127	—	—	2,696	2,127
Tobacco taxes .....	388	363	—	—	388	363
Insurance company taxes .....	634	615	—	—	634	615
Property taxes .....	1,163	1,159	—	—	1,163	1,159
Estate inheritance taxes .....	239	224	—	—	239	224
Other taxes .....	384	780	—	—	384	780
Unrestricted investment earnings .....	32	343	2	30	33	373
Total revenues .....	48,565	41,345	14,717	9,283	63,282	50,628
Expenses:						
General government .....	2,230	1,096	—	—	2,230	1,096
Health and mental hygiene .....	17,486	15,687	—	—	17,486	15,687
Education .....	9,413	9,090	—	—	9,413	9,090
Aid for higher education .....	2,559	2,506	—	—	2,559	2,506
Human resources .....	4,102	2,880	—	—	4,102	2,880
Public safety .....	2,805	2,505	—	—	2,805	2,505
Transportation .....	4,985	4,219	—	—	4,985	4,219
Judicial .....	986	890	—	—	986	890
Labor, licensing and regulation .....	535	382	—	—	535	382
Natural resources and recreation .....	435	421	—	—	435	421
Housing and community development .....	1,064	380	—	—	1,064	380
Environment .....	111	122	—	—	111	122
Agriculture .....	108	106	—	—	108	106
Commerce .....	176	110	—	—	176	110
Intergovernmental grants and revenue sharing .....	595	640	—	—	595	640
Interest .....	89	968	—	—	89	968
Economic development insurance programs .....	—	—	2	2	2	2
Economic development loan programs .....	—	—	294	393	294	393
Unemployment insurance program .....	—	—	9,442	5,126	9,442	5,126
Maryland Lottery and Gaming Control Agency .....	—	—	2,981	2,386	2,981	2,386
Maryland Transportation Authority .....	—	—	610	546	610	546
Maryland Correctional Enterprises .....	—	—	50	56	50	56
Total expenses .....	47,678	42,002	13,378	8,509	61,057	50,511
Increase (decrease) in net position before transfers .....	886	(657)	1,338	774	2,225	117
Transfers .....	1,281	1,002	(1,281)	(1,002)	—	—
Change in net position .....	2,167	345	58	(228)	2,225	117
Net position - beginning, as restated .....	(19,007)	(19,356)	8,770	9,112	(10,238)	(10,244)
Net position - ending .....	\$ (16,840)	\$ (19,011)	\$ 8,827	\$ 8,884	\$ (8,013)	\$ (10,127)

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

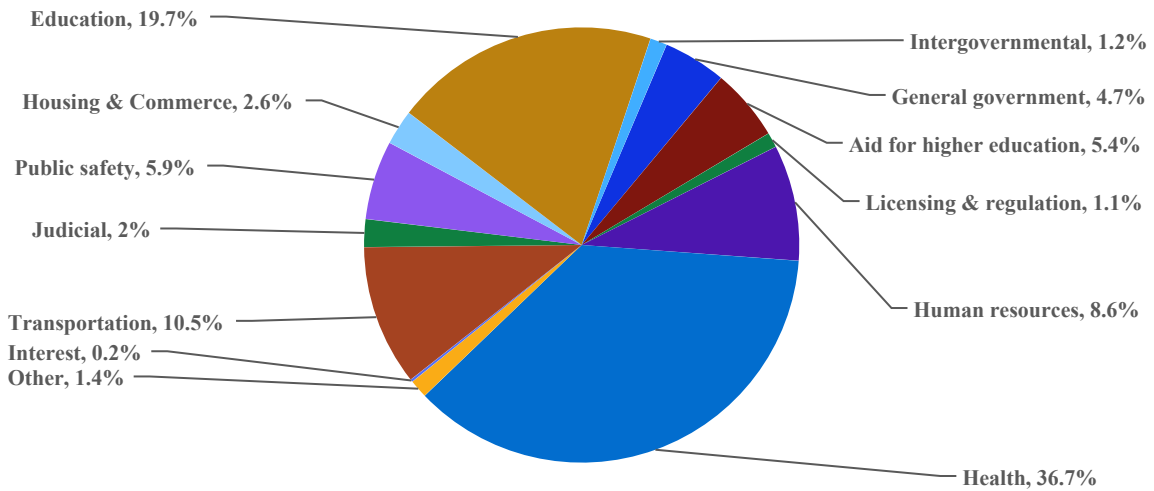
**Analysis of Changes in Net Position**  
**For the Year Ended June 30, 2021, Compared to June 30, 2020**  
*(Expressed in Millions)*

	Governmental Activities		Business-type Activities		Total Primary Government	
	Amount of Increase/ (Decrease)	Percentage of Increase/ -Decrease	Amount of Increase/ (Decrease)	Percentage of Increase/ -Decrease	Amount of Increase/ (Decrease)	Percentage of Increase/ -Decrease
<b>Revenues:</b>						
Program revenues:						
Charges for services .....	\$ 1,298	35.0%	\$ 1,078	21.3%	\$ 2,376	26.9%
Operating grants and contributions .....	4,212	30.9%	4,382	104.4%	8,594	48.3%
Capital grants and contributions .....	(164)	-15.4%	—	—%	(164)	-15.9%
General revenues:						
Income taxes .....	1,417	11.5%	—	—%	1,417	11.4%
Sales and use taxes .....	535	10.8%	—	—%	535	10.8%
Motor vehicle taxes .....	569	26.8%	—	—%	569	26.8%
Tobacco taxes .....	25	6.9%	—	—%	25	6.9%
Insurance company taxes .....	19	3.1%	—	—%	19	3.1%
Property taxes .....	4	0.3%	—	—%	4	0.3%
Estate inheritance taxes .....	15	6.7%	—	—%	15	6.7%
Other taxes .....	(396)	-50.8%	—	—%	(396)	-50.8%
Unrestricted investment earnings .....	(311)	-90.7%	(28)	-93.3%	(339)	-82.2%
Total revenues .....	7,223	3.3%	5,432	2.7%	12,655	-0.6%
<b>Expenses:</b>						
General government .....	1,134	103.5%	—	—%	1,134	103.5%
Health and mental hygiene .....	1,799	11.5%	—	—%	1,799	11.5%
Education .....	323	3.6%	—	—%	323	3.5%
Aid for higher education .....	53	2.1%	—	—%	53	2.1%
Human resources .....	1,222	42.4%	—	—%	1,222	42.4%
Public safety .....	300	12.0%	—	—%	300	12.0%
Transportation .....	766	18.2%	—	—%	766	18.1%
Judicial .....	96	10.8%	—	—%	96	10.7%
Labor, licensing and regulation .....	153	40.1%	—	—%	153	40.1%
Natural resources and recreation .....	14	3.3%	—	—%	14	3.2%
Housing and community development .....	684	180.0%	—	—%	684	179.4%
Environment .....	(11)	-9.0%	—	—%	(11)	-9.0%
Agriculture .....	2	1.9%	—	—%	2	1.0%
Commerce .....	66	60.0%	—	—%	66	60.2%
Intergovernmental grants and revenue sharing .....	(45)	-7.0%	—	—%	(45)	-7.0%
Interest .....	(879)	-90.8%	—	—%	(879)	90.8%
Economic development loan programs .....	—	—%	(99)	-25.2%	(99)	84.2%
Unemployment insurance program .....	—	—%	4,316	84.2%	4,316	84.2%
Maryland Lottery and Gaming Control Agency .....	—	—%	595	24.9%	595	24.8%
Transportation Authority .....	—	—%	64	11.7%	64	11.7%
Maryland Correctional Enterprises .....	—	—%	(6)	-10.7%	(6)	-10.4%
Total expenses .....	\$ 5,677	17.4%	\$ 4,870	3.9%	\$ 10,547	33.3%

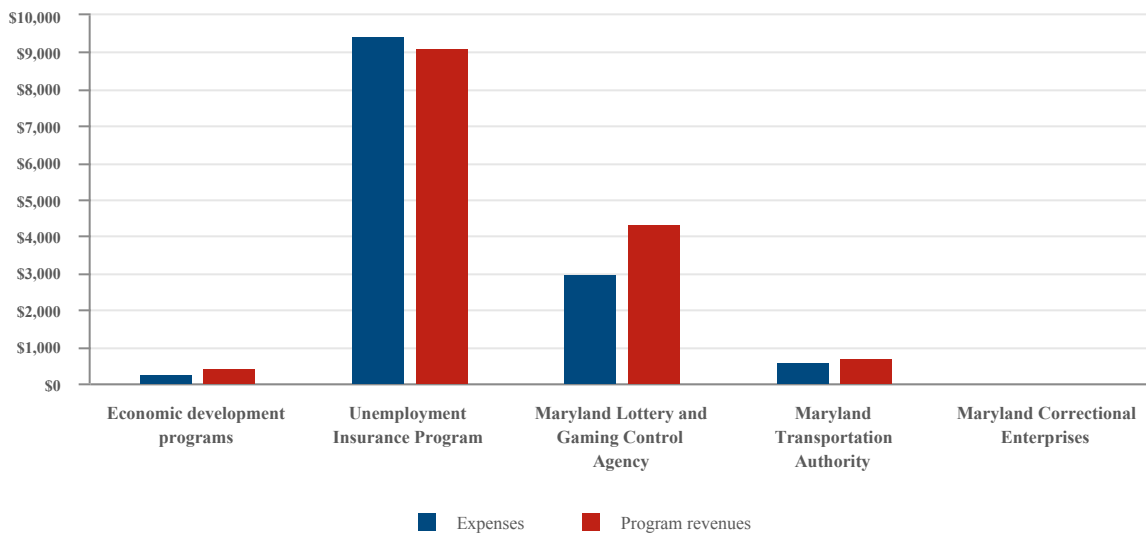
### 2021 REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



### 2021 EXPENSES BY FUNCTION - GOVERNMENTAL ACTIVITIES



### 2021 EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES (Expressed in Millions)





## Governmental Activities

- Liabilities and deferred inflows exceeded assets and deferred outflows by \$16.8 billion at the end of fiscal year 2021. For the current year, there was an increase in net position of \$2.2 billion from the previous year.
- Included in the increase in net position, capital assets increased by \$0.4 billion, deferred outflows, net of deferred inflows, decreased by \$584 million and long-term liabilities increased by \$0.4 billion. The major capital asset events are discussed in the Capital Assets section of this analysis. Among the components of the increase in long-term liabilities were increases in bonds and notes payable of \$580 million; an increase in the State's net pension liability (NPL) of \$1.7 million; and the State's net OPEB liability in the current year in excess of the net OPEB liability in the prior year \$1.6 billion. The increase in bonds and notes payable is discussed in the Long-Term Debt section of this analysis. The increase in the NPL of \$1.7 million is offset by the net decrease in deferred outflows over deferred inflows related to pensions of \$1.3 billion. The net increase in deferred inflows for pensions will be recognized in the NPL in future years. The NPL and deferred outflows and deferred inflows related to pensions are discussed in Note 15 to the financial statements.

## Business-type Activities

Business-type activities increased the State's net position by \$1.3 billion before net transfers of \$1.3 billion to governmental activities, for a net increase of \$57.7 million in net position. The increase compares to an increase of \$0.8 billion before net transfers of \$1.0 billion, for a net decrease of \$228 million in net position, in the prior year. Key elements of this decrease are as follows:

- Net position of the Maryland Transportation Authority increased by \$119 million compared to an increase of \$220 million in the prior year. Net operating income was \$206 million compared to \$268 million in the prior year.
- The Unemployment Insurance Program net position decreased by \$300 million in 2021. Net position decreased by \$663 million in 2020. Net operating loss was \$8.7 billion compared to the prior year's loss of \$4.7 billion. Charges for services (unemployment taxes) increased by \$294 million (64.7%) and benefit payments were increased by \$4.3 billion (84.2%). The amount of benefits received by the unemployed is a continued product of the State's Response to COVID-19. Federal payments for extended benefits and other programs increased by \$4.4 billion compared to an increase of \$4.0 billion in the prior year as a result of continued federal expansion and funding of unemployment benefits under the federal CARES Act.
- Net position for the Economic Development Loan Programs increased by \$242 million compared to an increase of \$224 million in the prior year. Various loan programs increased to \$3.6 billion from last year's \$3.5 billion. Maryland Economic Development Assistance Authority and Fund (MEDAAF) and Maryland Small Business Development Financing Authority (MSBDF) were reclassified from the Enterprise Fund to a Component Unit, Economic Development Opportunities Program Fund (Sunny Day) and Maryland Economic Adjustment Fund (MEAF) were reclassified from the Enterprise Fund to Other Governmental Funds in 2021. Majority of the increase was attributable from the Maryland Water Quality Administration, which had its net income increased by \$163.2 million compared to an increase of \$116 million in 2020, primarily due to a \$53.4 million increase in contributions from Federal and State governments from \$52.9 million in fiscal year 2020 to \$106.3 million in fiscal year 2021. Net income of the State Funded Loan Programs increased by \$19.2 million compared to an increase of \$40 million in the prior year for programs related to financing housing opportunities.
- Lottery ticket sales were \$2.6 billion in 2021, an increase of \$421 million, or 19.2%, from 2020. In 2021 in Maryland's six casinos, gross video lottery terminal (VLT) and table game revenue was \$1.8 billion, an increase of \$467 million, 36.3%, from the prior year. The increase was due to the reopening of casinos, bars and restaurants and the veteran organizations in the State of Maryland after an effort to contain the spread of COVID-19 by temporarily closing in 2020. Operating expenses, including cost of sales, increased by \$593 million, or 24.8%, over 2020. Transfers to governmental activities by MLGCA were \$1.4 billion in 2021 and \$1.1 billion in 2020.

## Financial Analysis of the State's Funds

As of the end of the current fiscal year, the State's governmental funds reported a combined fund balance of \$6.8 billion, an increase of \$2.9 billion from the prior year. The combined fund balance includes a surplus of \$0.9 billion in unassigned governmental funds, including a surplus of \$1.0 billion for the General Fund, and a deficit of \$108 million for the other governmental funds. The remainder of the fund balance is unspendable, restricted, committed, or assigned based on the constraints on the specific purposes for which amounts in that fund can be spent. The remainder of the fund balance is 1) unspendable because it is in the form of prepaid items, inventories and long-term loans and notes receivable (\$1.7 billion); 2) restricted by outside parties or to pay debt service on general obligation bonds and transportation bonds from specific taxes (\$321 million); 3) committed to legislated purposes or encumbered as committed fund balance based on the constraints and approvals in place at year end or when existing resources are not sufficient to liquidate encumbrances (\$3.7 billion); or 4) intended spending expressed by (a) the governing body or (b) a body or official to which the governing body has delegated the authority to assign amounts (\$178.8 million). The committed fund balance includes the \$0.6 billion "State Reserve Fund", which is set aside to meet future financial needs in circumstances that are not expected to occur routinely. The State's goal is to retain 10% of estimated General Fund revenues in the Revenue Stabilization Account of the State Reserve Fund for each fiscal year.

### General Fund

The General Fund is the major operating fund of the State. At the end of the current fiscal year, the unassigned fund balance surplus of the General Fund was \$1.0 billion, while total fund balance was \$5.5 billion. The fund balance of the State's General Fund increased by \$2.5 billion during 2021, compared to an increase of \$326 million for 2020. Revenues increased by \$7.6 billion (21.7%) to \$42.6 billion primarily due to the State's receipt of Federal Coronavirus Relief Funds (CRF). Expenditures increased by \$5.8 billion (16.5%) from the prior year, resulting largely from State agency spending of CRF funds. The General Fund expenditure increase was primarily for expenditures for health and mental hygiene, which increased by \$1.8 billion (11.9%).

Transfers into the General Fund were \$1.4 billion in 2021 and \$1.2 billion in 2020. Transfers consisted primarily of \$1.4 billion transferred from MLGCA in 2021. Transfers out from the general fund were \$719 million this year compared to \$772 million for the prior year. This decrease was mainly due to a decrease of \$16 million to Economic Development Loan programs and \$102 million to various non-major governmental fund, with an increase of \$65 million to special revenue fund.

### Special Revenue Fund

The Maryland Department of Transportation special revenue fund accounts for resources used for operation of the State's transportation activities, not including debt service and pension activities. The fund balance of the Department's special revenue fund was \$268 million as of June 30, 2021, a increase of \$232 million compared to a decrease of \$213 million in the prior fiscal year. Revenues increased by \$201 million (4.4%), expenditures decreased by \$398 million (7.7%), and other sources of financial resources decreased by \$155 million (36.6%). The economic challenges and uncertainty surrounding the COVID-19 global pandemic have impacted virtually all of the Department's operations and revenues. Estimated State revenues for the Department's current six-year capital program are \$1.1 billion less than the estimates for the previous six-year program. Total projected revenues amount to \$31.3 billion for the six-year period (fiscal years 2022-2027). This estimate is based on the revenue sources used by the Department and includes bond proceeds and federal funds that will be used for operating, capital, and debt service expenses.

### Budgetary Highlights

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

Overall, the change between the original and final amended general fund budget was a decrease of \$735 million, or (3.7%).

The difference between the final budget, \$19.2 billion, and actual expenditures, \$18.6 billion, was \$565 million, or 2.9%. Of this amount, \$185 million was returned to the State, and \$380 million was encumbered for future spending. The variance for the State Police (6.7%) is primarily a result of \$127 million of general funded law enforcement salary and fringe being reimbursed by Coronavirus Relief Funding allowing the corresponding general funds to revert. The general fund variance in Housing and Community Development is primarily due to \$1.7 million in encumbrances from fiscal year 2021 in the Office of the Secretary, \$8.3 million in the Neighborhood Revitalization program, \$6.9 million in the Neighborhood Revitalization (Capital Appropriation) program, and \$2.9 million in Rental Housing Programs (Capital Appropriation). The general fund variance is also due to \$11.2 million in encumbrances from FY 2020 and prior years, all within the same programs mentioned above. The difference in the Department of Legislative Services (29.2%) is primarily attributable to current year encumbrances of \$24.97 million that were retained primarily for building interior maintenance and improvements, critical telecommunications and information technology equipment, as well as continued support of wireless communications on the floor of the Senate and House Chambers. The General Fund variance of \$17.6 million (14%) in Budget and Management (DBM) is mainly due to salary Cost of Living Adjustments (\$7.2 million) and processed a negative deficiency to remove (\$10 million) for the Maryland Technology Infrastructure Program (MTIF). Agencies were able to absorb the COLA due to the impact of COVID-19 on agency spending. Bonuses were impacted due to timing for bonus eligibility; there is no significant effect expected on future services or liquidity.

**Significant Differences between Original Budget, Final Budget, and Actual Amounts  
for the year ended June 30, 2021 (Expressed in Thousands)  
General Fund**

	Original Budget	Final Budget	Original versus Final budget	Percentage Change	Actual Amounts	Final Budget versus Actual	Percentage Change
<b>Expenditures and encumbrances by function:</b>							
Payments of revenue to civil divisions of the State	\$ 185,980	\$ 185,980	—	0.0%	\$ 185,980	—	0.0%
Public debt	131,000	131,000	—	0.0%	131,000	—	0.0%
Legislative	129,956	131,650	\$ 1,694	1.3%	93,233	\$ 38,417	29.2%
Judicial review and legal	718,660	717,415	(1,245)	(0.2)%	678,638	38,777	5.4%
Executive and administrative control	339,406	336,582	(2,824)	(0.8)%	307,010	29,572	8.8%
Financial and revenue administration	239,920	239,846	(74)	0.0%	218,440	21,406	8.9%
Budget and management	232,908	125,239	(107,669)	(46.2)%	107,648	17,591	14.0%
General services	94,393	81,662	(12,731)	(13.5)%	75,267	6,395	7.8%
Natural resources and recreation	88,340	66,525	(21,815)	(24.7)%	61,773	4,752	7.1%
Agriculture	38,799	38,729	(70)	(0.2)%	37,094	1,635	4.2%
Health, hospitals and mental hygiene	5,530,597	5,138,356	(392,241)	(7.1)%	5,037,540	100,816	2.0%
Human resources	630,975	712,191	81,216	12.9%	702,758	9,433	1.3%
Labor, licensing and regulation	56,079	55,667	(412)	(0.7)%	47,140	8,527	15.3%
Public safety and correctional services	1,263,611	1,255,624	(7,987)	(0.6)%	1,204,643	50,981	4.1%
Public education	9,306,274	9,208,020	(98,254)	(1.1)%	9,013,940	194,080	2.1%
Housing and community development	72,222	69,026	(3,196)	(4.4)%	33,079	35,947	52.1%
Commerce	96,240	91,557	(4,683)	(4.9)%	77,339	14,218	15.5%
Maryland technology development corporation	30,474	20,224	(10,250)	(33.6)%	20,474	(250)	(1.2)%
Environment	39,799	36,500	(3,299)	(8.3)%	34,016	2,484	6.8%
Juvenile services	264,851	253,414	(11,437)	(4.3)%	242,766	10,648	4.2%
State police	315,244	213,349	(101,895)	(32.3)%	199,046	14,303	6.7%
State reserve fund	152,000	114,000	(38,000)	(25.0)%	113,540	460	0.4%
Reversions	(35,000)	(35,000)	—	0.0%	—	(35,000)	100.0%
<b>Total expenditures and encumbrances</b>	<b>\$ 19,922,728</b>	<b>\$ 19,187,556</b>	<b>\$ (735,172)</b>	<b>(3.7)%</b>	<b>\$ 18,622,364</b>	<b>\$ 565,192</b>	<b>2.9%</b>

**Capital Assets and Debt Administration**

*Capital assets*

As of June 30, 2021, the State had invested \$33.6 billion (net of accumulated depreciation) in a broad range of capital assets (see table below): Depreciation expense for the fiscal year totaled \$1.5 billion (\$1.4 billion for governmental activities and \$164 million for business-type activities). The increase in the State's investment in capital assets, net of depreciation expense, for the current fiscal year was \$0.6 billion (an increase of \$362 million for governmental activities and an increase of \$259 million for business-type activities).

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and improvements	\$ 3,965	\$ 3,884	\$ 403	\$ 401	\$ 4,368	4,285
Art and historical treasures	23	23	—	—	23	23
Structures and improvements	3,892	3,975	183	157	4,074	4,132
Equipment	954	989	44	48	998	1,037
Infrastructure	10,116	10,301	4,601	4,659	14,717	14,960
Construction in progress	7,826	7,241	1,613	1,321	9,439	8,562
<b>Total</b>	<b>\$ 26,775</b>	<b>\$ 26,413</b>	<b>\$ 6,844</b>	<b>\$ 6,585</b>	<b>\$ 33,619</b>	<b>\$ 32,998</b>

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

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

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

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

*Long-term debt*

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

As of June 30, 2021, the State had outstanding bonds, net of related premiums, discounts and adjustments, totaling \$21.5 billion. Of this amount, \$11.5 billion were general obligation bonds, backed by the full faith and credit of the State. The remaining \$10.0 billion were secured solely by the specified revenue sources.

<b>Outstanding Bond Debt as of June 30,</b> <i>(Expressed in Millions)</i>								
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>			
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
General Obligation Bonds (backed by the State).....	\$ 11,485	\$ 11,202	\$ —	\$ —	\$ 11,485	\$ 11,202		
Transportation Bonds (backed by specific revenues).....	4,276	3,979	—	—	4,276	3,979		
Revenue bonds (backed by specific revenues).....	—	—	5,752	5,520	5,752	5,520		
<b>Total</b> .....	<b>\$ 15,761</b>	<b>\$ 15,181</b>	<b>\$ 5,752</b>	<b>\$ 5,520</b>	<b>\$ 21,513</b>	<b>\$ 20,701</b>		

The total increase in bonded debt in the current fiscal year was \$0.8 billion (\$283 million increase related to general obligation bonds, \$297.4 million increase related to transportation bonds, and \$232 million increase related to revenue bonds). The State's general obligation bonds are rated Aaa by Moody's and AAA by Standard and Poors and Fitch. During fiscal year 2021, the State issued general obligation debt totaling \$1.5 billion at a premium of \$354 million.

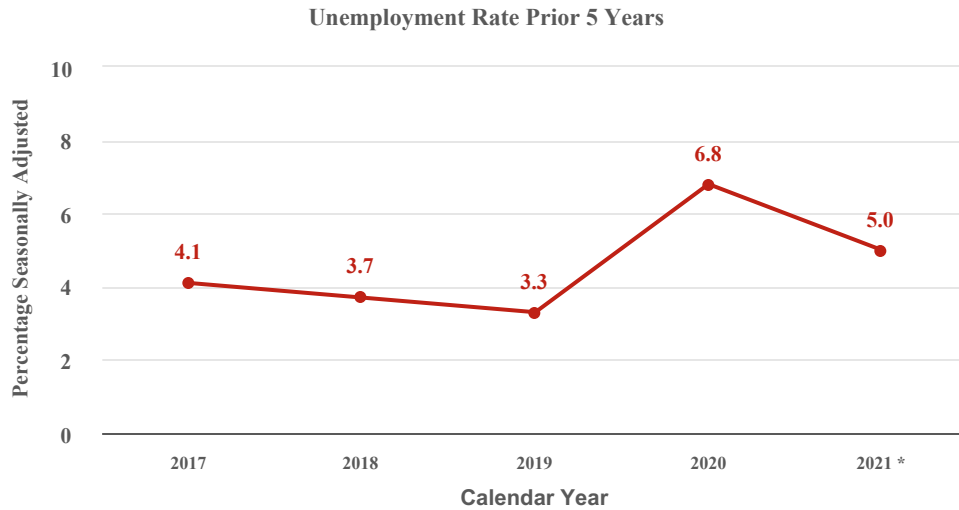


State law limits the amount of Consolidated Transportation Bonds, dedicated revenue debt that may be outstanding as of June 30 to the amount authorized in the budget, and this amount may not exceed \$4.5 billion. The aggregate principal amount of these bonds that was authorized to be outstanding as of June 30, 2021, was \$4.3 billion. The actual par amount in Consolidated Transportation Bonds outstanding was \$3.9 billion.

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

### Economic Factors and Next Year's Budget

The forecast of the Maryland economy by the Board of Revenue Estimates is the basis for Maryland's revenue outlook. Employment growth of 2.8% is expected in calendar year 2021 and 3.5% in calendar year 2022. The calendar year 2021 year-to-date unemployment rate was 5.0% in December 2021 and has continued a downward trend since COVID-19 job losses commenced 2020. Historical employment growth and the unemployment rate for the past five years are depicted below:



*\*Estimated*

Decrease in personal income of 6.2% and growth of 1.0% in calendar years 2021 and 2022, respectively, is expected. General fund revenues are estimated to increase by 3.7% in fiscal year 2022.

Maryland's budget in fiscal year 2022 is \$49.3 billion, a -2% decrease over 2021. The fiscal year 2022 budget conforms to the legislature's Spending Affordability Committee's guidelines. The general fund budget is \$20.9 billion, a 6.4% increase over 2021, and includes a projected \$675 million fiscal year 2022 surplus. Reserves are projected to total \$1.6 billion as of June 30, 2022.

### **Requests for Information**

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

# *Basic Financial Statements*

ANNUAL COMPREHENSIVE FINANCIAL REPORT, STATE OF MARYLAND



**STATE OF MARYLAND**  
**Statement of Net Position**  
**June 30, 2021**  
*(Expressed in Thousands)*

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash .....	\$ 242,439	\$ 125,305	\$ 367,744	\$ 242,245
Equity in pooled invested cash .....	5,676,674	493,711	6,170,385	2,987,254
Investments .....	446,925	358,721	805,646	1,391,175
Endowment investments .....	—	—	—	441,432
Foundation investments .....	—	—	—	2,107,208
Inventories .....	1,156,301	16,100	1,172,401	9,821
Prepaid items .....	494,076	—	494,076	23,506
Taxes receivable, net .....	3,649,900	—	3,649,900	—
Intergovernmental receivables .....	4,547,142	—	4,547,142	—
Tuition contracts receivable .....	—	—	—	255,197
Due from primary government .....	—	—	—	51,977
Due from component units .....	6,404	—	6,404	—
Other accounts receivable, net .....	2,118,708	315,105	2,433,813	532,194
Loans and notes receivable, net .....	25,331	2,215,244	2,240,575	52,832
Investment in direct financing leases .....	—	232,726	232,726	69,111
Other assets .....	694	16,971	17,665	36,516
<b>Restricted assets:</b>				
Cash .....	50,736	1,735,877	1,786,613	106,211
Equity in pooled invested cash .....	184,493	84,571	269,064	—
Investments .....	34,822	1,551,378	1,586,200	714,764
Taxes receivable, net .....	23,628	—	23,628	—
Loans and notes receivable .....	1,332	1,344,019	1,345,351	—
Other accounts receivable .....	1,064	286,742	287,806	—
<b>Capital assets, net of accumulated depreciation:</b>				
Land .....	3,965,178	402,847	4,368,025	226,322
Art and historical treasures .....	22,639	—	22,639	—
Structures and other improvements .....	3,891,555	182,742	4,074,297	6,236,754
Equipment .....	954,044	44,397	998,441	439,013
Infrastructure .....	10,115,739	4,600,951	14,716,690	267,409
Construction in progress .....	7,826,144	1,613,183	9,439,327	832,394
<b>Total capital assets</b> .....	<b>26,775,299</b>	<b>6,844,120</b>	<b>33,619,419</b>	<b>8,001,892</b>
<b>Total assets</b> .....	<b>45,435,967</b>	<b>15,620,590</b>	<b>61,056,557</b>	<b>17,023,335</b>
Deferred outflows of resources .....	6,062,500	79,679	6,142,179	456,249



**STATE OF MARYLAND**  
**Statement of Net Position**  
**June 30, 2021**  
*(Expressed in Thousands)*

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Bank overdrafts .....	\$ —	\$ 87,740	\$ 87,740	\$ —
Salaries payable .....	216,321	—	216,321	154,648
Vouchers payable .....	1,104,562	—	1,104,562	—
Accounts payable and accrued liabilities .....	4,316,082	481,729	4,797,811	447,227
Internal balances .....	968	(968)	—	
Due to primary government .....	—	—	—	6,404
Due to component units .....	51,110	—	51,110	—
Accounts payable to political subdivisions .....	127,629	—	127,629	—
Unearned revenue .....	4,868,823	15,619	4,884,442	403,016
Accrued insurance on loan losses .....	—	9,401	9,401	1,286
Other liabilities .....	—	—	—	2,498
Bonds and notes payable:				
Due within one year .....	1,305,739	445,425	1,751,164	128,544
Due in more than one year .....	14,455,126	5,306,265	19,761,391	2,796,930
Other noncurrent liabilities:				
Due within one year .....	432,222	37,699	469,921	271,570
Due in more than one year .....	37,041,829	426,610	37,468,439	2,704,583
Total liabilities .....	63,920,411	6,809,520	70,729,931	6,916,706
Deferred inflows of resources .....	4,418,340	63,580	4,481,920	331,447
<b>Net Position</b>				
Net investment in capital assets .....	19,024,134	4,121,054	23,145,188	6,343,115
Restricted for:				
Debt service .....	289,506	308,399	597,905	645,893
Capital improvements .....	—	—	—	5,515
Higher education-nonexpendable .....	—	—	—	1,481,467
Higher education-expendable .....	—	—	—	882,461
Unemployment compensation benefits .....	—	444,540	444,540	—
Loan programs .....	—	2,394,662	2,394,662	34,806
Insurance programs .....	—	84,573	84,573	—
Other .....	12,503	—	12,503	—
Unrestricted (deficit) .....	(36,166,427)	1,473,941	(34,692,486)	838,174
Total net position .....	\$ (16,840,284)	\$ 8,827,169	\$ (8,013,115)	\$ 10,231,431

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

**STATE OF MARYLAND**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government -								
Governmental activities:								
General government .....	\$ 2,230,133	\$ 476,595	\$ 740,747	\$ —	\$ (1,012,791)	\$ —	\$ (1,012,791)	\$ —
Health and mental hygiene .....	17,485,780	2,743,026	10,122,655	—	(4,620,099)	—	(4,620,099)	—
Education .....	9,413,234	11,678	1,249,540	—	(8,152,017)	—	(8,152,017)	—
Aid for higher education .....	2,559,219	3,594	1,936	—	(2,553,689)	—	(2,553,689)	—
Human resources .....	4,102,038	7,584	3,226,758	—	(867,695)	—	(867,695)	—
Public safety .....	2,804,767	188,660	616,704	—	(1,999,404)	—	(1,999,404)	—
Transportation .....	4,984,506	904,983	496,623	902,584	(2,680,317)	—	(2,680,317)	—
Judicial .....	985,588	299,817	96,051	—	(589,720)	—	(589,720)	—
Labor, licensing and regulation .....	535,412	54,117	215,801	—	(265,495)	—	(265,495)	—
Natural resources and recreation .....	435,084	196,488	34,644	—	(203,953)	—	(203,953)	—
Housing and community development .....	1,064,052	23,695	993,383	—	(46,974)	—	(46,974)	—
Environment .....	110,906	41,655	24,196	—	(45,055)	—	(45,055)	—
Agriculture .....	107,578	27,876	12,249	—	(67,453)	—	(67,453)	—
Commerce .....	175,888	23,351	12,812	—	(139,725)	—	(139,725)	—
Intergovernmental grants and revenue sharing .....	595,084	—	5,000	—	(590,084)	—	(590,084)	—
Interest .....	89,013	674	9,302	—	(79,037)	—	(79,037)	—
<b>Total governmental activities .....</b>	<b>47,678,283</b>	<b>5,003,792</b>	<b>17,858,400</b>	<b>902,584</b>	<b>(23,913,507)</b>	<b>—</b>	<b>(23,913,507)</b>	<b>—</b>
Business-type activities:								
Economic development - insurance programs .....	1,612	2,116	109	—	—	613	613	—
Economic development - water quality loan programs .....	108,860	141,256	106,304	—	—	138,700	138,700	—
Economic development - housing loan programs .....	185,334	96,658	78,543	—	—	(10,133)	(10,133)	—
Unemployment insurance program .....	9,441,939	748,270	8,393,226	—	—	(300,443)	(300,443)	—
Maryland Lottery and Gaming Control Agency .....	2,981,071	4,370,639	—	—	—	1,389,568	1,389,568	—
Maryland Transportation Authority .....	609,736	727,296	278	—	—	117,838	117,838	—
Maryland Correctional Enterprises .....	49,876	50,203	—	—	—	327	327	—
<b>Total business-type activities .....</b>	<b>13,378,428</b>	<b>6,136,438</b>	<b>8,578,460</b>	<b>—</b>	<b>—</b>	<b>1,336,470</b>	<b>1,336,470</b>	<b>—</b>
<b>Total primary government .....</b>	<b>61,056,711</b>	<b>11,140,230</b>	<b>26,436,860</b>	<b>902,584</b>	<b>(23,913,507)</b>	<b>1,336,470</b>	<b>(22,577,037)</b>	<b>—</b>

**STATE OF MARYLAND**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Component Units-								
Higher education.....	\$ 6,099,914	\$ 2,667,332	\$ 1,976,015	\$ 249,653	\$ —	\$ —	\$ —	\$ (1,206,914)
Maryland Prepaid College Trust.....	74,806	42,795	—	—	—	—	—	(32,011)
Maryland Stadium Authority.....	357,602	35,952	93,085	—	—	—	—	(228,565)
Other component units.....	613,220	557,508	54,040	—	—	—	—	(1,672)
Total component units.....	\$ 7,145,542	\$ 3,303,587	\$ 2,123,140	\$ 249,653	\$ —	\$ —	\$ —	\$ (1,469,162)
General revenues:								
Income taxes.....					\$ 13,787,067	\$ —	\$ 13,787,067	\$ —
Sales and use taxes.....					5,478,226	—	5,478,226	—
Motor vehicle taxes.....					2,695,951	—	2,695,951	—
Tobacco taxes.....					388,243	—	388,243	—
Insurance company taxes.....					633,860	—	633,860	—
Property taxes.....					1,162,588	—	1,162,588	—
Estate inheritance taxes.....					238,580	—	238,580	—
Other taxes.....					383,856	—	383,856	—
Grants and contribution not restricted to specific programs.....					—	—	—	1,713,034
Unrestricted investment earnings.....					31,570	1,904	33,474	154,182
Additions to permanent endowments.....					—	—	—	122,855
Transfers.....					1,280,775	(1,280,775)	—	—
Total general revenues, additions to permanent endowments, and transfers.....					26,080,716	(1,278,871)	24,801,845	1,990,071
Changes in net position.....					2,167,209	57,598	2,224,808	520,909
Net position, beginning of the year, as restated.....					(19,007,494)	8,769,570	(10,237,924)	9,710,522
Net position (deficit), end of the year.....					\$ (16,840,284)	\$ 8,827,169	\$ (8,013,115)	\$ 10,231,431

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

**STATE OF MARYLAND**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**  
*(Expressed in Thousands)*

	General	Special Revenue Maryland Department of Transportation	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash	\$ 242,439	—	—	\$ 242,439
Equity in pooled invested cash	5,173,627	—	\$ 503,047	5,676,674
Investments	—	—	446,925	446,925
Prepaid items	494,076	—	—	494,076
Taxes receivable, net	3,500,961	\$ 148,938	—	3,649,900
Intergovernmental receivables	3,948,714	598,428	—	4,547,142
Other accounts receivable	1,797,229	320,808	672	2,118,708
Due from other funds	357,853	265,150	—	623,003
Due from component units	6,404	—	—	6,404
Inventories	1,066,935	89,366	—	1,156,301
Loans and notes receivable, net	25,331	—	—	25,331
<b>Restricted assets:</b>				
Cash	—	5,178	—	5,178
Cash with fiscal agent	—	—	45,558	45,558
Equity in pooled invested cash	—	—	184,493	184,493
Investments	417	—	34,405	34,822
Taxes receivable, net	—	—	23,628	23,628
Other accounts receivable	754	—	309	1,064
Loans and notes receivable, net	—	—	1,332	1,332
Total assets	<u>\$ 16,614,739</u>	<u>\$ 1,427,868</u>	<u>\$ 1,240,370</u>	<u>\$ 19,282,977</u>
<b>Liabilities:</b>				
Salaries payable	\$ 197,241	\$ 19,080	—	\$ 216,321
Vouchers payable	979,755	—	\$ 124,807	1,104,562
Accounts payable and accrued liabilities	2,826,707	416,753	57,153	3,300,613
Due to other funds	1,071,152	318,924	56,341	1,446,417
Due to component units	51,110	—	—	51,110
Accounts payable to political subdivisions	39,719	72,262	15,648	127,629
Unearned revenue	4,755,490	26,481	—	4,781,972
Accrued self-insurance costs	94,430	—	—	94,430
Total liabilities	<u>10,015,604</u>	<u>853,500</u>	<u>253,950</u>	<u>11,123,055</u>
Deferred inflows of resources	1,068,624	306,183	—	1,374,807
<b>Fund balances:</b>				
Nonspendable	\$ 1,586,342	\$ 89,366	\$ —	\$ 1,675,708
Restricted	27,982	—	292,830	320,812
Committed	2,914,281	—	801,662	3,715,943
Assigned	—	178,819	—	178,819
Unassigned	1,001,906	—	(108,072)	893,834
Total fund balances	<u>5,530,510</u>	<u>268,185</u>	<u>986,420</u>	<u>6,785,115</u>
Total liabilities and fund balances	<u>\$ 16,614,739</u>	<u>\$ 1,427,868</u>	<u>\$ 1,240,370</u>	<u>\$ 19,282,977</u>

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



**STATE OF MARYLAND**  
**Reconciliation of the Governmental Funds' Fund Balance**  
**to the Statement of Net Position, Net Position Balance June 30, 2021**  
*(Expressed in Thousands)*

Amounts reported for governmental activities in the Statement of Net Position (pages 25 - 26) differ from the amounts for the governmental funds' fund balances because of:	
Amount in governmental funds, fund balance (page 29) .....	\$ 6,785,115
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds .....	26,775,299
Taxes and other receivables that will not be available to pay for current period expenditures and, therefore, are deferred in the funds .....	1,374,807
Accrued interest payable on bonds and capital leases are not liquidated with current financial resources in the governmental funds .....	(193,024)
Other long-term assets not available to pay for current period expenditures .....	694
Deferred outflows of resources not recognized as current period expenditures .....	6,062,500
Deferred inflows of resources not recognized as current period revenues .....	(4,418,338)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds:	
General Obligation Bonds .....	(9,912,930)
Premiums to be amortized over the life of the debt .....	(1,571,636)
Transportation Bonds .....	(3,892,210)
Premiums to be amortized over the life of the debt .....	(384,089)
Unearned revenue .....	(86,851)
Accrued self-insurance costs .....	(259,051)
Accrued annual leave .....	(392,214)
Pension liabilities .....	(20,349,508)
Other post-employment benefits liability .....	(15,681,628)
Pollution remediation .....	(159,446)
Obligation under capital leases .....	(468,245)
Obligations under capital leases with component units .....	(69,111)
Other long-term obligations .....	(417)
<b>Net Position of governmental activities (pages 25 - 26) .....</b>	<b>\$ (16,840,284)</b>

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

**STATE OF MARYLAND**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

	General	Special Revenue Maryland Department of Transportation	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Income taxes	\$ 13,481,354	\$ —	\$ —	\$ 13,481,354
Sales and use taxes	5,458,775	—	—	5,458,775
Motor vehicle taxes	—	2,695,951	—	2,695,951
Tobacco taxes	388,243	—	—	388,243
Insurance company taxes	633,860	—	—	633,860
Property taxes	272,825	—	889,763	1,162,587
Estate inheritance taxes	238,580	—	—	238,580
Other taxes	383,856	—	—	383,856
Other licenses and fees	610,146	388,909	—	999,055
Charges for services	2,424,495	78,141	—	2,502,636
Interest and other investment income	16,798	(774)	(325)	15,699
Federal revenue	17,203,693	1,478,200	10,323	18,692,216
Other	1,488,299	127,750	674	1,616,723
<b>Total revenues</b>	<b>42,600,925</b>	<b>4,768,177</b>	<b>900,435</b>	<b>48,269,535</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	2,116,179	—	277	2,116,456
Health and mental hygiene	17,412,157	—	—	17,412,157
Education	8,810,982	—	415,487	9,226,469
Aid to higher education	2,273,003	—	285,561	2,558,564
Human resources	4,015,730	—	—	4,015,730
Public safety	2,568,167	—	—	2,568,167
Transportation	—	2,167,839	—	2,167,839
Judicial	916,262	—	—	916,262
Labor, licensing and regulation	517,926	—	—	517,926
Natural resources and recreation	400,215	—	—	400,215
Housing and community development	1,058,392	—	—	1,058,392
Environment	99,859	—	—	99,859
Agriculture	118,016	—	—	118,016
Commerce	173,232	—	4,975	178,207
Intergovernmental grants and revenue sharing	302,296	1,034,730	292,788	1,629,814
Capital outlays	31,000	1,601,321	120,077	1,752,398
<b>Debt service:</b>				
Principal retirement	—	—	1,106,458	1,106,458
Interest	—	—	576,415	576,415
Bond issuance costs	527	—	2,046	2,573
<b>Total expenditures</b>	<b>40,813,944</b>	<b>4,803,890</b>	<b>2,804,084</b>	<b>48,421,918</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,786,981</b>	<b>(35,713)</b>	<b>(1,903,649)</b>	<b>(152,383)</b>
<b>Other financing sources (uses):</b>				
Bonds issued	—	519,880	977,763	1,497,644
Refunding bonds issued	—	—	508,638	508,638
Bond premium	—	90,063	353,596	443,659
Payments to refunded bond escrow agent	—	(219,880)	(507,984)	(727,864)
Transfers in	1,442,348	290,092	831,866	2,564,306
Transfers out	(718,584)	(412,440)	(152,507)	(1,283,531)
<b>Total other sources (uses) of financial resources</b>	<b>723,764</b>	<b>267,716</b>	<b>2,011,372</b>	<b>3,002,853</b>
<b>Net changes in fund balances</b>	<b>2,510,745</b>	<b>232,003</b>	<b>107,723</b>	<b>2,850,470</b>
Fund balances, beginning of year as restated	3,019,766	36,182	878,697	3,934,645
<b>Fund balances, end of year</b>	<b>\$ 5,530,511</b>	<b>\$ 268,185</b>	<b>\$ 986,420</b>	<b>\$ 6,785,116</b>

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

**STATE OF MARYLAND**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

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

Net change in fund balances - total governmental funds (page 31).....		\$ 2,850,470
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 expense. This is the amount by which capital outlays exceed depreciation in the current period.		
Capital outlays.....	1,764,010	
Depreciation expense.....	(1,359,102)	404,907
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
Net loss on disposals and trade-ins.....		(42,325)
Revenues, pension/OPEB related activities, or service concession activities in the Statement of Activities that do not provide or use current financial resources are not reported as revenues or expenditures in the governmental funds.		
Deferred inflows of resources for taxes are recognized net of revenue already recognized in the prior year.....	(779,918)	
Deferred inflows of resources for pension/OPEB activities, service concession activities or other revenues are recognized, net of activity already recognized in the prior year.....	781,595	
Revenues from deferred outflows of resources for pension/OPEB activities or service concession activities are recognized, net of activity already recognized in the prior year.....	(710,757)	(709,080)
The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long term debt and related items.		
Debt issued, General Obligation Bonds.....	(1,486,390)	
Debt issued, Transportation Bonds.....	(519,880)	
Payments made on capital leases.....	—	
Principal repayments:		
General Obligation Bonds.....	1,345,928	
Transportation Bonds.....	254,860	
Capital leases.....	232,987	(172,495)
Some expenses reported in the Statement of Activities (net of expenses already recognized in the prior year) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Accrued interest.....	(2,908)	
Compensated absences.....	(5,028)	
Self-insurance.....	(8,852)	
Net pension liability.....	(1,724,351)	
Net Other post-employment benefits liability.....	1,575,556	
Other long-term obligations.....	1,315	(164,268)
<b>Change in net position of governmental activities (pages 27 - 28)</b> .....		<b>\$ 2,167,209</b>

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





# STATE OF MARYLAND

## ENTERPRISE FUND FINANCIAL STATEMENTS

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### Major Funds

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

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

#### **Unemployment Insurance Program**

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

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

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

#### **Maryland Transportation Authority**

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

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### Non-Major Funds

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#### **Other Enterprise Funds**

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

**STATE OF MARYLAND**  
**Statement of Fund Net Position**  
**Enterprise Funds**  
**June 30, 2021**  
*(Expressed in Thousands)*

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Other Enterprise Funds	Total
<b>Assets-</b>						
<b>Current assets:</b>						
Cash.....	\$ —	\$ —	\$ 6,958	\$ 118,347	\$ —	\$ 125,305
Equity in pooled invested cash.....	347,664	—	131,357	—	14,690	493,711
Investments.....	36	—	—	349,520	—	349,556
Other accounts receivable.....	16,227	—	60,507	221,630	16,741	315,105
Due from other funds.....	82,053	6,398	—	66,943	—	155,394
Inventories.....	—	—	—	4,436	11,664	16,100
Loans and notes receivable, net.....	104,885	—	—	—	—	104,885
Investment in direct financing leases.....	—	—	—	20,203	—	20,203
Other assets.....	2,289	—	64	—	827	3,180
<b>Current restricted assets:</b>						
Cash.....	752,487	9,039	2,542	525,758	—	1,289,826
Cash on deposit with U.S. Treasury.....	—	446,051	—	—	—	446,051
Equity in pooled invested cash.....	—	—	—	—	84,571	84,571
Investments.....	425,129	—	5,460	—	—	430,589
Loans and notes receivable, net.....	101,561	—	—	—	—	101,561
Other accounts receivable.....	34,000	252,742	—	—	—	286,742
Total current assets.....	1,866,331	714,230	206,888	1,306,837	128,493	4,222,779
<b>Non-current assets:</b>						
Investments.....	6,614	—	—	—	2,551	9,165
Loans and notes receivable, net.....	2,110,359	—	—	—	—	2,110,359
Investment in direct financing leases.....	—	—	—	212,523	—	212,523
Other assets.....	—	—	—	13,791	—	13,791
<b>Restricted non-current assets:</b>						
Investments.....	964,320	—	33,660	122,809	—	1,120,789
Loans and notes receivable, net.....	1,242,458	—	—	—	—	1,242,458
<b>Capital assets, net of accumulated depreciation:</b>						
Land.....	—	—	—	402,847	—	402,847
Structures and improvements.....	—	—	—	181,011	1,731	182,742
Equipment.....	26	—	—	37,846	6,525	44,397
Infrastructure.....	—	—	—	4,600,951	—	4,600,951
Construction in progress.....	—	—	—	1,613,183	—	1,613,183
Total non-current assets.....	4,323,777	—	33,660	7,184,961	10,807	11,553,205
Total assets.....	6,190,108	714,230	240,548	8,491,798	139,300	15,775,984
Deferred outflows of resources.....	—	—	11,529	65,263	2,887	79,679

**STATE OF MARYLAND**  
**Statement of Fund Net Position**  
**Enterprise Funds**  
**June 30, 2021**  
*(Expressed in Thousands)*

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Other Enterprise Funds	Total
Liabilities-						
Current liabilities:						
Bank overdrafts .....	\$ —	\$ 87,740	\$ —	\$ —	\$ —	\$ 87,740
Accounts payable and accrued liabilities .....	75,563	113,422	91,506	199,433	1,805	481,729
Due to other funds .....	3,797	—	102,075	48,554	—	154,426
Accrued insurance on loan losses .....	—	—	—	—	9,401	9,401
Other liabilities .....	13,278	—	6,453	16,841	1,127	37,699
Unearned revenue .....	530	—	1,952	12,112	1,025	15,619
Revenue bonds and notes payable - current .....	326,759	68,528	—	50,138	—	445,425
Total current liabilities .....	419,927	269,690	201,986	327,078	13,358	1,232,039
Non-current liabilities:						
Other liabilities .....	39,088	—	66,616	302,605	18,301	426,610
Revenue bonds and notes payable .....	2,635,764	—	—	2,670,501	—	5,306,265
Total non-current liabilities .....	2,674,852	—	66,616	2,973,106	18,301	5,732,875
Total liabilities .....	3,094,779	269,690	268,602	3,300,184	31,659	6,964,914
Deferred inflows of resources .....	633	—	3,539	58,534	874	63,580
Net Position-						
Net investment in capital assets .....	26	—	—	4,112,772	8,256	4,121,054
Restricted for:						
Debt service .....	181,423	—	—	126,976	—	308,399
Unemployment compensation benefits .....	—	444,540	—	—	—	444,540
Loan programs .....	2,394,662	—	—	—	—	2,394,662
Insurance programs .....	—	—	—	—	84,573	84,573
Unrestricted .....	518,585	—	(20,064)	958,595	16,825	1,473,941
Total net position .....	\$ 3,094,695	\$ 444,540	\$ (20,064)	\$ 5,198,343	\$ 109,654	\$ 8,827,169

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

**STATE OF MARYLAND**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Enterprise Funds**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Other Enterprise Funds	Total
Operating revenues:						
Lottery ticket sales	\$ —	\$ —	\$ 2,611,150	\$ —	\$ —	\$ 2,611,150
Charges for services and sales	134,089	748,270	1,754,546	724,135	50,909	3,411,949
Unrestricted interest on loan income	28,720	—	—	—	528	29,248
Restricted interest on loan income	63,954	—	—	—	—	63,954
Other	4,992	—	4,943	3,161	882	13,978
Total operating revenues	231,755	748,270	4,370,639	727,296	52,319	6,130,279
Operating expenses:						
Prizes and claims	—	—	1,655,957	—	—	1,655,957
Commissions and bonuses	—	—	1,211,951	—	—	1,211,951
Cost of sales and services	—	—	56,495	—	38,781	95,276
Operation and maintenance of facilities	—	—	—	324,150	—	324,150
General and administrative	69,146	—	54,051	34,166	11,471	168,834
Benefit payments	—	9,441,939	—	—	—	9,441,939
Capital grant distributions	128,433	—	—	—	—	128,433
Depreciation and amortization	19	—	—	163,249	826	164,094
Provision for insurance on loan losses	5,088	—	—	—	412	5,500
Other	5,147	—	—	—	—	5,147
Total operating expenses	207,833	9,441,939	2,978,454	521,565	51,490	13,201,281
Operating income (loss)	23,922	(8,693,669)	1,392,185	205,731	829	(7,071,002)
Non-operating revenues (expenses):						
Unrestricted interest and other investment income	998	—	—	906	—	1,904
Restricted interest and other investment income	78,544	5,194	—	278	261	84,277
Interest expense	(86,361)	—	—	(81,482)	—	(167,843)
Federal grants and distributions	106,303	8,388,032	—	—	(152)	8,494,183
Other	6,158	—	(2,617)	(6,689)	2	(3,146)
Total non-operating revenues (expenses)	105,642	8,393,226	(2,617)	(86,987)	111	8,409,375
Income before transfers	129,564	(300,443)	1,389,568	118,744	940	1,338,373
Transfers in	111,980	—	—	—	—	111,980
Transfers out	—	—	(1,392,755)	—	—	(1,392,755)
Change in net position	241,544	(300,443)	(3,187)	118,744	940	57,598
Total net position - beginning as restated	\$ 2,853,151	\$ 744,983	\$ (16,877)	\$ 5,079,599	\$ 108,714	\$ 8,769,570
Total net position - ending	\$ 3,094,695	\$ 444,540	\$ (20,064)	\$ 5,198,343	\$ 109,654	\$ 8,827,169

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

**STATE OF MARYLAND**  
**Statement of Cash Flows**  
**Enterprise Funds**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

	<b>Economic Development Loan Programs</b>	<b>Unemployment Insurance Program</b>	<b>Maryland Lottery and Gaming Control Agency</b>	<b>Maryland Transportation Authority</b>	<b>Other Enterprise Funds</b>	<b>Total</b>
Cash flows from operating activities:						
Receipts from customers .....	\$ 38,996	\$ 668,274	\$ 4,372,578	\$ 500,990	\$ 50,053	\$ 5,630,891
Payments to suppliers .....	—	—	(77,744)	(171,272)	(34,823)	(283,839)
Payments to employees .....	(30,945)	—	(27,281)	(167,666)	(16,031)	(241,923)
Other receipts .....	135,689	—	—	32,163	1,410	169,262
Other payments .....	(190,013)	(9,462,141)	(1,211,984)	—	(438)	(10,864,576)
Lottery prize payments .....	—	—	(1,647,138)	—	—	(1,647,138)
Net cash provided by (used in) operating activities .....	(46,273)	(8,793,867)	1,408,431	194,215	171	(7,237,323)
Cash flows from non-capital financing activities:						
Proceeds from the sale of revenue bonds .....	467,936	—	—	—	—	467,936
Payment on revenue bonds .....	(487,544)	—	—	(157,506)	—	(645,050)
Interest payments .....	(99,994)	—	—	(44,258)	—	(144,252)
Proceeds from loans .....	—	68,528	—	—	—	68,528
Transfers in .....	75,578	64,490	—	—	—	140,068
Transfers out .....	—	—	(1,456,006)	—	(152)	(1,456,158)
Grants .....	110,922	8,388,032	—	—	—	8,498,954
Lottery installment payments .....	—	—	(4,369)	—	—	(4,369)
Net cash provided by (used in) non-capital financing activities .....	66,898	8,521,050	(1,460,375)	(201,764)	(152)	6,925,657
Cash flows from capital and related financing activities:						
Proceeds from notes payable and revenue bonds .....	—	—	—	870,826	—	870,826
Principal paid on notes payable and revenue bonds .....	—	—	—	(520,449)	—	(520,449)
Interest payments .....	—	—	—	(29,707)	—	(29,707)
Acquisition of capital assets .....	—	—	—	(428,497)	(914)	(429,411)
Net cash provided by (used in) capital related financing activities .....	—	—	—	(107,827)	(914)	(108,741)
Cash flows from investing activities:						
Receipts from collections of loans .....	326,501	—	—	142,161	—	468,662
Receipts from sales of debt instruments-other entities .....	1,299,578	—	4,369	2,551	—	1,306,498
Interest received as returns on loans .....	96,591	—	—	—	—	96,591
Interest received on debt instruments of other entities .....	11,285	5,194	—	422	260	17,161
Disbursements for loans .....	(393,694)	—	—	(29,391)	—	(423,085)
Disbursements for debt instruments of other entities .....	(1,234,484)	—	(7,933)	(91,210)	—	(1,333,627)
Net cash provided by (used in) investing activities .....	105,777	5,194	(3,564)	24,533	260	132,200
Net change in cash and cash equivalents .....	126,402	(267,623)	(55,508)	(90,843)	(635)	(288,207)
Balance - beginning of the year .....	973,748	722,712	196,365	734,948	99,895	2,727,668
Balance - end of the year .....	\$ 1,100,150	\$ 455,089	\$ 140,857	\$ 644,105	\$ 99,260	\$ 2,439,461



**STATE OF MARYLAND**  
**Statement of Cash Flows**  
**Enterprise Funds**  
**For the Year Ended June 30, 2021**  
(Continued)  
*(Expressed in Thousands)*

	<b>Economic Development Loan Programs</b>	<b>Unemployment Insurance Program</b>	<b>Maryland Lottery and Gaming Control Agency</b>	<b>Maryland Transportation Authority</b>	<b>Other Enterprise Funds</b>	<b>Total</b>
Reconciliation of operating income (loss) to net cash from operating activities:						
Operating income (loss) .....	\$ 23,922	\$ (8,693,669)	\$ 1,392,185	\$ 205,731	\$ 829	\$ (7,071,002)
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization .....	349	—	—	163,249	826	164,424
Interest received as returns on loans .....	(97,865)	—	—	—	—	(97,865)
Deferred inflows of resources .....	—	—	(1,229)	(15,000)	—	(16,229)
Deferred outflows of resources .....	—	—	1,111	(3,560)	—	(2,449)
Deferred prize payments .....	—	—	7,933	—	—	7,933
Effect of changes in non-cssh operating assets and liabilities:						
Other accounts receivable .....	399	(77,337)	2,229	(174,292)	(4,490)	(253,491)
Due from other funds .....	11,978	(2,659)	—	(5,620)	165	3,864
Inventories .....	—	—	—	890	3,187	4,077
Loans and notes receivable .....	12,401	—	—	—	(148)	12,253
Other assets .....	—	—	17	(229)	55	(157)
Accounts payable and accrued liabilities .....	(6,345)	(20,202)	3,106	24,857	(401)	1,015
Due to other funds .....	1,394	—	—	(9,356)	—	(7,962)
Accrued insurance on loan losses .....	1,488	—	—	—	(276)	1,212
Other liabilities .....	5,438	—	3,371	20,007	99	28,915
Unearned revenue .....	568	—	(292)	(12,462)	325	(11,861)
Total adjustments .....	(70,195)	(100,198)	16,246	(11,516)	(658)	(166,321)
Net cash provided (used in) by operating activities .....	\$ (46,273)	\$ (8,793,867)	\$ 1,408,431	\$ 194,215	\$ 171	\$ (7,237,323)
Noncash transactions (amounts expressed in thousands):						
Unrealized gain (loss) on investments .....	\$ (21,246)	\$ —	\$ 2,742	\$ —	\$ —	\$ (18,504)

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

# STATE OF MARYLAND

## FIDUCIARY FUND FINANCIAL STATEMENTS

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

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

### **Investment Trust Fund**

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

### **Custodial Funds**

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

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**STATE OF MARYLAND**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2021**  
*(Expressed in Thousands)*

	<b>Pension and Other Post-Employment Benefits Trust Funds</b>	<b>Investment Trust Fund</b>	<b>Custodials Funds</b>
<b>Assets:</b>			
Cash .....	\$ 2,424,774	\$ —	\$ 81,926
Equity in pooled invested cash .....	—	—	2,046,595
<b>Investments:</b>			
US Treasury and agency obligations .....	7,259,738	5,368,951	—
Repurchase agreements .....	—	467,974	—
Bonds .....	7,180,136	—	—
Corporate equity securities .....	24,553,848	—	—
Commercial paper .....	—	741,683	—
Mortgage related securities .....	1,253,450	—	—
Mutual funds .....	3,993,610	1,133,347	—
Guaranteed investment contracts .....	837,072	—	—
Real estate .....	45,837	—	—
Annuity contracts .....	60,399	—	—
Commingled funds .....	26,433,643	—	—
Investment held by borrowers .....	—	—	—
Total investments .....	71,617,733	7,711,955	—
Taxes receivable, net .....	—	—	234,045
Intergovernmental receivables .....	—	—	239,347
Other receivables .....	1,078,781	274	—
Accounts receivable from state treasury .....	—	—	822,446
Collateral for lent securities .....	4,745,195	—	—
Total assets .....	79,866,483	7,712,229	3,424,359
<b>Liabilities:</b>			
Accounts payable and accrued liabilities .....	1,675,203	75,704	6,329
Accounts payable to political subdivisions .....	—	—	676,251
Collateral obligation for lent securities .....	4,745,195	—	—
Total liabilities .....	6,420,398	75,704	682,580
<b>Net position:</b>			
<b>Restricted for:</b>			
Pension benefits .....	68,051,878	—	—
Deferred compensation benefits .....	4,940,356	—	—
Local Government Investment Pool participants .....	—	7,636,525	—
Postretirement health benefits .....	453,852	—	—
Individuals, organizations, other governments .....	—	—	2,741,779
Total net position .....	\$ 73,446,085	\$ 7,636,525	\$ 2,741,779

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

**STATE OF MARYLAND**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

	<b>Pension and Other Post-Employment Benefits Trust Funds</b>	<b>Investment Trust Fund</b>	<b>Custodial Funds</b>
<b>Additions:</b>			
<b>Contributions:</b>			
Employers	\$ 2,125,702	\$ —	\$ —
Members .....	1,052,922	10,319,863	—
Sponsors .....	766,656	—	—
Total contributions .....	<u>3,945,280</u>	<u>10,319,863</u>	<u>7,571,783</u>
<b>Investment earnings:</b>			
Net increase in fair value of investments .....	12,606,575	—	—
Interest .....	634,253	11,582	352
Dividends .....	2,439,299	—	—
Total investment earnings .....	<u>15,680,127</u>	<u>11,582</u>	<u>352</u>
Less: investment expense .....	540,682	2,981	—
Net investment earnings .....	<u>15,139,445</u>	<u>8,601</u>	<u>352</u>
Total additions .....	<u>19,084,725</u>	<u>10,328,463</u>	<u>7,572,135</u>
<b>Deductions:</b>			
Benefit payments .....	5,179,766	—	—
Distributions to participants, individuals and local governments .....	—	8,601	7,206,530
Redemptions (unit transactions at \$1.00 per unit) .....	—	9,823,685	—
Refunds .....	64,775	—	—
Administrative expenses .....	61,096	—	—
Total deductions .....	<u>5,305,638</u>	<u>9,832,286</u>	<u>7,206,530</u>
Net increase .....	13,779,087	496,177	365,605
Net position - beginning as restated	59,666,998	7,140,347	2,376,174
Net position - ending .....	<u>\$ 73,446,085</u>	<u>\$ 7,636,525</u>	<u>\$ 2,741,779</u>

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

# STATE OF MARYLAND

## COMPONENT UNIT FINANCIAL STATEMENTS

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### Major Component Units

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#### Higher Education

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

#### Maryland Prepaid College Trust

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

#### Maryland Stadium Authority

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

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### Non-Major Component Units

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#### Other Component Units

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



**STATE OF MARYLAND**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2021**  
*(Expressed in Thousands)*

	Higher Education	Maryland Prepaid College Trust	Maryland Stadium Authority	Other Component Units	Total
<b>Assets:</b>					
Cash .....	\$ 138,785	\$ 15,969	\$ 378	\$ 87,113	\$ 242,245
Equity in pooled invested cash .....	2,813,452	—	112,347	61,455	2,987,254
Investments .....	40,603	1,272,429	—	78,143	1,391,175
Endowment investments .....	441,432	—	—	—	441,432
Foundation investments .....	2,107,208	—	—	—	2,107,208
Tuition contracts receivable .....	142,836	112,361	—	—	255,197
Other accounts receivable .....	467,124	1,136	10,271	53,663	532,194
Due from primary government .....	—	640	867	50,470	51,977
Inventories .....	9,821	—	—	—	9,821
Prepaid items .....	23,076	—	107	323	23,506
Loans and notes receivable, net .....	24,444	—	569	27,819	52,832
Investments in direct financing leases .....	—	—	69,111	—	69,111
Other assets .....	19,160	—	—	17,356	36,516
<b>Restricted assets:</b>					
Cash .....	104,319	—	—	1,892	106,211
Investments .....	65,567	—	645,859	3,338	714,764
<b>Capital assets (net of accumulated depreciation):</b>					
Land .....	216,788	—	—	9,534	226,322
Structures and improvements .....	6,139,506	—	45,020	52,228	6,236,754
Infrastructure .....	266,054	—	—	1,355	267,409
Equipment .....	431,233	5	389	7,386	439,013
Construction in progress .....	830,053	—	—	2,341	832,394
Total assets .....	14,281,461	1,402,540	884,918	454,416	17,023,335
Deferred outflows of resources .....	441,115	854	12,097	2,183	456,249
<b>Liabilities:</b>					
Salaries payable .....	154,648	—	—	—	154,648
Accounts payable and accrued liabilities .....	260,559	561	135,413	50,694	447,227
Due to primary government .....	1,327	—	—	5,077	6,404
Unearned revenue .....	398,355	—	—	4,661	403,016
Accrued insurance on loan losses .....	—	—	—	1,286	1,286
Other liabilities .....	2,498	—	—	—	2,498
<b>Bonds and notes payable:</b>					
Due within one year .....	94,451	—	32,195	1,898	128,544
Due in more than one year .....	1,266,914	—	1,508,706	21,310	2,796,930
<b>Other noncurrent liabilities:</b>					
Due within one year .....	143,001	110,904	90	17,575	271,570
Due in more than one year .....	1,906,512	753,604	25,404	19,063	2,704,583
Total liabilities .....	4,228,265	865,069	1,701,808	121,564	6,916,706
Deferred inflows of resources .....	327,276	169	1,527	2,475	331,447

**STATE OF MARYLAND**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2021**  
*(Expressed in Thousands)*

	Higher Education	Maryland Prepaid College Trust	Maryland Stadium Authority	Other Component Units	Total
Net position					
Net investment in capital assets .....	\$ 6,300,366	\$ 5	\$ (5,916)	\$ 48,660	\$ 6,343,115
Restricted:					
Debt service .....	—	—	644,186	1,707	645,893
Capital improvements and deposits .....	—	—	—	5,515	5,515
Nonexpendable:					
Scholarships and fellowships .....	557,689	—	—	—	557,689
Research .....	24,135	—	—	—	24,135
Other .....	899,643	—	—	—	899,643
Expendable:					
Debt service .....	222	—	—	—	222
Capital projects .....	3,660	—	—	—	3,660
Loans and notes receivable .....	34,806	—	—	—	34,806
Scholarships and fellowships .....	252,254	—	—	—	252,254
Research .....	111,482	—	—	—	111,482
Other .....	514,843	—	—	—	514,843
Unrestricted	1,467,935	538,151	(1,444,590)	276,678	838,174
<b>Total net position</b>	<b>\$ 10,167,035</b>	<b>\$ 538,156</b>	<b>\$ (806,320)</b>	<b>\$ 332,560</b>	<b>\$ 10,231,431</b>

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

**STATE OF MARYLAND**  
**Combining Statement of Activities**  
**Component Units**  
**For the Year Ended June 30, 2021**  
**(Expressed in Thousands)**

	Higher Education	Maryland Prepaid College Trust	Maryland Stadium Authority	Other Component Units	Total
<b>Expenses:</b>					
General and administrative .....	\$ —	\$ 4,523	\$ 13,277	\$ 30,420	\$ 48,220
Operation and maintenance of facilities .....	430,324	—	22,775	172,452	625,551
Provision for insurance on loan losses, net .....	—	—	—	171	171
Instruction .....	1,533,442	—	—	—	1,533,442
Research .....	1,108,270	—	—	—	1,108,270
Public service .....	577,871	—	—	—	577,871
Academic support .....	555,254	—	—	—	555,254
Student services .....	349,472	—	—	—	349,472
Institutional support .....	651,657	—	—	—	651,657
Scholarships and fellowships .....	200,402	—	—	—	200,402
Tuition benefits .....	—	70,274	—	—	70,274
Auxiliary .....	535,326	—	—	—	535,326
Interest on long-term debt .....	37,235	—	58,972	899	97,106
Depreciation and amortization .....	—	9	9,485	5,067	14,561
Foundation expenses .....	116,075	—	—	—	116,075
Other .....	4,586	—	253,093	404,211	661,890
<b>Total expenses .....</b>	<b>6,099,914</b>	<b>74,806</b>	<b>357,602</b>	<b>613,220</b>	<b>7,145,542</b>
<b>Program revenues:</b>					
<b>Charges for services:</b>					
Student tuition and fees (net of \$409,875) in allowances) .....	1,433,850	37,746	—	—	1,471,596
Auxiliary enterprises (net of \$22,413) in allowances) .....	415,896	—	—	—	415,896
Restricted investment earnings .....	386,630	—	—	—	386,630
Other .....	430,956	5,049	35,952	557,508	1,029,465
<b>Total charges for services .....</b>	<b>2,667,332</b>	<b>42,795</b>	<b>35,952</b>	<b>557,508</b>	<b>3,303,587</b>
Operating grants and contributions .....	1,976,015	—	93,085	54,040	2,123,140
Capital grants and contributions .....	249,653	—	—	—	249,653
<b>Total program revenues .....</b>	<b>4,893,000</b>	<b>42,795</b>	<b>129,037</b>	<b>611,548</b>	<b>5,676,380</b>
<b>Net program revenue (expense) .....</b>	<b>(1,206,914)</b>	<b>(32,011)</b>	<b>(228,565)</b>	<b>(1,672)</b>	<b>(1,469,162)</b>
<b>General revenues:</b>					
Grants and contributions not restricted to specific programs .....	1,713,034	—	—	—	1,713,034
Unrestricted investment earnings .....	100,041	31,462	—	22,679	154,182
Additions to permanent endowments .....	122,855	—	—	—	122,855
<b>Total general revenues and additions to permanent endowments .....</b>	<b>1,935,930</b>	<b>31,462</b>	<b>—</b>	<b>22,679</b>	<b>1,990,071</b>
<b>Change in net position .....</b>	<b>729,016</b>	<b>(549)</b>	<b>(228,565)</b>	<b>21,007</b>	<b>520,909</b>
<b>Net position - beginning of the year as restated .....</b>	<b>9,438,019</b>	<b>538,705</b>	<b>(577,755)</b>	<b>311,553</b>	<b>9,710,522</b>
<b>Net position - end of the year .....</b>	<b>\$ 10,167,035</b>	<b>\$ 538,156</b>	<b>\$ (806,320)</b>	<b>\$ 332,560</b>	<b>\$ 10,231,431</b>

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

STATE OF MARYLAND  
INDEX FOR NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

## Table of Contents

Note 1 - Summary of Significant Accounting Policies .....	48
Note 2 - Summary of Significant Accounting Policies - Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity .....	51
Note 3 - Deposits with Financial Institutions and the U.S. Treasury, Equity in Pooled Invested Cash and Investments .....	56
Note 4 - Receivables .....	68
Note 5 - Deferred Outflows of Resources and Deferred Inflows of Resources .....	68
Note 6 - Loans and Notes Receivable and Investment in Direct Financing Leases .....	69
Note 7 - Restricted Assets .....	70
Note 8 - Interfund Receivables and Payables .....	71
Note 9 - Interfund Transfers .....	72
Note 10 - Capital Assets .....	73
Note 11 - Long-Term Obligations .....	75
Note 12 - Insurance .....	84
Note 13 - Fund Equity .....	85
Note 14 - Segment Information .....	86
Note 15 - Retirement Benefits .....	87
Note 16 - Other Postemployment Benefits, Health Benefits (OPEB) .....	93
Note 17 - Commitments .....	98
Note 18 - Contingencies .....	99
Note 19 - Tobacco Settlement .....	100
Note 20 - Landfill Closure and Postclosure Care Costs .....	100
Note 21 - Service Concession Arrangements .....	100
Note 22 - Tax Abatements .....	101
Note 23 - Asset Retirement Obligations .....	103
Note 24 - Restatement .....	104

**Notes to Required Supplementary Information**

Schedule of Employer Contributions for Maryland State Retirement and Pension System .....	109
Schedule of Employer Contributions for Maryland Transit Administration Pension Plan .....	111
Schedule of Changes in Net Pension Liability and Related Ratios for Maryland Transit Administration Pension Plan .....	111
Schedule of Employer Contributions for Other Post-Employment Benefit Plan .....	114
Schedule of Employer Contributions for Maryland Transit Administration Retiree Healthcare Benefits Plan .....	116
Budgeting and Budgetary Control .....	118

# STATE OF MARYLAND

## Notes to the Financial Statements

For the Year Ended June 30, 2021

### 1. Summary of Significant Accounting Policies:

#### A. Reporting Entity:

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

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

#### Discrete Component Units:

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

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

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

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

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

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

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

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

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



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

*Related Organizations:*

The Maryland Economic Development Corporation (MEDCO), Injured Workers' Insurance Fund and the Maryland Automobile Insurance Fund are related organizations of the State. The Governor appoints a majority of the Board of Directors, but the State does not have the ability to impose its will on the organizations, and there is no financial benefit/burden relationship. As of June 30, 2021, the Economic Development Loan Programs, major enterprise funds, had transactions with MEDCO that included loans, investments and grants totaling \$ \$6,545,000.

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

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

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

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

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

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

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

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

The State reports the following major governmental funds:

*General Fund:*

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

*Special Revenue Fund, Maryland Department of Transportation:*

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

#### *Enterprise Funds:*

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

The major enterprise funds are as follows:

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

#### *Fiduciary Funds:*

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

#### *D. New Pronouncements:*

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, issued in May 2020, was issued to provide temporary relief to governments in light of the COVID-19 pandemic. It postpones the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

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

- Statement No. 87, *Leases*, issued in June 2017, is effective for fiscal years beginning after June 15, 2021.
- Statement No. 91, *Conduit Debt Obligations*, issued in May 2019, is effective for fiscal years beginning after December 15, 2021.
- Statement No. 92, *Omnibus 2020*, issued in January 2020, is generally effective for fiscal years beginning after June 15, 2022.
- Statement No. 93, *Replacement of Interbank Offered Rates*, issued in March 2020, is generally effective for fiscal years beginning after June 15, 2021.

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

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued in March 2020, is effective for fiscal years beginning after June 15, 2022.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued in May 2020, is effective for fiscal years beginning after June 15, 2022.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, issued in June 2020, is generally effective for fiscal years beginning after June 15, 2021.
- Statement No. 98, *The Annual Comprehensive Financial Report*, issued in October 2021, is effective for fiscal years beginning after December 15, 2021.

The State will implement these statements as of their effective dates. While the State is still in the process of determining the effect of implementing these GASB statements, Statement No. 87 is expected to have a material effect on the financial position of the State.

*E. Basis of Presentation:*

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

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

*A. All Funds:*

*Deposits with Financial Institutions and Investments:*

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

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

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

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

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

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

Changes in fair value are recognized as revenue. Investments maturing within 90 days of purchase are reported in the financial statements as cash and cash equivalents.

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

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

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

*Retirement Costs:*

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

*Other Post-Employment Benefit Costs:*

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

*Accrued Self-Insurance Costs:*

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

*Annual Leave Costs:*

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

*Capital Assets:*

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

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

Assets	Years
Buildings	5-75
Building improvements	5-75
Vehicles	3-25
Office equipment	2-10
Computer equipment	2-10
Other machinery and equipment	3-20
Computer software	5-10
Infrastructure	10-75

*Deferred Outflows and Deferred Inflows of Resources:*

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

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

*Long-term Obligations:*

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

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

*Restricted Resources:*

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

*Debt Refinancing:*

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

*Net Position:*

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

*B. Government Funds:*

*Inventories and Prepaid Items:*

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

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

*Grants:*

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



*Income Taxes:*

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

*Sales and Use Taxes:*

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

*Property Taxes:*

The State levies an annual tax for the fiscal year beginning July 1 and ending June 30 on all real property subject to taxation, due and payable each July 1 and December 1 (lien dates), based on assessed values as of the previous January 1, established by the State Department of Assessments and Taxation at 100% of estimated market value. Each of the counties, Baltimore City and incorporated municipalities establish rates and levy their own tax on such assessed values. The State tax rate in fiscal year 2021 was 11.2¢ per \$100 of assessed value. Unpaid property taxes are considered in arrears on October 1 and January 1, respectively, and penalty and interest of 1% is assessed for each month or fraction of a month that the taxes remain unpaid. Property taxes are accrued to the extent they are collected within 60 days of year end.

*Escheat Property:*

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

*Intergovernmental Expenditures:*

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

*Capital Assets:*

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

*Compensated Absences:*

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

*Fund Equity:*

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

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

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

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

*Basis of Accounting:*

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

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

*Cash and Cash Equivalents:*

The enterprise funds consider all highly liquid investments that mature within 90 days of purchase to be cash and cash equivalents for reporting on the statement of cash flows.

*Grants:*

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

*Capital Assets:*

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

*MLGCA Revenues, Prizes and Related Transfers:*

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

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

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

*Provisions for Insurance and Loan Losses:*

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

*Inventories:*

Inventories of supplies are stated at cost.

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

Cash and cash equivalents, equity in pooled invested cash and investments as shown on the basic financial statements as of June 30, 2021, reconcile to cash deposit and investment disclosures as follows (amounts expressed in thousands):

Government-wide statement of net position:	
Cash	\$ 609,989
Equity in pooled invested cash	9,157,639
Investments	4,745,461
Restricted cash	1,892,824
Restricted equity in pooled invested cash	269,064
Restricted investments	2,300,964
Statement of fiduciary net position:	
Cash	2,506,700
Equity in pooled invested cash	2,046,595
Investments	79,329,688
Collateral for lent securities	4,745,195
Total cash and investments per basic financial statements	107,604,119
Less: cash and investments of higher education foundations not subject to disclosure	2,235,875
Total cash and investments per Note 3	<u>\$ 105,368,244</u>
Cash deposit:	
Governmental funds	\$ 332,783
Enterprise funds	543,301
Fiduciary funds	250,813
Component units	147,838
Investments:	
Governmental funds	11,915,437
Enterprise funds	3,227,980
Fiduciary funds	86,330,770
Component units	2,619,323
Total cash deposits and investments	<u>\$ 105,368,244</u>

Cash and equity in pooled invested cash for financial statement presentation includes short-term investments maturing within 90 days of purchase. Investments for financial statement presentation include certificates of deposit maturing 90 days or more from date of purchase.

#### A. Cash Deposits:

As of June 30, 2021, the carrying value for the bank deposits of the governmental funds, enterprise funds, fiduciary funds and component units were \$332,783, \$543,301, \$250,813, and \$147,838, respectively. The bank balances were \$332,783, \$549,457, \$250,813 and \$150,266, respectively.

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

The Economic Development Loan Programs and higher education component unit do not have a deposit policy for custodial credit risk. As of June 30, 2021, \$43,000, and \$33,370,000, respectively, of their bank balances were exposed to custodial credit risk as uninsured and uncollateralized.

#### B. Investments:

The State discloses investment risks as follows:

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

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

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

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

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

*1. Investments-Governmental Funds:*

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

The governmental funds investments' fair value measurements and the valuation techniques used to categorize the investments in the hierarchy level as of June 30, 2021, are as follows:

- U.S. agency securities (\$2,396,874) are comprised of agency issued debt. Agency issued debt securities are valued at the closing price reported in the active market in which the individual security is traded as Level 1 securities.
- Supranationals (\$515,430) are comprised of international development institutions that provide financing for economic development. Supranational issued debt securities are valued by consensus of international financial institutions based on observable inputs as Level 2 securities.
- Repurchase agreements (\$2,701,501) are valued based on a model that incorporates market observable pricing information and are categorized as Level 2.
- Investment in the Local Government Investment Pool (\$2,010,921) and money market mutual funds (\$3,640,766) are valued at amortized cost.
- Commercial Paper (\$649,945) is valued at market cost.

The investments and maturities as of June 30, 2021, for the governmental funds of the primary government were as follows (amounts expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-3	More than 3
U.S. Agencies <sup>(1)</sup>	\$ 2,396,874	\$ 160,864	\$ —	\$ 2,236,010 <sup>(1)</sup>
Supranationals	515,430	515,430	—	—
Repurchase Agreements	2,701,501	2,655,943	7,166	38,393
Commercial Paper	649,945	649,945	—	—
Money Market Mutual Funds	3,640,766	3,640,766	—	—
Local Government Investment Pool	2,010,921	2,010,921	—	—
<b>Total Investments</b>	<b>\$ 11,915,437</b>	<b>\$ 9,633,868</b>	<b>\$ 7,166</b>	<b>\$ 2,274,403</b>

(1) Bonds in the amount of \$99,204,000 mature December 2025, but are callable October 2021.

*Interest Rate Risk.* The State Treasurer's Office's investment policy states that to the extent possible, it will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Treasurer's Office will not directly invest in securities maturing more than five years from the date of purchase. Sinking fund investments with guaranteed earnings to redeem term bonds beginning in fiscal year 2022 were \$42,330,000.

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

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

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

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

## 2. Investments – Enterprise Funds:

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

The investments and maturities as of June 30, 2021, for the enterprise funds of the primary government were as follows (amounts expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)				
		Less than 1	1-5	6-10	11-15	More than 15
U.S. Treasury obligations	\$ 134,184	\$ 20,303	\$ 80,691	\$ 16,729	\$ 6,084	\$ 10,376
U.S. Government agency obligations	1,568,023	18,315	238,427	8,495	11,988	1,290,799
Repurchase agreements	2,408	—	—	1,232	1,176	—
Commercial Paper	53,984	53,984	—	—	—	—
Guaranteed investment contracts	3,204	5	3,186	13	—	—
Money market mutual funds	1,321,763	1,321,763	—	—	—	—
Municipal bonds	57,294	14,063	40,021	3,210	—	—
Supranationals	87,120	78,092	9,029	—	—	—
<b>Total</b>	<b>\$ 3,227,980</b>	<b>\$ 1,506,525</b>	<b>\$ 371,354</b>	<b>\$ 29,679</b>	<b>\$ 19,248</b>	<b>\$ 1,301,175</b>

The MLGCA, a major enterprise fund, invests in U.S. Treasury obligations that provide for guaranteed payouts to jackpot prize winners, and therefore have no interest rate risk to the MLGCA. As of June 30, 2021, the fair value of these investments was \$39,078,000.

The enterprise funds have the following fair value measurements as of June 30, 2021 (amounts expressed in thousands):

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Debt securities</b>				
U.S. Treasury Obligations	\$ 134,184	\$ 134,184	\$ —	\$ —
U.S. Government agency obligations	1,568,023	267,284	1,300,739	—
Guaranteed investment contracts	3,204	—	3,204	—
Municipal bonds	57,294	57,294	—	—
Supranationals	87,120	87,120	—	—
Total debt securities	1,849,825	545,882	1,303,943	—
Total investments by fair value level	1,849,825	\$ 545,882	\$ 1,303,943	\$ —
<b>Investments measured at contract value</b>				
Investment agreements	2,408			
<b>Investments measured at amortized cost</b>				
Money market mutual funds	1,321,763			
Total investments	\$ 3,227,980			

- Level 1 investments are valued at the closing price reported in the active market in which the individual security is traded. Supranational issued debt securities (\$87,120,000) are valued by consensus of international financial institutions based on observable inputs.
- Level 2 investments are valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. GNMA direct U.S. Government obligations (\$0) and FNMA U.S. Government agency obligations (\$1,300,739,000) are valued using the matrix pricing technique.
- Direct equity investments classified as Level 3 are assessed by management for impairment based on financial condition, operating results and other factors on an annual basis.

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

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

*Credit Risk.* The investment policies of the enterprise funds require that repurchase agreements are collateralized by U.S. Treasury and agency obligations. The policies also require that money market mutual funds contain only U.S. Treasuries or agencies or repurchase agreements secured by these, or that they receive the highest possible rating from at least one nationally recognized securities rating organization and that commercial paper be rated A-1, P-1. According to the indenture and investment policy of the Economic Development Loan Programs, investments must be rated no lower than the rating on the Loan Programs' bonds or F1/P1 for the issuer's short-term accounts or securities. The ratings on the Loan Programs' bonds as of June 30, 2021, were Aa by Moody's and AA by Fitch, or higher.

As of June 30, 2021, the enterprise funds had the following investments and quality ratings (amounts expressed in thousands):

Investment Type	Fair Value	Quality Rating	Rating Organization	Percentage of Total Investments
U.S. government agency obligations	\$ 1,177,911	Aaa	Moody's	36.49 %
U.S. government agency obligation	390,113	AA	S&P	12.09
Money market mutual funds	1,321,763	AAAm/Aaa	S&P/Moody's	40.95
Money market mutual funds	—	Unrated	0	0.00
Commercial paper	53,984	A-1/ P-1	S&P/Moody's	1.67
Guaranteed investment contracts	3,204	Aaa	Moody's	0.10
Municipal bonds	57,294	AAA	S&P	1.77
Supranationals	87,120	AAA	S&P	2.70
Unrated	\$ 136,591	Unrated		4.23
<b>Total</b>	<b>\$ 3,227,980</b>			<b>100.00 %</b>

*Concentration of Credit Risk.* The enterprise funds place no limit on the amount they may invest in any one issuer of U.S. government agency obligations. More than 5% of the enterprise funds' investments are in obligations of the Federal Home Loan Bank and Federal National Mortgage Association. These investments are 3.2% and 42.6%, of the enterprise funds' total investments, respectively.

### 3. Investments – Fiduciary Funds:

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

The investments and maturities as of June 30, 2021, for the fiduciary funds of the primary government were as follows (amounts expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More than 10
U.S. Treasury notes and bonds	\$ 8,734,902	\$ 1,649,825	\$ 1,564,630	\$ 1,230,788	\$ 4,289,659
U.S. Treasury strips	86,331	—	4,417	—	81,914
U.S. Government agency obligations	3,839,109	3,518,505	210,124	40,781	69,700
Repurchase agreements	467,974	467,974	—	—	—
Commercial paper	741,683	741,683	—	—	—
Guaranteed investment contracts	840,150	—	837,072	3,078	—
Corporate bonds	4,474,645	29,622	1,374,650	2,397,499	672,873
International bonds	962,361	16,662	297,464	371,899	276,336
Other government bonds	1,529,784	23,996	442,871	595,905	467,012
Mortgage-backed securities	1,250,310	3,834	19,127	46,857	1,180,492
Asset-backed securities	179,360	123	20,534	43,851	114,852
Bond mutual funds	821,123	51,856	447,085	302,683	19,499
Swaps	(25,481)	(20,842)	3,981	(6,664)	(1,956)
Money market mutual funds	2,770,600	1,367,048	19,239	—	—
<b>Total investments</b>	<b>26,672,850</b>	<b>7,850,286</b>	<b>5,241,194</b>	<b>5,026,678</b>	<b>7,170,380</b>
Collateral for lent securities	4,745,195	4,745,195	—	—	—
<b>Total investments and collateral for lent securities</b>	<b>\$ 31,418,045</b>	<b>\$ 12,595,481</b>	<b>\$ 5,241,194</b>	<b>\$ 5,026,678</b>	<b>\$ 7,170,380</b>

In addition to the investments scheduled above, as of June 30, 2021, the fiduciary funds' investments also include the fair value of corporate equity securities of \$24,553,850,000, commingled investments of \$9,757,295,000, private equity of \$11,660,834,000, real estate of \$5,035,868,000, stock mutual funds of \$3,816,069,000, annuity contracts of \$60,399,000 and insurance contracts of \$2,928,000.



The fiduciary funds have the following fair value measurements as of June 30, 2021 (amounts expressed in thousands):

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Debt securities</b>				
U.S. Treasury notes and bonds	\$ 7,089,196	\$ 7,089,196	\$ —	\$ —
U.S. Treasury strips	86,331	86,331	—	—
U.S. Government agency obligations	115,864	115,864	—	—
Repurchase agreements	467,974	—	467,974	—
Corporate bonds	4,474,645	—	4,474,645	—
International bonds	962,361	—	962,361	—
Other government bonds	1,529,784	—	1,529,784	—
Mortgage-backed securities	1,250,310	—	10,138	1,240,172
Bond mutual funds	174,463	174,463	—	—
Money market mutual fund	1,637,253	1,637,253	—	—
Collateral for lent securities	4,745,195	—	4,745,195	—
Total debt securities	22,533,376	9,103,107	12,190,097	1,240,172
<b>Equity securities</b>				
Corporate equities	24,553,850	24,553,850	—	—
Stock mutual funds	3,816,069	3,816,069	—	—
Total equity securities	28,369,919	28,369,919	—	—
Real estate	45,836	—	—	45,836
Total investments by fair value level	50,949,131	\$ 37,473,026	\$ 12,190,097	\$ 1,286,008
<b>Investments measured at net asset value</b>				
Asset-backed securities funds	179,360			
Bond mutual funds	646,660			
Real estate funds	4,990,032			
Private equity funds	11,660,834			
Commingled investments	9,757,295			
Total investments measured at net asset value	27,234,181			
<b>Investments measured at amortized cost</b>				
U S Treasury notes and bonds	1,645,706			
U S Government agency obligations	3,723,245			
Commercial paper	741,683			
Money market mutual funds	1,133,347			
Total investments measured at amortized cost	7,243,981			
<b>Investments measured at contract value</b>				
Guaranteed investment contracts	840,150			
Annuity contracts	60,399			
Total investments measured at contract value	900,549			
<b>Investments measured at cash surrender value</b>				
Insurance contracts	2,928			
Total investments	\$ 86,330,770			

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

Level 2 investments include the following:

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

Level 3 investments include the following:

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

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

<b>June 30, 2021</b>					
	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>	
Private funds (includes equity, credit, energy, infrastructure, and timber) .....	\$ 15,851	\$ 9,434	—	—	
Real estate-open ended .....	3,266	—	Quarterly	45-90 days	
Equity open-end fund .....	4,298	—	Daily	1 day	
	2,330	—	Monthly	7 - 30 days	
	848	—	Triennially	150 days	
Multi-asset .....	286	—	Monthly	30-45 days	
<b>Hedge Funds</b>					
Equity long/short .....	720	—	Monthly	30-45 days	
	335	—	N/A	Liquidating	
Event-driven .....	268	—	Monthly	15 days	
	558	—	Quarterly	60-65 days	
	239	—	Quarterly	90 days	
	234	—	Quarterly	120+ days	
	41	—	N/A	Liquidating	
Global macro .....	209	—	Monthly	5-30 days	
	424	—	Monthly	5-30 days	
	359	—	Monthly	60 days	
	350	—	Quarterly	60-90 days	
Relative value .....	226	—	Monthly	30 days	
	412	—	Quarterly	30 days	
	1,726	—	Quarterly	60-90 days	
Opportunistic .....	341	—	Quarterly	90 days	
	24	—	Semi Annual	90-120 days	
	<b>\$ 33,345</b>	<b>\$ 9,434</b>			

*Information included in the MSRPS financial statements:*

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

*Interest Rate Risk.* As of June 30, 2021, the System had \$783,994,000 invested in mortgage pass-through securities. These investments are moderately sensitive to changes in interest rates because they are backed by mortgage loans in which the borrowers have the option of prepaying.

The Deferred Compensation Plans (Plans) invest in annuity contracts and insurance contracts that provide for guaranteed payouts to participants, and therefore have no interest rate risk to the Plans. As of June 30, 2021, the carrying value of these investments was \$60,399,000, and \$2,928,000, respectively.

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

*Credit Risk.* The investment policy of the System regarding credit risk is determined by each investment manager's mandate. The Local Government Investment Pool may invest in bankers acceptances and commercial paper subject to certain credit rating guarantee and/or collateral requirements. As of June 30, 2021, the fiduciary funds' investments were rated by Standard and Poor's and/or an equivalent national rating organization, and the ratings are presented below using the Standard and Poor's rating scale (amounts expressed in thousands):

Investment Type	Fair Value	Quality Rating	Percentage of Total Investments
U.S. Government agency obligations	\$ 3,820,111	AA	4.68%
U.S. Government agency obligations	—	A	0.00
U.S. Government agency obligations	18,998	Unrated	0.02
Money market mutual funds	1,133,347	AAA	1.39
Money market mutual funds	5,327	A	0.01
Money market mutual funds	1,631,925	Unrated	2.00
Commercial paper	741,683	AAA	0.91
Guaranteed investment contracts	837,072	AA	1.03
Guaranteed investment contracts	3,078	Unrated	0.00
Corporate bonds	30,758	AAA	0.04
Corporate bonds	79,440	AA	0.10
Corporate bonds	347,092	A	0.43
Corporate bonds	—	BAA	0.00
Corporate bonds	30,216	BA	0.04
Corporate bonds	998,564	BBB	1.22
Corporate bonds	1,262,622	BB	1.55
Corporate bonds	667,389	B	0.82
Corporate bonds	105,026	CCC	0.13
Corporate bonds	—	CC	0.00
Corporate bonds	953,537	Unrated	1.17
International bonds	86	AAA	0.00
International bonds	12,425	AA	0.02
International bonds	18,110	A	0.02
International bonds	3,186	BAA	0.00
International bonds	760,785	BA	0.93
International bonds	40,971	BBB	0.05
International bonds	37,242	BB	0.05
International bonds	46,236	B	0.06
International bonds	2,798	CCC	0.00
International bonds	40,522	Unrated	0.05
Other government bonds	29,228	AAA	0.04
Other government bonds	123,196	AA	0.15
Other government bonds	197,369	A	0.24
Other government bonds	489,945	BBB	0.60
Other government bonds	381,962	BB	0.47
Other government bonds	234,647	B	0.29
Other government bonds	40	CCC	0.00
Other government bonds	—	CC	0.00
Other government bonds	5,182	D	0.01
Other government bonds	68,215	Unrated	0.08
Mortgage-backed securities	20,236	AAA	0.02
Mortgage-backed securities	8,511	AA	0.01
Mortgage-backed securities	11,650	A	0.01
Mortgage-backed securities	25,159	BBB	0.03
Mortgage-backed securities	579	BB	0.00
Mortgage-backed securities	789,226	BA	0.97
Mortgage-backed securities	2,911	B	0.00
Mortgage-backed securities	3,074	CCC	0.00
Mortgage-backed securities	1,197	CC	0.00
Mortgage-backed securities	8,183	D	0.01
Mortgage-backed securities	369,445	Unrated	0.45
Asset-backed securities-Other	35,357	AAA	0.04
Asset-backed securities-Other	20,609	AA	0.03
Asset-backed securities-Other	7,466	A	0.01
Asset-backed securities-Other	5	BAA	0.00
Asset-backed securities-Other	11,135	BBB	0.01
Asset-backed securities-Other	2,881	BB	0.00
Asset-backed securities-Other	123	B	0.00
Asset-backed securities-Other	9,047	CCC	0.01
Asset-backed securities-Other	1,486	CC	0.00
Asset-backed securities-Other	352	D	0.00
Asset-backed securities-Other	90,898	Unrated	0.11
Repurchase agreements	467,974	A	0.57
Bond mutual funds	174,463	Unrated	0.21
<b>Total</b>	<b>\$ 17,220,300</b>		<b>21.11%</b>

*Foreign Currency Risk.*

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

The System's exposure to foreign currency risk as of June 30, 2021, was as follows (amounts expressed in thousands):

Currency	Equity	Fixed Income	Cash	Alternative Investments	Total
Australian Dollar	\$ 226,815	\$ 13,784	\$ 4,121	\$ 191,514	\$ 436,234
Brazilian Real	84,305	71,410	1,400	—	157,115
Canadian Dollar	337,354	301	6,377	170,647	514,679
Chilean Peso	—	8,517	171	—	8,688
Colombian Peso	—	15,960	217	—	16,177
Czech koruna	—	21,105	820	—	21,925
Danish krone	155,602	—	550	—	156,152
Egyptian pound	14,784	—	—	—	14,784
Euro Currency	1,797,839	111,229	10,967	1,219,709	3,139,744
Hong Kong Dollar	490,904	—	631	45,672	537,207
Hungarian forint	237	15,149	268	—	15,654
Indonesian rupiah	25,741	72,877	1,049	—	99,667
Japanese Yen	856,958	(1,421)	4,289	17,542	877,368
Malaysian Ringgit	1,365	49,218	728	—	51,311
Mexican Peso	76,469	49,052	4,556	—	130,077
New Israeli Sheqel	26,161	25,824	224	2,296	54,505
New Taiwan Dollar	162,338	—	2,930	—	165,268
New Zealand Dollar	8,418	26,369	294	3,997	39,078
Norwegian Krone	71,096	681	520	7,659	79,956
Philippine peso	477	20,769	331	—	21,577
Polish zloty	10,129	34,930	188	—	45,247
Pound Sterling	700,520	61,785	9,630	282,196	1,054,131
Qatari Rial	340	—	—	—	340
Romanian an Leu	—	11,765	70	—	11,835
Russian Ruble	—	35,727	824	—	36,551
Singapore Dollar	29,371	—	1,057	4,672	35,100
Peruvian Sol	—	20,726	509	—	21,235
South African Rand	112,666	44,618	666	—	157,950
South Korean Won	398,131	63,254	3,122	780	465,287
Swedish Krona	155,345	—	422	4,827	160,594
Swiss Franc	419,638	—	82	6,328	426,048
Thailand Baht	25,193	45,057	392	—	70,642
Turkish Lira	26,298	7,498	419	—	34,215
UAE Dirham	22,212	—	—	—	22,212
Yuan Renminbi	71,723	62,706	259	—	134,688
Other holdings with potential exposure to foreign currency risk	6,393,599	1,623,925	—	2,631,103	10,648,627
<b>Total</b>	<b>\$ 12,702,028</b>	<b>\$ 2,512,815</b>	<b>\$ 58,083</b>	<b>\$ 4,588,942</b>	<b>\$ 19,861,868</b>

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

*Derivatives:*

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

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

	Changes in Fair Value		Fair Value as of June 30, 2020		
	Classification	Amount	Classification	Amount	Notional <sup>(1)</sup>
Commodity Futures Long	Investment Revenue	\$ 6,327	Futures	—	\$ 5,620
Commodity Futures Short	Investment Revenue	—	Futures	\$ (6)	\$ 300
Credit default swaps bought	Investment revenue	(1)	Swaps	7,221	\$ 247,916
Credit default swaps written	Investment revenue	6,360	Swaps	—	2,586,148
Fixed income futures long	Investment revenue	(247,229)	Futures	—	(893,600)
Fixed income futures short	Investment revenue	2,180	Futures	—	49,900
Fixed income options bought	Investment revenue	(6,803)	Options	461	(540,567)
Fixed income options written	Investment revenue	26,045	Options	(8,496)	(38,900)
Foreign currency futures long	Investment revenue	—	Futures	—	—
Foreign currency futures short	Investment revenue	572	Futures	—	—
Foreign currency futures bought	Investment revenue	(610)	Options	—	—
Foreign currency options written	Investment revenue	603	Options	—	—
Futures options bought	Investment revenue	30	Options	—	—
Futures options written	Investment revenue	1,099	Options	(206)	(633)
FX forwards	Investment revenue	(7,359)	Long term instruments	5,885	9,409,539
Index futures long	Investment revenue	572,906	Futures	—	724
Index futures short	Investment revenue	(448,337)	Futures	—	(676)
Pay fixed interest rate swaps	Investment revenue	(10,545)	Swaps	(28,088)	1,071,985
Receive fixed interest rate swaps	Investment revenue	(28,965)	Swaps	(4,776)	1,134,855
Rights	Investment revenue	1,286	Common stock	198	122
Total return swaps bond	Investment revenue	1,187	Swaps	—	—
Warrants	Investment revenue	43,684	Common stock	81,215	\$ 11,688
<b>Grand Totals</b>		<b>\$ (87,570)</b>		<b>\$ 53,408</b>	<b>—</b>

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

*Credit Risk.*

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

The aggregate fair value of derivative instruments in asset positions as of June 30, 2021, was \$122,233,000. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform. The maximum loss would, however, be reduced by the counterparty collateral and the liabilities included in netting arrangements with counterparties.

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

Fair Value	S&P Rating	Fair Value	Moody's Rating	Fair Value	Fitch Rating
\$ 39,043	AA-	\$ 26,807	Aa2	\$ 33,506	AA
30,540	A+	36,390	Aa3	27,656	AA-
36,260	A	39,949	A1	56,441	A+
6,557	A-	12,538	A2	4,630	A
9,833	BBB+	6,549	A3	—	NR
<b>\$ 122,233</b>		<b>\$ 122,233</b>		<b>\$ 122,233</b>	

Risk concentrations are presented in the table below:

Counterparty Name	Percentage of Net Exposure	S&P Rating	Fitch Rating	Moody's Rating
State Street Bank London	18.7	A	AA-	A1
Bank of New York Mellon	18.0	AA-	AA	Aa2
Citibank N.A.	12.8	A+	A+	Aa3
Standard Chartered Bank	10.0	A	A+	A1
Westpac Banking Corporation	7.6	AA-	A+	A1
HSBC Bank Plc	5.4	A-	A+	A2
BNP Paribas SA	5.2	A+	A+	Aa3
Royal Bank of Canada (UK)	5.0	AA-	AA	A2
JP Morgan Chase Bank NA London	3	A+	AA	Aa2
Morgan Stanley Capital Services Inc.	3.0	BBB+	A	A3
UBS AG	3.0	A+	AA-	Aa3
Wells Fargo ICE	2.7	BBB+	A+	A2
Wells Fargo CME	1.1	BBB+	A+	A2
Barclays Bank ICE	0.8	A	A+	A1
Goldman Sachs Bank USA	0.8	BBB+	A	A2
Toronto Dominion Bank	0.6	AA-	AA-	Aa3
Wells Fargo LCH	0.5	BBB+	A+	A2
JP Morgan Chase Bank NA	0.5	A+	AA	Aa2
State Street Bank and Trust Company	0.5	AA-	AA	Aa3
Northern Trust Company, THE	0.2	AA-	AA-	A2
Barclays Bank ICE	0.1	A	A+	A1
HSBC Bank USA	0.1	A+	AA-	Aa3

#### 4. Investments – Component Units:

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

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

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

The investments and maturities as of June 30, 2021, for the component units were as follows (amounts expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)				
		Less than 1	1-5	6-10	11-15	More than 15
U.S. Treasury obligations	\$ 279,151	\$ 11,283	\$ 223,438	\$ 44,277	\$ 18	\$ 135
U.S. government agency obligations	7,590	4,499	2,358	637	29	67
Bond mutual funds	306,008	13,942	130,247	81,287	80,532	—
Corporate debt securities	60,454	3,023	33,187	23,806	257	181
Money market mutual funds	508,038	508,038	—	—	—	—
Total	\$ 1,161,241	\$ 540,785	\$ 389,230	\$ 150,007	\$ 80,836	\$ 383

In addition to the investments scheduled above, as of June 30, 2021, the component units' investments include the fair value of stock mutual funds of \$21,127,300, corporate equity securities of \$816,885,000, real estate of \$183,259,000, and the share of assets invested with the foundation of \$436,810,000.



The component units had the following fair value measurements as of June 30, 2021 (amounts expressed in thousands):

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Debt securities</b>				
U.S. Treasury obligations .....	\$ 279,151	\$ 279,151	\$ —	\$ —
U.S. Government agency obligations .....	7,590	7,590	—	—
Bond mutual funds .....	306,008	306,008	—	—
Corporate debt securities .....	9,080	6,489	7	2,584
Money market mutual funds .....	504,388	504,388	—	—
Total debt securities .....	1,106,217	1,103,626	7	2,584
<b>Equity securities</b>				
Corporate equities - publicly held .....	696,771	452,690	244,081	—
Equity investments in privately-held companies and venture capital partnerships:				
Not publicly traded .....	120,114	—	—	120,114
Stock mutual funds .....	21,127	21,127	—	—
Total equity securities .....	838,012	473,817	244,081	120,114
Real estate .....	19,382	—	—	19,382
The share of the USM's investment in the open-end mutual fund investment of the University System of Maryland Foundations, Inc .....	436,810	—	436,810	—
Total investments by fair value level .....	2,400,422	\$ 1,577,444	\$ 680,898	\$ 142,080
<b>Investments measured at net asset value</b>				
Corporate debt securities .....	51,374			
Real estate .....	163,877			
Total investments measured at NAV .....	215,251			
<b>Investments measured at amortized cost</b>				
Money market mutual funds .....	3,650			
Total investments .....	\$ 2,619,323			

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

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

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

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

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

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

As of June 30, 2021, the component units had the following investments and quality ratings (amounts expressed in thousands):

Investment Type	Fair Value	Quality Rating	Rating Organization	Percentage of Total Investments
U.S. agencies	\$ 286,561	AAA/Aaa	S&P & Moody's	10.94%
U.S. agencies	180	AA/Aaa	S&P & Moody's	0.01
Money market mutual funds	504,388	Aaa	Moody's	19.26
Money market mutual funds	3,650	Not rated	0	0.14
Bond mutual funds	102,899	AAA	S&P	3.93
Bond mutual funds	3,504	AA	S&P	0.13
Bond mutual funds	27,349	A	S&P	1.04
Bond mutual funds	91,478	BBB	S&P	3.49
Bond mutual funds	63,552	B	S&P	2.43
Bond mutual funds	15,378	Caa	S&P	0.59
Bond mutual funds	1,850	Not rated	S&P	0.07
Corporate debt securities	43	AAA	S&P	0.00
Corporate debt securities	5,325	AA	S&P	0.20
Corporate debt securities	7,404	A	S&P	0.28
Corporate debt securities	23,901	BBB	S&P	0.91
Corporate debt securities	15,888	B	S&P	0.61
Corporate debt securities	4,090	Caa	S&P	0.16
Corporate debt securities	3,802	Not rated		0.15
<b>Total</b>	<b>\$ 1,161,242</b>			<b>44.33%</b>

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

In addition to the Maryland Prepaid College Trust, the Maryland 529 Plans consist of the Maryland Senator Edward J. Kasemeyer College Investment Plan, a fiduciary component unit. As of June 30, 2021, the Plan has \$8,645,403, of investments held in trust for individuals and organizations.

*C. Securities Lending Transactions:*

*Fiduciary Funds:*

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

Borrowing brokers must transfer in the form of cash or other securities, collateral valued at a minimum of 102% of the fair value of domestic securities and international fixed income securities, or 105% of the fair value of international equity securities on loan. Collateral is marked to market daily. If the fair value of the pledged collateral falls below the specified levels, additional collateral is required to be pledged by the close of the next business day. In the event of default by a borrowing broker, the Funds' custodial bank is obligated to indemnify the Funds if, and to the extent that, the fair value of collateral is insufficient to replace the lent securities. The Funds have not experienced any loss due to credit or interest rate risk on securities lending activity since inception of the program. As of June 30, 2021, the Funds had no credit risk exposure to borrowers because the fair value of collateral held for securities lent exceeded the fair value of the related securities, as follows (amounts expressed in thousands):

	Fair Value		Percent Collateralized
	Lent Securities	Collateral Received	
Lent for cash collateral:			
U.S. government and agency securities	\$ 2,677,648	\$ 2,712,325	101.30%
U.S. corporate bond and equity securities	1,969,659	2,014,479	102.28
International fixed income securities	12,634	12,914	102.22
International equities	5,174	5,477	105.86
<b>Total securities lent</b>	<b>\$ 4,665,115</b>	<b>\$ 4,745,195</b>	<b>101.72%</b>

During fiscal year 2021, the Funds maintained the right to terminate securities lending transactions upon notice. The lending agent reinvests the cash collateral received on each loan utilizing indemnified repurchase agreements (repos). As of June 30, 2021, such repos had average days to maturity of 11.77 days.

#### 4. Receivables:

Taxes receivable, as of June 30, 2021, consisted of the following (amounts expressed in thousands):

	Major Governmental Funds		Non-Major Governmental Funds	Total Governmental Funds
	General	Special Revenue		
Income taxes .....	\$ 2,283,829	\$ —	\$ —	\$ 2,283,829
Sales and use taxes .....	1,209,298	—	—	1,209,298
Transportation taxes, primarily motor vehicle fuel and excise .....	—	148,938	—	148,938
Other taxes, principally alcohol, tobacco and property .....	41,514	—	23,628	65,141
Less: Allowance for uncollectibles .....	33,679	—	—	33,679
<b>Taxes receivable, net .....</b>	<b>\$ 3,500,961</b>	<b>\$ 148,938</b>	<b>\$ 23,628</b>	<b>\$ 3,673,527</b>

Tax revenues are reported net of uncollectible amounts. Total uncollectible amounts related to tax revenues of the current period were \$3,946,000.

Other accounts receivable in the governmental funds of \$5.7 billion, including \$119,706,000, due in excess of one year, consisted of various miscellaneous receivables for transportation costs, collection of bills owed to the State's collection unit, Medicaid reimbursements, child support and public assistance overpayments and the tobacco settlement.

Other accounts receivable for the enterprise funds of \$601,847,000, primarily consisted of \$252,742,000, due to the Unemployment Insurance Program from employers and for benefit overpayments, \$206,807,000 due to the Maryland Transportation Authority from toll revenue receivable, \$31,091,000, due to the Community Development Administration from accrued interest and claims receivable on foreclosed and other loans and \$60,507,334, due to the Maryland Lottery and Gaming Control Agency from lottery retailers for ticket sale proceeds and from casino operators for gross terminal revenue and table game revenue.

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

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

As of June 30, 2021, the State's deferred outflows of resources and deferred inflows of resources consist of the following components (amounts expressed in thousands):

	Governmental Funds				
	General Fund	Special Revenue Fund	Governmental Activities	Business-Type Activities	Component Units
<b>Deferred Outflows of Resources:</b>					
Loss on refunding of debt – Refunding of some previously outstanding general obligation bonds and revenue bonds resulted in losses .....	\$ —	\$ —	\$ 159,427	\$ —	\$ 10,891
Interest Rate Exchange Agreements (Swaps) - with a variable rate bond issue .....	—	—	—	—	4,531
Pension-related deferred outflows .....	—	—	3,498,589	79,679	427,777
Other post-employment benefit-related deferred outflows .....	—	—	2,404,484	—	774
Asset retirement obligations .....	—	—	—	—	12,276
<b>Total for Deferred Outflows of Resources .....</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 6,062,500</b>	<b>\$ 79,679</b>	<b>\$ 456,249</b>
<b>Deferred Inflows of Resources:</b>					
Governmental fund receivables for revenues that are not considered to be available to liquidate liabilities of the current period .....	\$ 1,068,624	\$ 306,183	\$ —	\$ —	\$ —
Gain on refunding of debt -Refunding of some previously outstanding residential revenue bonds - deferred bond premiums .....	—	—	—	977	765
<b>Service Concession Arrangement receipts of the:</b>					
Maryland Department of Transportation .....	—	—	145,151	—	—
Maryland Transportation Authority .....	—	—	—	44,381	—
University System of Maryland .....	—	—	—	—	233,863
Pension-related deferred inflows .....	—	—	1,527,946	18,222	95,352
Other post-employment benefit-related deferred inflows .....	—	—	2,745,243	—	1,467
<b>Total for Deferred Inflows of Resources .....</b>	<b>\$ 1,068,624</b>	<b>\$ 306,183</b>	<b>\$ 4,418,340</b>	<b>\$ 63,580</b>	<b>\$ 331,447</b>

**6. Loans and Notes Receivable and Investment in Direct Financing Leases:**

*A. Loans and Notes Receivable:*

Loans and notes receivable, as of June 30, 2021, consisted of the following (amounts expressed in thousands):

	Primary Government			Component Units		
	General	Non – major Governmental Funds	Enterprise	Higher Education	Maryland Stadium Authority	Other
Notes receivable:						
Political subdivisions:						
Water quality projects .....	—	\$ 1,112	\$ 1,663,337	—	—	—
Public school construction .....	—	—	—	—	—	—
Other .....	—	—	184,359	—	—	—
Volunteer fire & rescue companies .....	\$ 19,683	—	—	—	—	—
Permanent mortgage loans .....	—	524	2,093,688	—	—	—
Student and health profession loans .....	—	—	—	\$ 35,506	—	—
Shore erosion loans .....	5,603	—	—	—	—	—
Other .....	45	—	—	5,531	\$ 569	\$ 34,718
Total .....	25,331	1,636	3,941,384	41,037	569	34,718
Less: Allowance for possible loan losses .....	—	304	382,121	16,593	—	6,899
Loans and notes receivable, net .....	25,331	1,332	3,559,263	24,444	569	27,819
Due within one year .....	2,585	155	206,446	3,922	456	4,428
Due in more than one year .....	\$ 22,746	\$ 1,177	\$ 3,352,817	\$ 20,522	\$ 113	\$ 23,391

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

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

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

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

*B. Investment in Direct Financing Leases:*

*Enterprise Funds:*

As of June 30, 2021, the Maryland Transportation Authority (Authority) has direct financing leases with the State's Department of Transportation, the Washington Metropolitan Area Transit Authority (WMATA), and the general fund. The present value of direct financing leases as of June 30, 2021, was \$232,726,000. As of June 30, 2021, the Authority held 131,076,000 to be spent to complete assets under these direct financing leases. Lease payments receivable, including unearned interest for each of the five succeeding fiscal years and thereafter, including repayment of amounts to be spent, consist of the following (amounts expressed in thousands):

2022 .....	\$ 20,203
2023 .....	21,029
2024 .....	21,920
2025 .....	22,835
2026 .....	23,798
2027-2031 .....	136,242
2032-2036 .....	73,962
2037-2041 .....	23,505
Total .....	343,494
Unearned interest income .....	20,308
Total lease payments .....	363,802
Restricted investments related to unexpended bond proceeds .....	131,076
Net investment in direct financing leases .....	\$ 232,726

*Component Units:*

As of June 30, 2021, the Maryland Stadium Authority (Authority) has direct financing leases with the State. The present value of the direct financing leases as of June 30, 2021, is \$69,111,000. As of June 30, 2021, the Authority held 37,969,000, to be spent to complete assets under these direct financing leases. Lease payments receivable, including unearned interest for each of the five succeeding fiscal years and thereafter, including repayment of amounts to be spent, consist of the following (amounts expressed in thousands):

2022	\$	16,112
2023		15,275
2024		15,284
2025		13,944
2026		12,939
2027-2031		25,045
2032-2036		25,052
2037-2041		16,679
Total		140,330
Less: unearned interest income		33,250
Net lease payments		107,080
Less: restricted investments related to unexpended bond proceeds		37,969
Net investment in direct financing leases	\$	69,111

**7. Restricted Assets:**

Certain assets of the governmental activities, business-type activities and component units are classified as restricted assets on the Statement of Net Position. The purpose and amount of restricted assets as of June 30, 2021, are as follows (amounts expressed in thousands):

Amount	Purpose
<b>Governmental Activities:</b>	
\$ 5,178	Represents money restricted for construction retainages related to highway and airport projects
220	Represents Economic Development loans and grants to promote and encourage the development of new and existing businesses within the State of Maryland.
289,506	Represents State property taxes restricted to pay debt service on general obligations debt.
1,171	Represents certificates of deposit restricted for Agricultural Land Preservation easement purchases (\$417).
<u>\$ 296,075</u>	
<b>Business-type Activities:</b>	
\$ 3,403,090	Assets of the Community Development Administration are restricted for various mortgage loans for low-income housing.
116,865	The purpose of the restricted assets is to secure the revenue bonds of the Maryland Water Quality Administration made for waste-water treatment systems and bay restoration
707,832	Restricted assets represent deposits with the U.S. Treasury and amounts due from employers to pay unemployment compensation benefits in accordance with federal statute.
41,662	Restricted assets include cash held in separate annuity contracts and coupon bonds for winning lottery ticket payouts; escrow deposits from lottery agents, casino operator license applicants and other gaming license applicants prior to being recognized as revenue; and prize fund reserves for multi-state lotteries.
648,567	Cash and investments have been restricted in accordance with revenue bond debt covenants of the Maryland Transportation Authority for completion of capital projects and debt service.
84,571	Assets have been restricted by the Maryland Housing Fund to pay possible future claims under insurance for losses on mortgage loans.
<u>\$ 5,002,587</u>	
<b>Component Units:</b>	
\$ 169,886	Restricted assets of higher education include funds held by the trustee for future specific construction projects and to pay debt service and cash restricted for endowment purposes
645,859	Restricted assets of Maryland Stadium Authority include cash and investments that relate to revenue bond indentures.
3,448	Restricted assets include cash and investments that relate to revenue bond indentures and to restricted project funds for the provision of water supply, wastewater treatment, and solid waste management by Maryland Environmental Service.
1,782	Cash has been restricted to fulfill funding commitments of certain investments of Maryland Technology Development Corporation.
<u>\$ 820,975</u>	

## 8. Interfund Receivables and Payables:

Interfund balances, as of June 30, 2021 consisted of the following (amounts expressed in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue	\$ 251,981 <sup>(1)</sup>
	Fund Enterprise Funds -	
	Economic Development Loan Programs	3,797 <sup>(2)</sup>
	Maryland Lottery and Gaming Control Agency	102,075 <sup>(3)</sup>
		<u>\$ 357,853</u>
Special Revenue Fund	General Fund	\$ 216,596 <sup>(4)</sup>
	Enterprise Funds -	
	Maryland Transportation Authority	48,554 <sup>(5)</sup>
		<u>\$ 265,150</u>
Enterprise Funds - Economic Development Loan Programs	General Fund	\$ 25,712 <sup>(6)</sup>
	Non-major governmental funds	56,341 <sup>(7)</sup>
	Unemployment Insurance Program	6,398 <sup>(6)</sup>
	Maryland Transportation Authority	66,943 <sup>(8)</sup>
		<u>\$ 155,394</u>
Custodial Fund - Local Income Taxes	General Fund	\$ 822,446 <sup>(9)</sup>

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

The receivable and payable transactions between the Primary Government and Component Units, as of June 30, 2021, consist of the following (amounts expressed in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Higher Education Fund	\$ 1,327
	Non-major component units	5,077
		<u>\$ 6,404</u>
Component Units - Maryland Stadium Authority Maryland Prepaid College Trust Maryland Economic Development Assistance Authority and Fund	Custodial Fund -	
	Local Transportation Funds and Other Taxes	\$ 867
	General Fund	640
	General Fund	50,470
		<u>\$ 51,977</u>

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

- (1) The amount represents Transportation Trust Fund revenues transferred back to the general fund in July and August, 2021.
- (2) This amount represents payable balances for economic development loan program transfers.
- (3) This amount represents monies collected by the Maryland Lottery and Gaming Control Agency in June, 2021, and paid to the general fund in July, 2021.
- (4) The amount represents income and sales tax subsidies and return of health insurance costs from the general fund.
- (5) The Maryland Transportation Authority collects fees for the special revenue fund. The money will be used to build and maintain special revenue fund infrastructure, structures and other improvements.
- (6) These amounts represent receivable balances from general fund subsidies.
- (7) Bond funds collected by the capital projects fund on behalf of the economic development loan programs.
- (8) The Maryland Transportation Authority receives rent, interest income and fees for services from the special revenue fund.
- (9) The estimated refunds were made in accordance with Section 2-606 of Tax-General Article of the Annotated Code of Maryland from the reserve of unallocated tax revenue that the Comptroller estimates will be claimed and refunded to taxpayers within 3 years of the date that the income tax return was filed. The money will be used to provide funding for public elementary and secondary education and the Maryland Medicaid Program among other uses.



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

**9. Interfund Transfers:**

Interfund transfers, for the year ended June 30, 2021, consisted of the following (amounts expressed in thousands):

Transfers In	Transfers Out	Amount
General Fund	Non-major Governmental Funds	\$ 49,593
	Enterprise Funds -	
	Maryland Lottery and Gaming Control Agency	1,392,755
		<u>\$ 1,442,348</u>
Special Revenue Fund	General Fund	<u>\$ 290,092</u>
Non-major Governmental Funds	General Fund	\$ 419,425
	Special Revenue Fund	412,440
		<u>\$ 831,866</u>
Enterprise Funds -		
Loan Programs	General Fund	\$ 9,066
	Non-major Governmental Funds	102,914
		<u>\$ 111,980</u>

Transfers are primarily used to 1) transfer revenues from the fund required by statute or budget to collect the revenue to the fund required by statute or budget to expend them, 2) transfer receipts restricted to debt service from the funds collecting the receipts to the non-major governmental funds as debt service payments become due, and 3) provide unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In addition, the non-major governmental funds transferred \$30,657, of Program Open Space funds, \$170, of interest earned on bonds and \$912, for expenses for bond sales to the general fund.

The Maryland Lottery and Gaming Control Agency transferred revenue in excess of funds allocated to prize awards, casino operators, operating expenses and capital expenditure payments in the amount of \$1,392,755, to the general fund. The general fund transferred \$9,066, to support the operations of Enterprise Funds - Loan Programs. Expenditures for capital projects of \$102,914, were transferred to Enterprise Funds - Loan Programs.

During the year, the general fund and other governmental funds had expenditures of \$1,687,347, and \$206,624, respectively, that were for funds provided to supplement revenues and construction costs, respectively, of the higher education component units. The general fund also had net expenditures of \$35,798, that were for funds provided to supplement revenues of the Maryland Stadium Authority. The general fund transferred appropriations to economic component units Maryland Small Business Development Financing Authority and Maryland Economic Development Assistance Authority and Fund of \$11,512 and \$3,000 respectively. The general fund transferred \$25,773, to the non-major component unit, the Maryland Technology Development Corporation, TEDCO, for Maryland Stem Cell Research and other operating grants. TEDCO transferred to the general fund \$17,670, as distributions/returns from Venture Capital Limited Partnerships. These expenditures are recorded as grants and contributions on component unit financial statements.

## 10. Capital Assets:

### A. Capital Assets, Primary Government:

Capital assets activity by asset classification net of accumulated depreciation, for the year ended June 30, 2021, was as follows (amounts expressed in thousands):

#### Governmental activities:

Classification	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not depreciated				
Land and improvements	\$ 3,884,272	\$ 91,809	\$ 10,903	\$ 3,965,178
Art and historical treasures	22,639	—	—	22,639
Construction in progress	7,240,999	593,222	8,077	7,826,144
Total capital assets, not depreciated	11,147,910	685,032	18,980	11,813,962
Capital assets, being depreciated				—
Structures and improvements	8,356,541	119,766	11,207	8,465,100
Equipment	3,805,836	127,005	61,505	3,871,336
Infrastructure	27,972,903	832,207	8,706	28,796,404
Total capital assets, being depreciated	40,135,280	1,078,978	81,418	41,132,840
Less: accumulated depreciation				—
Structures and improvements	4,381,944	191,672	70	4,573,546
Equipment	2,817,039	147,815	47,562	2,917,292
Infrastructure	17,671,490	1,019,616	10,441	18,680,665
Total accumulated depreciation	24,870,473	1,359,103	58,073	26,171,503
Total capital assets, net	\$ 26,412,717	\$ 404,907	\$ 42,325	\$ 26,775,299

#### Business-type activities:

Classification	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not depreciated				
Land and land improvements	\$ 400,783	\$ 2,064	\$ —	\$ 402,847
Construction in progress	1,320,690	426,815	134,322	1,613,183
Total capital assets, not depreciated	1,721,473	428,879	134,322	2,016,030
Capital assets, being depreciated				
Structures and improvements	195,007	29,846	1,599	223,254
Equipment	110,721	4,715	3,530	111,906
Infrastructure	6,665,315	104,476	22,008	6,747,783
Total-Capital assets, being depreciated	6,971,043	139,037	27,137	7,082,943
Less: accumulated depreciation,				
Structures and improvements	37,706	3,881	1,075	40,512
Equipment	62,814	8,215	3,520	67,509
Infrastructure	2,006,506	151,999	11,673	2,146,832
Total accumulated depreciation	2,107,026	164,095	16,268	2,254,853
Total capital assets, net	\$ 6,585,490	\$ 403,821	\$ 145,191	\$ 6,844,120

*B. Depreciation Expense, Primary Government:*

The depreciation expense for the year ended June 30, 2021, for the primary government was charged as follows (amounts expressed in thousands):

**Governmental activities:**

<b>Function</b>	<b>Amount</b>
General government .....	\$ 28,337
Education .....	2,950
Human resources .....	20,173
Health and mental hygiene .....	11,605
Environment .....	322
Public safety .....	47,993
Natural resources and recreation .....	20,699
Transportation .....	1,204,239
Agriculture .....	20,402
Labor, licensing and regulation .....	455
Judicial .....	1,928
Total depreciation expense – governmental activities .....	<u>\$ 1,359,102</u>

**Business-type activities:**

<b>Function</b>	<b>Amount</b>
MLGCA .....	\$ —
Transportation Authority .....	163,249
Maryland Correctional Enterprises .....	826
Economic Development Loan Programs .....	20
Total depreciation expense – business-type activities .....	<u>\$ 164,095</u>

## 11. Long-Term Obligations:

### A. Governmental Activities:

Changes in governmental activities' long term debt, for the year ended June 30, 2021, which do not include direct borrowings or direct placements, were as follows (amounts expressed in thousands):

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
<b>Bonds and Notes Payable:</b>					
General obligation bonds	\$ 9,772,468	\$ 1,486,390	\$ 1,345,928	\$ 9,912,930	\$ 950,732
Transportation bonds	3,627,190	519,880	254,860	3,892,210	296,750
Add: Issuance premiums, net	1,781,101	443,659	269,035	1,955,725	58,257
<b>Total bonds and notes payable</b>	<b>15,180,759</b>	<b>2,449,929</b>	<b>1,869,823</b>	<b>15,760,865</b>	<b>1,305,739</b>
<b>Other Liabilities:</b>					
Compensated absences	335,145	217,011	159,942	392,214	229,606
Self insurance costs	344,629	1,844,945	1,836,093	353,481	114,811
Net pension liability	18,625,157	1,724,351	—	20,349,508	—
Net other post employment benefits liability	17,257,184	50,320	1,625,876	15,681,628	—
Obligations under capital leases	710,831	—	242,586	468,245	70,717
Obligations under capital leases with component units	59,512	9,599	—	69,111	16,112
Pollution remediation	160,385	—	939	159,446	693
Other long-term liabilities	793	—	376	417	283
<b>Total other liabilities</b>	<b>37,493,636</b>	<b>3,846,227</b>	<b>3,865,812</b>	<b>37,474,050</b>	<b>432,222</b>
<b>Total long-term liabilities – governmental activities</b>	<b>\$ 52,674,395</b>	<b>\$ 6,296,156</b>	<b>\$ 5,735,635</b>	<b>\$ 53,234,915</b>	<b>\$ 1,737,961</b>

### General Obligation Bonds –

General obligation bonds are authorized and issued primarily to provide funds for State owned capital improvements, facilities for institutions of higher education and the construction of public schools in political subdivisions. Bonds have also been issued for local government improvements, including grants and loans for water quality improvement projects and correctional facilities, and to provide funds for loans or outright grants to private, not-for-profit cultural or educational institutions. Under constitutional requirements and practice, the Maryland General Assembly, by a separate enabling act, authorizes loans for particular objects or purposes. Thereafter, the Board of Public Works, a constitutional body comprised of the Governor, the Comptroller and the State Treasurer, by resolution, authorizes the issuance of bonds in specified amounts. Bonds are issued and accounted for on a “cash flow” basis rather than a “project” basis and are not sold to specifically fund an enabling act. General obligation bonds are subject to arbitrage regulations. However, there are no major outstanding liabilities in connection with these regulations as of June 30, 2021. Bonds are subject to redemption provisions at the option of the State.

General obligation bonds, which are paid from the general obligation debt service fund, are backed by the full faith and credit of the State and, pursuant to the State Constitution, must be fully paid within 15 years from the date of issue. Property taxes, bond premiums, interest subsidy payments from the Federal government, debt service fund loan repayments and general fund and capital projects fund appropriations provide the resources for repayment of general obligation bonds. During fiscal year 2021, the State issued \$1,486,390,000, of general obligations at a premium of \$353,596,000, with related issuance costs of \$2,574,000.

Included in bond issuances were \$471,390,000, to refund certain outstanding general obligation bonds issued between 2009 and 2012. From the refunding bonds and related premium of \$37,252,000, \$507,984,000, was transferred to an escrow account and used to purchase U.S. Government securities. These securities will be used to secure the principal and interest related to the refunded bonds. The interest rates on the refunded bonds range from 2.0% to 5.0%. The purpose of the refunding was to realize savings on debt service costs. The aggregate difference in debt service between the refunded debt and the refunding debt was \$22,940,000.

Previously refunded bonds of \$980,640,000, maturing in fiscal years 2022-2028 and callable in fiscal years 2022-2024 were considered defeased as of June 30, 2021. Accordingly, the trust account assets and the liability for the defeased bonds are not included in these financial statements.

General obligation bonds issued and outstanding, as of June 30, 2021, were as follows (amounts expressed in thousands):

Issue	Maturity	Interest Rates	Annual Principal Installments	Principal Issued	Principal Outstanding
3/15/2007 (a)	2063	- % \$	4,378 \$	4,378 \$	4,378
3/1/2008 (a)	2073	-	4,986	4,986	4,986
12/15/2009 (g)	2190	—	50,320	50,320	50,320
12/15/2009 (a)	2090	1.6	371	5,563	1,483
3/1/2010 (f)	2101	4.0-4.6	55,430-62,170	400,000	238,210
8/1/10 (f)	2105	4.2-4.3	17,960-18,465	75,000	75,000
8/1/10 (g)	2106	4.4	45,175	45,175	45,175
12/8/10 (b)	2107	500.0	4,543	4,543	4,543
8/5/2011 (b)	2027	4.2	15,900	15,900	15,900
8/5/2011 (j)	2118	4.2	6,500	6,500	6,500
3/20/2012 (b)	2128	1.7	38,295-40,005	138,380	78,300
3/15/2013 (b)	2126	2.8	426	15,230	15,230
3/15/2013 (b)	2138	1.1	33,480	165,135	33,480
8/6/2013 (i)	2132	3.2	32,795-34,475	435,000	34,475
12/19/2013 (a)	2130	-	303	4,549	2,426
3/18/14 (i)	2141	2.8	35,430-37,200	450,000	171,855
3/18/14 (b)	2147	1.2	68,925-15,440	236,855	15,440
8/5/14 (i)	2142b	3.0-5.0	28,095-34,645	449,615	212,145
8/5/14 (a)	2148	5.0-5.3	66,245-201,915	649,715	583,470
12/18/14 (a)	2143	-	308	4,625	2,775
3/17/15 (i)	2151	3.0-5.0	33,855-31,545	518,000	219,045
3/17/15 (b)	2157	400.0	1,135-64,640	365,360	364,225
8/3/15 (i)	2152	2.8-5.0	31,090-32,685	450,000	371,705
12/17/15 (a)	2153	-	308	4,625	3,083
6/22/16 (i)	2161	3.0-5.0	64,485-67,705	1,036,000	851,615
12/15/16 (a)	2163	-	312	4,680	3,432
3/22/17 (i)	2171	3.3-5.0	25,345-44,190	575,000	575,000
3/22/17 (c)	2175	1.8-2.3	41,750-17,190	100,000	17,190
3/22/17 (b)	2177	500.0	123,030-88,320	465,685	333,655
8/30/17 (i)	2172	3.0-5.0	30,945-32,530	550,000	519,055
8/30/17 (b)	2178	500.0	5,250-38,946	785,340	778,930
12/15/17 (a)	2173	-	322	4,823	3,859
3/21/18 (i)	2181	3.1-5.0	22,022	475,000	475,000
3/21/18 (c)	2185	2.5-2.7	30,785-19,215	50,000	19,215
8/15/18 (i)	2182	500.0	28,695-30,170	275,295	275,295
8/15/18 (i)	2182b	4.0-5.0	42,815-45,010	234,705	234,705
4/09/19 (i)	2191	500.0	27,755-29,140	265,040	265,040
4/09/19 (i)	2191b	3.0-5.0	41,005-43,060	224,960	224,960
8/28/20 (i)	2192	500.0	34,260-36,015	248,675	248,675
8/28/20 (i)	2192b	2.0-5.0	46,250-48,620	251,325	251,325
8/28/20 (c)	2195	1.6	32,025-17,975	50,000	50,000
3/18/20 (i)	2201	500.0	14,985-33,825	245,055	245,055
3/18/20 (i)	2201b	4.0-5.0	45,330-47,595	249,945	249,945
3/18/20 (c)	2205	0.9-1.0	32,220-17,780	50,000	50,000
3/18/20 (b)	2207	3.0-5.0	31,275-14,360	232,230	200,440
8/5/20 (i)	2202	5	30,240-31,790	290,080	290,080
8/5/20 (i)	2202b	5	45,115-47,425	249,920	249,920
8/5/20 (b)	2208	5	69,230-46,540	115,770	115,770
8/5/20 (b)	2209	.3-1.1	6,555-6,975	355,620	355,620
3/10/21 (i)	2211	5	7,630-29,380	207,460	207,460
3/10/21 (i)	2211b	5	39,370-41,335	217,540	217,540
3/10/21 (c)	2215	.3-.5 %	28,765-21,235	50,000	50,000
				\$ 12,359,602	\$ 9,912,930

(1) Includes refunding debt

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

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

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

(5) Taxable bond sale

(6) Institutional bond sale

(7) Negotiated bond sale

(8) Competitive bond sale

(9) Qualified Energy Construction bond sale

General obligation bonds authorized, but unissued, as of June 30, 2021, totaled \$2,572,652,000.

As of June 30, 2021, general obligation debt service requirements for principal and interest in future years were as follows (amounts expressed in thousands):

Years Ending June 30,	Principal	Interest
2022	\$ 950,732	\$ 425,525
2023	987,355	396,157
2024	1,005,999	351,746
2025	1,050,299	310,118
2026	3,522,622	711,587
2027-2031	2,173,317	261,007
2032-2036	222,605	8,604
Total	\$ 9,912,930	\$ 2,464,745

Subsequent to June 30, 2021, on August 5, 2021, general obligation bonds aggregating \$852,125,000, were issued for capital improvements and to refund previously existing debt. The general obligation bonds have interest rates ranging from .3% to 5.0% and mature through 2035.

**Transportation Bonds –**

Transportation bonds outstanding as of June 30, 2021, were as follows (amount expressed in thousands):

	Outstanding
Consolidated Transportation Bonds – 2.1% to 5.5%, due serially through 2035 for State transportation activity	\$ 3,392,920
Consolidated Transportation Bonds, Refunding – 4.0% to 5.0%, due serially through 2027 for State transportation activity	279,410
Special Transportation Project Revenue Bonds - 0.36% - 1.69%, due serially through 2031 for for State transportation activity	219,880
Total	\$ 3,892,210

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

As provided by law, the General Assembly shall establish in the budget for any fiscal year a maximum outstanding aggregate amount of these Consolidated Transportation Bonds as of June 30 of the respective fiscal year that does not exceed \$4,500,000,000, through June 30, 2021, and thereafter. The aggregate principal amount of those bonds that was allowed to be outstanding as of June 30, 2021, was \$3,877,330,000. The aggregate principal amount of Consolidated Transportation Bonds outstanding as of June 30, 2021, was \$3,892,210,000. Consolidated Transportation Bonds are payable from the proceeds of certain excise taxes levied by statute, a portion of the corporate income tax and a portion of the State sales tax credited to the Department. These amounts are available to the extent necessary for that exclusive purpose before being available for other uses by the Department. If those tax proceeds become insufficient to meet debt service requirements, other receipts of the Department are available for that purpose. The holders of such bonds are not entitled to look to other State resources for payments.

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

The 2020 session of the General Assembly established a maximum outstanding principal amount of \$951,000,000, as of June 30, 2021, for all nontraditional debt of the Department. Nontraditional debt outstanding is defined as any debt instrument that is not a Consolidated Transportation Bond or GARVEE bond (tax-exempt debt backed by annual federal appropriations for federal-aid transportation projects). This debt includes certificates of participation, debt backed by customer facility charges, passenger facility charges, or other revenues, and debt issued by the Maryland Economic Development Corporation or any other third party on behalf of the Department. As of June 30, 2021, the Department’s nontraditional debt outstanding was \$260,947,000, and was reported as obligations under capital leases and includes funds held by the bond trustee under these agreements.

Arbitrage regulations are applicable to the transportation bonds payable. The Department estimates there are no material liabilities for arbitrage rebates as of June 30, 2021.

During the year, the Department issued Consolidated Transportation Bonds in the amount of \$300,000,000, with net premiums of \$90,063,000, with maturities ranging from October 2023 to October 2035, and with interest rates ranging from 2.1% to 5.0%. As of June 30, 2021, the Department has no defeased debt outstanding.



As of June 30, 2021, Department bond debt service requirements for principal and interest in future years were as follows (amounts expressed in thousands):

Years Ending June 30,	Consolidated Transportation Bonds	
	Principal	Interest
2022	\$ 296,750	\$ 154,875
2023	333,310	141,122
2024	325,860	124,359
2025	326,700	110,141
2026	322,230	95,831
2027-2031	1,621,780	274,983
2032-2036	665,580	41,865
Total	\$ 3,892,210	\$ 943,176

County Transportation Bonds are issued by the Department and the proceeds are used by participating counties and Baltimore City to fund local road construction, reconstruction and other transportation projects and facilities and to provide local participating funds for Federally-aided highway projects. Debt service on these bonds is payable from the participating counties' and Baltimore City's share of highway user revenues. County transportation debt is the obligation of the participating counties rather than the Department. Unexpended bond proceeds in the amount of \$11,561,000, and certain debt service sinking fund amounts aggregating \$17,225,000, were invested in money market accounts as of June 30, 2021. These funds are restricted for project funds and county bond debt service, respectively, and are reported as cash and cash equivalents in the custodial funds. As of year end, \$100,595,000, in County Transportation Revenue Bonds were outstanding.

On February 10, 2021, Special Transportation Project Refunding Revenue Bonds series 2021A were issued in the amount of \$219,880,000 to redeem previously issued capital leases. From the proceeds of the Series 2021A bonds, funds in the amount of \$108,009,000 were deposited in an escrow account to redeem outstanding refunding bonds issued by MDTA on behalf of the Department in 2012 related to the financing of BWI Marshall Airport's parking and roadway projects and funds in the amount of \$120,044,00 were deposited in an escrow account to redeem outstanding refunding bonds. At the end of the current fiscal year the Department had total Special Transportation Project Revenue Bonds outstanding of \$219,880,000. The Series 2021A Bonds are dated with maturities ranging from 2024 to 2031, at annual interest ranging from 0.36%-1.69%.

Subsequent to June 30, 2021, on July 14, 2021, the Department issued \$190,485,000 of 2021 Series B Special Transportation Project Revenue bonds with interest rates ranging from 4.0 % to 5.0% maturing from 2026 to 2041, to fund a portion of transportation projects. On October 7, 2021, the Department issued \$434,210,000 Consolidated Transportation Bonds with interest rates ranging from 2.0% to 5.0% maturing from 2022 to 2036, to fund transportation projects.

*Obligations Under Capital Leases –*

There are no capital lease obligations with third parties in fiscal year 2021, entered into by the general fund. The capital leases with component units include the general fund's capital leases with the Maryland Stadium Authority, which are being paid with the net proceeds transferred from certain lottery games. Following is a schedule of annual future minimum payments under these obligations, along with the present value of the related net minimum payments as of June 30, 2021, (amounts expressed in thousands):

Years Ending June 30,	Capital Lease Obligations with	
	Third Parties	Component Units
2022	\$ 78,338	\$ 16,112
2023	71,926	15,274
2024	67,917	15,284
2025	63,150	13,944
2026	60,025	12,939
2027-2031	270,136	25,045
2032-2036	91,885	25,053
2037-2041	25,410	16,679
Total future minimum payments	728,786	140,330
Less: Amount representing interest	150,897	33,250
Less: Restricted cash and investments	109,644	37,969
Present value of net minimum payments	\$ 468,245	\$ 69,111

The reduction shown for restricted cash and investments in the amounts of \$109,644,000, and \$37,969,000, is monies held by the bond trustee to be used primarily for construction expenditures.

The assets acquired through capital leases were as follows (amounts expressed in thousands):

Asset	Third Parties
	Amount
Construction in progress	\$ 98,069
Land and improvements	19,041
Buildings and improvements	1,453,862
Machinery and equipment	279,286
Infrastructure	335,141
Total acquired assets	2,185,398
Less: Accumulated depreciation	1,080,768
Total capital assets – net	\$ 1,104,630

*Pollution Remediation Obligations –*

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

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

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

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

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

The pollution remediation estimated liability is \$159,446,000, with no estimated recoveries from third parties to reduce the liability. Included in this liability are cost estimates for site monitoring and repair, excavation of road and infrastructure and replacement of buildings as a result of site contamination by hazardous materials under Federal and State law in the amount of \$157,346,000. In these cases, either the State has been named in a lawsuit by a State regulator or the State legally obligated itself under the Environmental Article, Section 7-201, of the Annotated Code of Maryland.

The estimated liability also includes \$2,100,000, for the clean-up of illegal tire dumps for which the State is legally obligated under the Environmental Article, Section 9-2 of the Annotated Code of Maryland.

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

*Agricultural Land Preservation Installment Purchase Obligation–*

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

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

A summary of long-term debt outstanding for the agricultural land preservation installment purchase obligation as of June 30, 2021 is as follows (amounts expressed in thousands):

Years Ending June 30,	Principal	Interest
2022	283	5
2023	67	—
2024	67	—
Total	\$ 417	\$ 5

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

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

Changes in long-term obligations for business-type activities as of June 30, 2021, were as follows (amounts expressed in thousands):

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Bonds Payable:					
Revenue bonds payable	\$ 5,520,096	\$ 1,393,708	\$ 1,162,115	\$ 5,751,689	\$ 445,425
Other Liabilities:					
Lottery prizes	31,715	9,177	4,369	36,523	5,365
Escrow deposits	73,428	38,075	37,309	74,194	26,104
Compensated absences	17,999	8,157	6,226	19,930	3,282
Self-insurance costs	19,764	2,952	3,066	19,650	2,948
Pension liability	287,539	26,795	324	314,010	—
Total other liabilities	430,445	85,156	51,294	464,307	37,699
Total long-term liabilities - business type activities	\$ 5,950,541	\$ 1,478,864	\$ 1,213,409	\$ 6,215,996	\$ 483,124

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

Year Ending June 30,	Community Development Administration		Maryland Water Quality Financing Administration		Maryland Transportation Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
	2022	\$ 297,704	\$ 74,837	\$ 26,375	\$ 8,886	\$ 50,138
2023	82,198	70,392	27,605	7,659	65,689	110,553
2024	70,103	68,808	24,355	6,298	77,160	107,140
2025	70,549	67,195	25,725	5,080	80,695	103,348
2026	73,750	65,489	23,340	3,794	84,153	99,297
2027-2031	424,639	293,020	94,715	7,125	480,472	430,309
2032-2036	414,787	231,136	—	—	498,212	311,550
2037-2041	398,800	169,754	—	—	535,545	193,142
2042-2046	423,752	111,150	—	—	357,165	84,993
2047-2051	303,363	47,092	—	—	230,695	27,419
2052-2056	65,063	14,685	—	—	19,545	10,786
2057-2061	40,592	4,656	—	—	—	—
2062-2066	7,385	229	—	—	—	—
Subtotals	2,672,685	1,218,443	222,115	38,842	2,479,469	1,583,965
Discounts and premiums	59,103	—	7,035	—	241,169	—
Totals	\$ 2,731,788	\$ 1,218,443	\$ 229,150	\$ 38,842	\$ 2,720,638	\$ 1,583,965

*Community Development Administration (Administration) – Revenue Bonds*

The Administration, an agency of the Department of Housing and Community Development, has issued revenue bonds, proceeds of which were used for various mortgage loan programs. Assets aggregating approximately \$3,402,697,000 and revenues of each mortgage loan program are pledged as collateral for the revenue bonds. Interest rates range from 0.2% to 5.4%, with the bonds maturing serially through 2060. The principal amount outstanding as of June 30, 2021, was \$2,731,788,000. Substantially all bonds are subject to redemption provisions at the option of the Administration. Redemptions are permitted at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans. During fiscal year 2021, the Administration issued \$426,049,210, of revenue bonds with interest rates ranging from 0.1% to 4.0% and maturing serially through 2060.

There were no economic refundings for the year ended June 30, 2021. The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred inflow of resources at its unamortized balance of \$467,936, as of June 30, 2021.

Subsequent to June 30, 2021, the Administration issued a total of \$181,395,000, and redeemed a total of \$207,225,000, revenue bonds.

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

The Administration, an agency of the Department of Environment, has issued revenue bonds for providing loans and grants. Interest rates range from 1.5% to 4.1%, payable semiannually, with annual installments from \$2,905,000, to \$24,640,000, to March 1, 2030. The principal amount outstanding as of June 30, 2021, was \$222,115. These bonds are payable solely from the revenue, money or property of the Administration.

*Maryland Transportation Authority Bonds:*

**Bonds outstanding as of June 30, 2021, are as follows (amounts expressed in thousands):**

BWI Consolidated Car Rental Facility Revenue Bonds, Series 2002, maturing in annual installments ranging from \$4,200 to \$8,505 from July 1, 2021, to July 1, 2032, with interest rates ranging from 2.7% to 6.7%, payable semiannually	\$ 73,430
Lease Revenue Refunding Bonds, Series 2015, maturing in annual installments ranging from \$1,113 to \$1,422 from July 1, 2021, to July 1, 2032, with an interest rate of 2.6% payable semiannually	14,604
Series 2017 Revenue Refunding Bonds maturing in annual installments of \$5,000 to \$11,030, from July 1, 2021 to July 1, 2040, with interest rates ranging from 3.0% to 5.0% payable semiannually	156,470
Series 2009 Revenue Bonds, for construction and improvements of Authority’s Transportation Facilities projects, maturing from July 1, 2021 to July 1, 2043, with interest rates ranging from 5.8% to 5.9% payable semiannually	450,515
Series 2010 Revenue Bonds, for construction and improvements of the Authority’s Transportation Facilities projects, maturing from July 1, 2021 to July 1, 2041, with interest rates ranging from 3.0% to 5.8% payable semiannually	296,640
Passenger Facility Charge Revenue Bonds, Series 2012A, maturing in annual installments of \$2,345 to \$3,780 from June 1, 2022 to June 1, 2032, with interest rates ranging from 0.7% to 4.3% payable semiannually	33,005
Series 2012 Revenue Refunding Bonds maturing in annual installments of \$4,440 to \$6,225, from July 1, 2021 to July 1, 2029, with interest rates ranging from 3.0% to 5.0% payable semiannually	48,105
Passenger Facility Charge Revenue Bonds, Series 2012B, maturing in annual installments of \$6,915 to \$7,765 from June 1, 2022 to June 1, 2027, with interest rates ranging from 0.6% to 2.7% payable semiannually	43,925
Variable Passenger Facility Charge Revenue Bonds, Series 2012C, via sinking fund payments of \$43,400 through June 1, 2032, with a current variable rate of 0.07%	43,400
Passenger Facility Charge Revenue Bonds BWI Thurgood Marshall Airport, Series 2014, maturing in annual installments of \$1,830 to \$2,535 from June 1, 2022 to June 1, 2034, with interest rates ranging from 0.4% to 3.8% payable semiannually	30,045
Series 2019 Revenue Refunding Bonds maturing in annual installments of \$12,130 to \$13,375, from July 1, 2021 to July 1, 2023, with an interest rate of 5.0% payable semiannually	38,240
Passenger Facility Charge Revenue Bonds, Series 2019, maturing in annual installments of \$3,800 to \$8,145 from June 1, 2022 to June 1, 2039, with interest rates ranging from 1.5% to 2.8% payable semiannually	105,085
Series 2020 Revenue Bonds maturing in annual installments of \$6,735 to \$21,565, from July 1, 2022 to July 1, 2050, with an interest rate of 4.0% to 5% payable semiannually	400,000
Series 2021 Revenue Bonds maturing in annual installments of \$6,625 to \$39,510, from July 1, 2022 to July 1, 2051, with an interest rate of 2.0% to 5% payable semiannually	746,005
Unamortized premium	241,169
<b>Total</b>	<b>\$ 2,720,638</b>

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

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

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

In April 2010, the DHCD obtained a loan from the John D. and Catherine T. MacArthur Foundation to preserve affordable housing for low-income persons and families near military bases in counties in Maryland impacted by the Base Realignment and Closure initiative (BRAC). In fiscal year 2012, several Maryland counties committed matching funds for participation in the BRAC. As of June 30, 2021, total notes payable for BRAC are \$1,585,000. This balance includes the loans received from the MacArthur Foundation as well as several Maryland counties. The loans bear interest at the rate of 2.0%, and are committed for no less than 10 years.

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

*Higher Education –*

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

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

Year Ending June 30,	Notes Payable and Other Long-Term Debt		Revenue Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 4,436	\$ 159	\$ 90,015	\$ 48,937
2023	3,297	102	92,565	43,610
2024	3,082	44	89,920	39,442
2025	471	—	82,045	35,457
2026	161	—	81,680	31,884
2027-2031	161	—	376,176	108,739
2032-2036	—	—	225,995	52,889
2037-2041	—	—	96,200	21,608
2042-2046	—	—	28,315	10,832
2047-2051	—	—	36,620	4,539
Total	11,608	305	1,199,531	397,937
Accumulated accreted interest, premiums and discounts	—	—	150,226	—
Total	\$ 11,608	\$ 305	\$ 1,349,757	\$ 397,937

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

As of June 30, 2021, higher education institutions have defeased debt outstanding of \$175,101,000, resulting from the refunding of previously issued debt. Accordingly, the trust account assets and the liability for the defeased bonds were not included in these financial statements.

As of June 30, 2021, cash and investments were held by the trustees for the higher education institutions in the amount of \$104,272,000, for the University System of Maryland (System), \$19,286,000, for St. Mary’s College of Maryland, and \$223,000, for Morgan State University.

On February 24, 2021, University System of Maryland issued \$237,285,000, of 2021 Series A Bonds at interest rates ranging from 4.0% to 5.0% maturing from 2022 to 2051 for refinancing \$52,200,000, of previously issued bonds for construction and university facilities renewal. The reduction in future debt service between the refunding debt and the refunded debt was \$7,510,000. The economic gain on the transaction was \$6,935,000.

On February 24, 2021, University System of Maryland issued \$108,530,000, of 2021 Series B Bonds at interest rates ranging from 0.15% to 1.79% maturing from 2022 to 2034 for refinancing \$98,605,000, of previously issued bonds for construction and university facilities renewal. The reduction in future debt service between the refunding debt and the refunded debt was \$11,290,000. The economic gain on the transaction was \$10,238,000.

Obligations under capital leases of \$48,540,000 existed as of June 30, 2021, and bore interest at annual rates ranging from 1.0% to 6.8%.

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

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

<b>Years Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2022	\$ 32,195	\$ 58,542
2023	32,177	57,121
2024	33,125	55,695
2025	32,070	54,429
2026	31,585	52,807
2027-2031	136,845	245,460
2032-2036	191,165	212,082
2037-2041	266,700	165,448
2042-2046	308,745	106,716
2047-2049	258,590	29,534
<b>Total</b>	<b>1,323,197</b>	<b>1,037,834</b>
Unamortized premium net of unamortized discount	217,704	—
<b>Total</b>	<b>\$ 1,540,901</b>	<b>\$ 1,037,834</b>

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

In April 2013, the BCPS Construction and Revitalization Act was passed. The General Assembly authorized the Authority to issue up to \$1.1 billion in debt as limited obligations of the Authority, payable solely from the BCPS Financing Fund, established under the Act. As of June 30, 2021, the Authority has issued BCPS Construction and Revitalization Program Revenue Bonds totaling \$746,440,000. In support of the bonds, the Authority will receive \$60,000,000, annually, \$20,000,000, each from the State of Maryland, Baltimore City, and Baltimore City Board of School Commissioners (BCBSC). Sources of revenues include a portion of State lottery revenues, a portion of state education aid currently committed to Baltimore City Public Schools, and other taxes collected by or payable to Baltimore City.

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

On July 21, 2020, the Authority issued the Series 2020A Maryland Stadium Authority Baltimore City Public Schools (BCPS) Construction and Revitalization Program Revenue Bonds, Series 2020A of \$194.0 million. The proceeds of the \$194.0 million will be used for issuance costs and construction costs for the BCPS. Interest is payable semiannually at the rate of 5.00% per annum. This bond will mature May 2050.

On July 21, 2020, the Authority issued the Series 2020B Maryland Stadium Authority Baltimore City Public Schools (BCPS) Construction and Revitalization Program Revenue Bonds, Series 2020B of \$194.0 million. The proceeds of the \$34.0 million will be used for issuance costs and construction cost related to Northwood Elementary School under BCPS. Interest is payable semiannually at the rate of 5.00% per annum. This bond will mature May 2047.

On July 21, 2020, the Authority issued the Series 2020C Maryland Stadium Authority Baltimore City Public Schools (BCPS) Construction and Revitalization Program Refunding Revenue Bonds, Series 2020C (Federally Taxable) of \$296.3 million. The proceeds will be used to refund certain maturities in the amount of \$183.3 million of the Series 2016 Program Bonds, \$45.9 million of the 2018A Program Bonds, and \$67.1 million in issuance costs and interest costs. The funds are on deposited with Zions bank in two separate escrows accounts.



As of June 30, 2021, the Authority had outstanding revenue bonds for the construction, renovation and expansion of certain facilities as follows (amounts expressed in thousands):

Facility	Outstanding Amount	Interest Rates	Maturity Date
Baseball Stadium	\$ 3,947	1.0% to 6.1%	12/15/2023
Football Stadium	44,869	Variable	3/1/2026
Hippodrome Performing Arts Center	1,545	0.7% to 2.5%	6/15/2022
Montgomery County Conference Center	4,512	4.0% to 5.0%	6/15/2024
Camden Station	2,870	3.0% to 5.2%	12/15/2024
Camden Yards Complex	38,565	2.8% to 3.7%	3/1/2039
Baltimore City Public Schools Construction	1,420,421	5%	5/1/2047
Ocean City Convention Facility	24,172	3.0% to 5.0%	12/15/2039
Total	\$ 1,540,901		

## 12. Insurance:

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

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

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

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

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability	Amounts Due Within One Year
Property, casualty and general liability	\$ 18,706	\$ 14,761	\$ 12,070	\$ 21,397	\$ 11,800
Employee health benefits	71,900	1,768,013	1,766,880	73,033	73,033
Workers' compensation	254,023	62,171	57,143	259,051	29,978
Governmental activities self-insurance costs	344,629	1,844,945	1,836,093	353,481	114,811
Business-type activities workers' compensation	19,764	2,951	3,065	19,650	2,948
Component units workers' compensation	40,599	3,202	2,972	40,829	6,124
Total self-insurance costs	\$ 404,992	\$ 1,851,098	\$ 1,842,130	\$ 413,960	\$ 123,882

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

Changes in the self-insurance liabilities during fiscal year 2020 were as follows (amounts expressed in thousands):

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability	Amounts Due Within One Year
Property, casualty and general liability .....	\$ 19,610	\$ 7,579	\$ 8,483	\$ 18,706	\$ 6,568
Employee health benefits .....	103,000	1,611,450	1,642,550	71,900	71,900
Workers' compensation .....	259,983	54,305	60,265	254,023	28,572
Governmental activities self-insurance costs .....	382,593	1,673,334	1,711,298	344,629	107,040
Business-type activities workers' compensation .....	15,962	7,362	3,560	19,764	2,965
Component units workers' compensation .....	37,402	9,964	6,767	40,599	6,090
Total self-insurance costs .....	\$ 435,957	\$ 1,690,660	\$ 1,721,625	\$ 404,992	\$ 116,094

As of June 30, 2020, the Program held \$227,980,000, in cash and investments designated for payments of these claims.

### 13. Fund Equity:

The unrestricted deficit for governmental activities on the government-wide statement of net position is \$36,166,427,377. A portion of the deficit results from the State incurring a debt for the purposes of capital acquisition and construction on behalf of local governments and private organizations. Since the incurrence of this debt does not result in capital assets of the State, the debt is not reflected in the net position category, net investment in capital assets, but rather in the unrestricted net position category. As of June 30, 2021, the State had reported outstanding general obligation bonds and capital leases applicable to these non-State projects of \$2,826,173,500. Without State financing for these capital assets, the State would have reported an unrestricted deficit for governmental activities in the amount of \$33,340,253,877.

The statement of net position for the primary government reported \$3,534,183,000, of restricted net position, including \$289,506,000, restricted by enabling legislation.

Detail of the fund balance categories and classification shown in the aggregate on the governmental funds balance sheet is as follows (amounts in thousands):

	General	Special Revenue		Other Governmental Funds	Total Governmental Funds
		Maryland Department of Transportation			
Fund balances:					
Nonspendable - Prepaid items, inventories and long-term loans and notes receivable .....	\$ 1,586,342	\$ 89,366	\$ —	\$ —	\$ 1,675,708
Restricted:					
Debt service .....	—	—	\$ 289,506	—	289,506
Other purposes .....	12,503	—	—	—	12,503
Mortgage Services Settlement Fund .....	15,479	—	—	—	15,479
Committed:					
State Reserve Fund .....	646,719	—	—	—	646,719
Other health and mental hygiene .....	185,204	—	—	—	185,204
Education .....	912,303	—	—	—	912,303
Aid for higher education .....	26,495	—	—	—	26,495
Human resources .....	8,039	—	—	—	8,039
Public safety .....	115,319	—	—	—	115,319
Public Utility Customer Investment Fund .....	257	—	—	—	257
Other judicial .....	52,440	—	—	—	52,440
Labor, licensing and regulation .....	59,653	—	—	—	59,653
Other natural resources and recreation .....	118,521	—	—	—	118,521
Housing and community development .....	16,171	—	—	—	16,171
Environment .....	420,602	—	—	—	420,602
Agriculture .....	76,614	—	—	—	76,614
Commerce .....	146,649	—	—	—	146,649
Capital projects .....	—	—	801,662	—	801,662
Other purposes .....	129,295	—	—	—	129,295
Assigned .....	—	178,819	—	—	178,819
Unassigned .....	1,001,906	—	(108,072)	—	893,833
Total fund balances .....	\$ 5,530,510	\$ 268,185	\$ 983,096	\$ (108,072)	\$ 6,781,791

A portion of the general fund's committed fund balance, in the amount of \$646,719,000 as of June 30, 2021, includes the State Reserve Fund, which consists primarily of the Revenue Stabilization Account with a balance of \$631,175,000. The Revenue Stabilization Account is authorized in Section 7-311 of the State Finance and Procurement Article, Annotated Code of Maryland. Appropriations are required to be transferred to the Revenue Stabilization Account in years when the account balance is less than 7.5% of estimated general fund revenues. If the account balance is at least 3% but less than 7.5%, an appropriation of \$50,000,000, or whatever lesser amount is necessary to bring the account balance to 7.5% of estimated general fund revenues is required; if the account balance is less than 3%, the required appropriation is \$100,000,000.

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

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

**14. Segment Information:**

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

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

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

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

**As of Condensed Statement of Net Position**  
**As of June 30, 2021**  
*(Expressed in Thousands)*

	<b>Community Development Administration</b>	<b>Maryland Water Quality Administration</b>
<b>Assets:</b>		
Current restricted assets .....	\$ 1,284,027	\$ 28,757
Non-current restricted assets .....	2,118,670	88,107
Total assets .....	<u>3,402,697</u>	<u>116,864</u>
<b>Liabilities:</b>		
Current liabilities .....	384,170	31,124
Non-current liabilities .....	2,473,400	200,094
Total liabilities .....	<u>2,857,570</u>	<u>231,218</u>
<b>Net position:</b>		
Restricted .....	545,127	—
Unrestricted .....	—	(114,354)
Total net position .....	<u>\$ 545,127</u>	<u>\$ (114,354)</u>

**Condensed Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

	<b>Community Development Administration</b>	<b>Maryland Water Quality Administration</b>
Operating income (expenses):		
Interest on loan income .....	\$ 62,633	\$ 1,321
Other operating revenues .....	11,522	—
Other operating expenses .....	(42,795)	—
Operating income (loss) .....	31,360	1,321
Non-operating revenues (expenses) .....	(1,807)	(4,892)
Change in net position .....	29,553	(3,571)
Total net position - beginning .....	515,574	(110,783)
Total net position - ending .....	\$ 545,127	\$ (114,354)

**Condensed Statement of Cash Flows**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

	<b>Community Development Administration</b>	<b>Maryland Water Quality Administration</b>
Net cash from:		
Operating activities .....	\$ (18,556)	\$ —
Non-capital financing activities .....	(84,332)	(33,602)
Investing activities .....	180,113	33,602
Beginning cash and cash equivalents .....	675,262	—
Ending cash and cash equivalents .....	\$ 752,487	\$ —

**15. Retirement Benefits:**

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

The State is an employer in the cost-sharing multiple-employer public employee retirement system established by the State to provide pension benefits for all State employees and employees of 153 participating political subdivision or other entities within the State. The Maryland Transit Administration Pension Plan described below) is a separate plan established for 1) Certain management employees and, 2) Employees covered by a collective bargaining agreement.

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

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

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

#### *Plan Description:*

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

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

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

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

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

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

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

#### *Funding Policy:*

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

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

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

During fiscal year 2021, for the State Pool, the State paid \$2,048,136,000 of the required contribution totaling \$2,048,136,000, which was 17.9% of covered payroll and 100.0% of the required payment. The State makes non-employer contributions to the System for local school system teachers for retirement costs other than normal costs. The covered payroll amount includes amounts for employees for whom the State pays retirement benefits, but does not pay the payroll. As of June 30, 2021, the State's membership includes 360,086 active members, 41,787 vested former members, and 149,541 retirees and beneficiaries.

*Assumptions and Other Inputs:*

The significant actuarial assumptions and other inputs listed below were used to measure the total pension liability as of the measurement date of June 30, 2021:

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

*System's Fiduciary Net Position:*

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

*Long-term contributions receivable:*

In addition to actuarially determined contributions, certain withdrawn employers also make annual installment payments, including interest at the actuarially assumed rate of return in effect at the time of withdrawal (7% or 7.5% per year), for liabilities associated with employees that have elected to stay in the System when their employer elected to withdraw. As of June 30, 2021, the outstanding balance was \$0. These payments are due over various time periods, based on the date of the employer's withdrawal.

*Discount rate:*

A single discount rate of 6.80% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.40%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

As of June 30, 2021, the State reported a liability of \$21,092,525,000, (\$19,219,274,000 , for Governmental Activities, \$313,979,000 , for Business-Type Activities and \$1,559,272,000, for Component Units), for its proportionate share of the net pension liability (NPL). The NPL was measured as of June 30, 2021, and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021. The State's proportion of the NPL was based on adjusted contributions to the System in fiscal year 2020 relative to adjusted contributions of the State and all participating local governments, actuarially determined. As of June 30, 2021, the State's proportion was 93.32%, compared to 93.77% in the prior year.

During the year ended June 30, 2012, the State passed legislation that required local school boards of education to fund the current service cost for teachers included in the Teachers Retirement and Pension System (TRS) which is included in the State of Maryland Retirement and Pension System. The intent of the legislation was for the State to be responsible for past service costs, actuarial gains and losses, and the unfunded liability. As a result, the State has determined that the NPL of TRS qualifies as a special funding situation and as such the entire liability associated with TRS and the related deferred outflows and inflows is included in the State's financial statements. The NPL for the TRS is \$10,325,279,000 , and for the other State systems is \$10,767,246,000, as of June 30, 2021.

The State recognized pension expense of \$2,351,477,000 consisting of \$1,151,102,000, applicable to the TRS and \$1,200,375,000, applicable to the other State systems, for the year ended June 30, 2021, (\$2,142,640,000 for Governmental Activities, \$35,004,000 for Business- Type Activities and \$173,834,000 for Component Units). At that date, the State reported deferred outflows and deferred inflows of resources related to the State systems from the following sources (amounts expressed in thousands):



	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions .....	\$ 106,625	\$ 412,755
Difference between projected and actual earnings on pension plan investment .....	1,547,976	—
Contributions made subsequent to the measurement date .....	2,048,136	—
Change in proportion and difference between employer contributions and proportionate share of contributions .....	490	29,330
Difference between expected and actual experience .....	—	896,622
<b>Total .....</b>	<b>\$ 3,703,227</b>	<b>\$ 1,338,707</b>
TRIS .....	\$ 1,812,815	\$ 655,328
Other State Systems .....	1,890,412	683,379
<b>Total .....</b>	<b>\$ 3,703,227</b>	<b>\$ 1,338,707</b>

	Year ending June 30,	
	2022	2023
The net amount reported as deferred outflows of resources related to pensions (non-contributions) will be recognized in pension expense as shown to the right (amounts expressed in thousands): .....	\$ (247,124)	40,538
	2024	258,141
	2025	268,980
	2026	(4,151)
<b>Total .....</b>	<b>\$ 316,384</b>	

*Contributions:*

Deferred outflows of resources related to MSRPS of \$2,048,136,000, resulting from State contributions subsequent to the measurement date, will be recognized as a reduction of the NPL in the year ended June 30, 2022.

*Rate of Return on Investments:*

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 3.5%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.40%, as well as what the plan's net pension liability would be if it were using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher (amounts expressed in thousands):

	1% Decrease 6.40%	Discount Rate 7.40%	1% Increase 8.40%
State's proportionate share of the NPL	\$ 30,028,624	\$ 21,092,525	\$ 13,649,593

*Information included in the MSRPS financial statements:*

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

*Maryland Transit Administration Pension Plan (Plan):*

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

*Plan Description:*

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

As of June 30, 2021, membership in the Plan includes 2,532 active members, 525 vested former members, and 2,033 retirees and beneficiaries. There were no investments in, loans to, or leases with parties related to the Plan. There were no Plan investments representing 5 percent or more of total Plan assets. For the year ended June 30, 2021, the Administration's covered and total payroll was 164,553,000.

*Funding Policy:*

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

During fiscal year 2021, the Administration paid \$59,280,000, of the required contribution totaling \$58,841,684, which was 36.0% of covered payroll and 100.7% of the required payment.

*Assumptions and other inputs:*

The significant actuarial assumptions and other inputs listed below were used to measure the total pension liability as of the measurement date of June 30, 2021:

Method of funding .....	Level Dollar Entry Age Normal
Discount rate .....	3.26%
Post-retirement benefit increase .....	2.0% COLAs
Salary increase .....	2.75% to 8.75% including inflation
Inflation .....	2.75%
Investment rate of return .....	6.80%
Mortality .....	RP 2014 Blue collar Tables with MP-2018.
Cost of living adjustments .....	2.0% per year

*Plan Fiduciary Net Position:*

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

*Net Pension Liability of the Plan:*

The total pension liability of the Plans was determined by an actuarial valuation as of July 1, 2019, rolled forward to June 30, 2020, and the adjustment to the roll-forward liabilities were made to reflect the following assumptions change in the 2020 valuation:

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

Change of assumptions: Discount rate increased from 4.52% to 4.53% and the COLA assumption changed from 2.5% to 2.1%.

The components of the net pension liability as of June 30, 2021, are as follows (amounts expressed in thousands):

Total pension liability .....	\$	1,577,613
Less Plan fiduciary net position .....		447,378
Employer net pension liability .....	\$	1,130,235
Plan fiduciary net position as a percentage of the total pension liability .....		28.4 %

*Investments:*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best- estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the Plan's investment consultant(s) and actuary(s). For each major asset class that is included in the Plan's target asset allocation as of June 30, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity .....	37%	4.7%
Credit/Debt Related Strategies .....	13%	6.5%
Rate sensitive .....	19%	-0.4%
Absolute return .....	9%	2.6%
Private equity .....	14%	4.2%
Real Assets .....	8%	2.0%
<b>Total</b> .....	<b>100%</b>	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2021.

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 3.5%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount rate:*

A single discount rate of 4.05% was used to measure the total pension liability. The plan's expected gross rate of investment return of 8.10% has been blended with the 2.45% yield corresponding to the 20-year maturity on a municipal general obligation AA bond yield curve published on Fidelity's Fixed Income Market Data webpage as of June 30, 2021. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made based on MTA's actual contributions over the prior three fiscal years. The projected benefits include expected cost-of-living adjustments (COLAs) to benefits for pensioners and beneficiaries. Based on these assumptions, the Plan's fiduciary net position is not expected to be available to make all future benefit payments of current plan members.

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

The net pension liability of the MTA calculated using the discount rate of 3.26% as well as what the MTA's net pension liability would be if it were calculated using a discount rate that is 1% lower (2.26%) or 1% higher (4.26%) than the current rate, is as follows (amount express in thousands):

	1% Decrease 2.26%	Discount Rate 3.26%	1% Increase 4.26%
Net pension liability	\$ 1,385,533	\$ 1,130,235	\$ 922,445

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

The components of the pension expense for the Plan as of June 30, 2021, are as follows (amounts expressed in thousands):

	Amount
Service cost	\$ 43,827
Interest on the total pension liability	56,406
Projected investment earnings	(25,533)
Employee contributions	(7,311)
Administrative expenses and other	3,602
Subtotal	70,991
Amortization - changes of assumptions	57,394
Amortization- actual investment earnings different than assumed	(13,396)
Amortization-differences between actual and expected experience	(11,261)
Subtotal	32,737
<b>Total components recorded as pension expense</b>	<b>\$ 103,728</b>

For the year ended June 30, 2021, the MTA recognized pension expense \$103,728. As of June 30, 2021, the MTA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 5,795	\$ 33,603
Changes of assumptions	233,512	87,847
Net difference between projected and actual earnings on pension plan investments	8,391	56,941
<b>Total</b>	<b>\$ 247,698</b>	<b>\$ 178,391</b>

	Year ending June 30,	
	2022	\$ 29,430
	2023	(17,252)
	2024	13,592
	2025	22,048
	2026	21,489
<b>Total</b>	<b>Total</b>	<b>\$ 69,307</b>

The net amount reported as deferred inflows of resources related to pensions will be recognized in pension expense as shown to the right (amounts expressed in thousands):

The changes in employer's net pension liability as of June 30, 2021 are as follows (amounts expressed in thousands):

Total pension liability		
Service cost	\$	43,827
Interest		56,406
Differences between expected and actual experience		(11,809)
Change of assumptions or other inputs		140,735
Benefit payments, including refunds of member contributions		(44,735)
Net changes in total pension liability		184,424
Total pension liability- beginning		1,393,189
Total pension liability- ending <sup>(a)</sup>		1,577,613
Plan fiduciary net position		
Contributions-employer	\$	59,280
Contributions-member		7,311
Net investment income		93,213
Benefit payments, including refunds of member contributions		(44,736)
Administrative expenses		(3,601)
Net change in plan fiduciary net position		111,467
Plan fiduciary net position-beginning		335,911
Plan fiduciary net position-ending <sup>(b)</sup>		447,378
Net pension liability-ending <sup>(a)-(b)</sup>	\$	1,130,235

*Deferred Compensation Plan (Plan):*

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

The State of Maryland Match Plan and Trust was established by the State on July 1, 1999. The plan is designed to be a tax-qualified 401(a) defined contribution matching plan under Internal Revenue Code section 401(a). Under plan provision, the State contributes to each participant's account an amount equal to each participant's contributions to the State's Supplemental Retirement Plan during the same plan year. By statute, the maximum amount contributed to this plan for each participant is \$600 for each State fiscal year. An employee's interest in his/her account is fully vested at all times. The match program continues to be established and funded in statute. During the year ended December 31, 2019, the State suspended the match contribution. For the plan year ended December 31, 2019, the State contributed \$16,000, to the 401(a) plan and participants contributed \$83,004,000, \$3,024,000, and \$96,379,000, to the 457, 403(b), and 401(k) plans, respectively.

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

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

*Plan Description:*

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

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

*Funding Policy:*

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

Generally, a retiree may enroll and participate in the health benefit options if the retiree retired directly from State service with at least five years of creditable service, ended State service with at least ten years of creditable service and within five years before the age at which a vested retirement allowance normally would begin, or ended State service with at least 16 years of creditable service. For members hired on or after July 1, 2011, they are required to have completed at least 25 years of creditable service, retired directly from State service with at least ten years of creditable service, or ended State service with at least ten years of creditable service and within five years before the age at which a vested retirement allowance normally would begin. As of July 1, 2021, the State's Plan membership includes 79,673 active employees, 2,467 vested former employees, and 53,297 retirees and beneficiaries. Based on current practice, the State subsidizes approximately 50% to 85% of retiree premiums to cover medical, dental, prescription and hospitalization costs, depending on the type of insurance plan. The Plan assesses a charge to retirees for post-employment health care benefits, which is based on health care insurance charges for active employees. During fiscal year 2021, the State did not appropriate funds to the OPEB Trust to prefund future OPEB costs.

*Assumptions and Other Inputs:*

The significant actuarial assumptions and other inputs listed below were used to measure the total OPEB liability as of the measurement date of June 30, 2021:

Valuation cost method .....	Entry Age Normal Cost Method
Asset valuation method .....	Market Value
Rate of return on investments .....	7.40% Inflation
Rate .....	2.60%
Mortality .....	RP-2014 Healthy Retiree Mortality Rates with Generational Projection Using Scale MP-2018 for healthy retirees. RP-2014 Disability Mortality Rates with Generational Projection Using Scale MP-2018 for disabled retirees. RP-2014 Pre-Retirement Mortality Rates with Generational Projection Using Scale MP-2018 for pre-retirement.
Aggregate salary growth .....	3.10% including inflation
Method to determine blended rate .....	3.87% represents an unblended pay-go rate
Healthcare cost trend rate .....	Medical: Under 65 - 8.00% graded to 4.50% over 15 years Over 65 - 7.00% graded to 4.50% over 10 years Prescription drugs: Under 65 - 10.0% graded to 4.5% over 22 years Over 65 - N/A- benefit not offered after December 31, 2018 Dental: 3.50%
Individual salary increase .....	Vary by group, and years of service

*OPEB Plan's Fiduciary Net Position:*

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

*Net OPEB Liability of the Plan:*

The Net OPEB Liability was measured as of June 30, 2021. Plan Fiduciary Net Position was valued as of the measurement date and the Total OPEB Liability was determined from an actuarial valuation as of June 30, 2021.

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

Total OPEB liability .....	\$ 15,252,487
Less: Plan fiduciary net position .....	453,852
Employer net OPEB liability .....	\$ 14,798,635
Plan fiduciary net position as a percentage of the total OPEB liability .....	2.98%

*Investments:*

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best- estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the Plan's investment consultant(s) and actuary(s). For each major asset class that is included in the Plan's target asset allocation as of June 30, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity .....	37.0%	5.8%
Private equity .....	13	6.7
Rate Sensitive .....	19	1.1
Credit opportunity .....	9	3.6
Real Assets .....	14	4.8
Absolute return .....	8	3.2
<b>Total</b>	<b>100.0%</b>	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2021.

The annual money-weighted rate of return, net of investment expenses, on Plan investments for the year ended June 30, 2021, was 1.25%. A money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

*Discount rate:*

The Discount rate used to measure the total OPEB liability was 2.21% as of June 30, 2021. The projection of cash flow used to determine the discount rate assumed that the State would not make additional contributions to the OPEB Trust and continue to fund the Plan on a pay-as-you-go basis. Based on those assumptions, the OPEB Plan's fiduciary net position was not projected to cover a full year of projected future benefit payments. Therefore, all future benefit payments are discounted at the current index rate for 20 year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (2.21%).

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

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

	1% Decrease in Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Trend Rates
Net OPEB Liability	\$ 12,324,188	\$ 14,798,634	\$ 18,028,263

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

Regarding the sensitivity of the net OPEB liability to change in the single discount rate, the following presents the plan's net OPEB liability, calculated using a single discount rate of 2.21%, as well as what the plan's net OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher (amounts expressed in thousands):

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Net OPEB Liability	\$ 17,611,538	\$ 14,798,634	\$ 12,590,971

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

The components of the OPEB expense for the Plan as of June 30, 2021, are as follows (amounts expressed in thousands):

Service Cost .....	\$ 568,469
Interest on the total OPEB liability .....	376,474
Current period benefit changes .....	87,982
Expensed portion of current-period difference between expected and actual experience in the Total OPEB liability .....	84,884
Sub Total .....	1,117,810
Expensed portion of current-period changes of assumptions or other inputs .....	(377,384)
Projected earnings on plan investments .....	(26,278)
Expensed portion of current-period differences between actual and projected earnings on plan investments .....	(14,494)
Recognition of beginning of year deferred inflows of resources as OPEB expense .....	(392,638)
Recognition of beginning of year deferred outflows of resources as OPEB expense .....	441,716
Sub Total .....	(369,078)
<b>Total components recorded as OPEB expense</b>	<b>\$ 748,732</b>



The State recognized OPEB expense of \$748,731,600, for the year ended June 30, 2021. At that date, the State reported deferred outflows and deferred inflows of resources related to the State plan from the following sources (amounts expressed in thousands):

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes in actuarial assumptions .....	\$ 1,344	\$ 2,511
Difference between projected and actual earnings on OPEB plan investments .....	14	58
Difference between expected and actual experience in the Total OPEB liability .....	980	—
<b>Total .....</b>	<b>\$ 2,339</b>	<b>\$ 2,569</b>

	Year ending June 30,	
	2022	2023
The net amount reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as shown to the right (amounts expressed in thousands): .....	\$	(8)
		(8)
		12
		63
		(113)
		(176)
<b>Total .....</b>	<b>\$</b>	<b>(230)</b>

The changes in employer's net OPEB liability as of June 30, 2021 are as follows (amounts expressed in thousands):

Total OPEB liability		
Service cost .....	\$	568,469
Interest .....		376,474
Change of benefit terms .....		87,982
Differences between expected and actual experience .....		560,235
Changes of assumptions .....		(2,490,736)
Benefit payments, including refunds of member contributions .....		(629,554)
Net change in total OPEB liability .....		(1,527,129)
Total OPEB liability-beginning .....		16,779,615
Total OPEB liability-ending <sup>(a)</sup> .....		15,252,486
Plan fiduciary net position		
Net investment income .....		98,747
Net change in plan fiduciary net position .....		98,747
Plan fiduciary net position-beginning .....		355,105
Plan fiduciary net position-ending <sup>(b)</sup> .....		453,852
Net OPEB liability-ending <sup>(a)-(b)</sup> .....	\$	14,798,634

The most recent change to the plan of benefits included in this valuation was Senate Bill 946 of the 2019 Legislative session, passed May 25, 2019, which provides continued prescription drug benefits for certain Medicare retirees as of January 1, 2023. The existing Employer Group Waiver Program (EGWP) program is eliminated at that date. Retirees may instead purchase a Medicare Part D plan through one of the State's Medicare Part D exchanges. The State will reimburse a portion of the participant's out-of-pocket (OOP) prescription drug costs (not premiums) dependent on date of hire and date of retirement. The effective date of the reimbursement programs and elimination of the current EGWP was assumed to be January 1, 2022 in the prior year's valuation. The delay to January 1, 2023 was first reflected in this year's valuation.

*Contributions:*

For the fiscal year ended June 30, 2021, retiree plan members contributed \$ 101,452,181, or approximately 13.8%% of total retiree premiums, and the State contributed \$ 631,895,579, or approximately 86.2%. These contributions funded the premium (benefit) payments only.

*Maryland Transit Administration Retiree Healthcare Benefit:*

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

*Plan Description:*

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

As of June 30, 2021, 2,363 active employees and 1,433 retirees and beneficiaries were covered by healthcare insurance provided by MTA.

*Funding Policy:*

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

*Assumptions and Other Inputs:*

The significant actuarial assumptions and other inputs listed below were used in the actuarial valuation as of June 30, 2019, the most recent valuation date, to measure the total MTA OPEB liability as of June 30, 2021:

Method of funding .....	Entry age normal
Aggregate salary growth .....	3.1%
Inflation .....	2.6%
Healthcare cost trend rate .....	Medical and Prescription: 7.5% in FY 2021 for Pre-Medicare and 6.25% Post-Medicare. Post-Medicare in FY 2050 The ultimate rate 3.90%
Mortality .....	RP2014 Blue Collar Fully Generational projected from 2014 using Scale MP-2018
Amortization method .....	Closed, legal percentage of payroll
Amortization period .....	25 years for experience, plan and assumption changes

*Net OPEB Liability of the Plan:*

The Net MTA OPEB liability was measured as of June 30, 2021, based on an actuarial valuation made as of June 30, 2019, and the components of the net MTA OPEB liability are as follows (amounts expressed in thousands):

Total OPEB liability .....	\$ 882,994
Less: Plan fiduciary net position .....	—
Employer net OPEB liability .....	<u>\$ 882,994</u>
Plan fiduciary net position as a percentage of the total OPEB liability:	<u>0.00 %</u>

*Discount rate:*

The discount rate used to determine the total OPEB liability is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate used for the MTA OPEB to measure the total OPEB liability was 3.13%.

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

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

	1% Decrease 2.90%	Current Healthcare Cost 3.90%	1% Increase 4.90%
Net OPEB Liability .....	\$ 734,863	\$ 882,994	\$ 1,077,445

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

Regarding the sensitivity of the net OPEB liability to change in the single discount rate, the following presents the plan's net OPEB liability, calculated using a single discount rate of 3.13%, as well as what the plan's net OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher (amounts expressed in thousands):

	1% Decrease 2.13%	Discount Rate 3.13%	1% Increase 4.13%
Net OPEB Liability .....	\$ 1,037,180	\$ 882,994	\$ 759,199

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

The components of the OPEB expense for the Plan as of June 30, 2021, are as follows (amounts expressed in thousands):

Service Cost .....	\$	46,156
Interest on the total OPEB liability .....		26,467
Recognition of Outflow (Inflow) of Resources due to Liabilities .....		(26,518)
Changes in assumptions .....		—
Difference between expected and actual experience .....		—
Total components recorded as OPEB expense .....	\$	46,105

The MTA OPEB recognized OPEB expense of \$46,105,000, for the year ended June 30, 2021. At that date, the MTA OPEB reported deferred outflows and deferred inflows of resources related to the MTA plan from the following sources (amounts expressed in thousands):

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes in actuarial assumptions .....	\$ 48	\$ 167
Difference between expected and actual experience .....	17	10
Total .....	\$ 65	\$ 176

	Year ending June 30,	
	2022	\$ (27)
	2023	(27)
The net amount reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as shown to the right (amounts expressed in thousands): .....	2024	(27)
	2025	(27)
	2026	(12)
	Thereafter	7
	Total	\$ (111)

The changes in employer's net OPEB liability as of June 30, 2021 are as follows (amounts expressed in thousands):

Total OPEB liability		
Service Cost .....	\$	46,156
Interest .....		26,467
Differences between expected and actual experience .....		19,747
Changes of assumptions .....		(21,696)
Benefit payments, including refunds of member contributions .....		(20,354)
Net change in total OPEB liability .....		50,320
Total OPEB liability-beginning .....		832,674
Total OPEB liability-ending <sup>(a)</sup> .....		882,994
Plan fiduciary net position		
Contributions-employer .....		20,354
Benefit payments, including refunds of member contributions .....		(20,354)
Net change in plan fiduciary net position .....		—
Plan fiduciary net position-beginning .....		—
Plan fiduciary net position-ending <sup>(b)</sup> .....		—
Net OPEB liability-ending <sup>(a)-(b)</sup> .....	\$	882,994

**17. Commitments:**

As noted in Note 2, encumbrance accounting is used to account for outstanding commitments for open purchase orders and unfulfilled contracts, and loans in some governmental funds. Amounts related to encumbrances are reported in the general fund, \$647,306,000, the capital projects fund, \$801,662,000, and the special revenue fund, \$5,025,000 as of June 30, 2021.

State agencies and programs lease office space under various agreements that are accounted for as operating leases. Many of the agreements contain rent escalation clauses and renewal options. These leases contain termination for convenience clauses providing for cancellation after a certain number of days' notice to lessors. In addition, these leases contain appropriation clauses indicating that continuation of the lease is subject to appropriation by the legislature. Rent expenditures for the year ended June 30, 2021, were approximately \$99,495,000.

As of June 30, 2021, the governmental funds, other than the Department of Transportation, had commitments of approximately \$181,469,000, for service contracts.

As of June 30, 2021, the Department of Transportation and Maryland Transportation Authority had commitments of approximately \$6.6 billion and \$1.2 billion, respectively, for construction of highways and mass transit facilities.

Approximately 38.2% of future expenditures related to the Department of Transportation commitments are expected to be reimbursed from proceeds of approved Federal grants when the actual costs are incurred. The remaining portion will be funded by other financial resources of the Department of Transportation.

The Department of Transportation, as lessor, leases space at various marine terminals, airport facilities and office space pursuant to various non-cancellable operating leases with scheduled rent increases. Minimum future rental revenues are as follows (amounts expressed in thousands):

Years Ending June 30,	Amounts
2022	\$ 100,718
2023	86,591
2024	83,138
2025	77,484
2026-2030	132,755
2031-2035	11,131
<b>Total</b>	<b>\$ 491,817</b>

The cost and accumulated depreciation of the assets as of June 30, 2021, were \$2,768,897,148 and \$833,875,301, respectively.

Total minimum future rental revenues do not include contingent rentals that may be received under certain concession leases on the basis of a percentage of the concessionaire's gross revenue in excess of stipulated minimums. Rental revenue was approximately \$206,473,000, for the year ended June 30, 2021.

As of June 30, 2021, the enterprise fund loan programs had committed to lend a total of \$696,609,000, in additional loans. The Community Development Administration, also an enterprise fund loan program, had \$336,360,000 of revenue bonds outstanding that are not included in the financial statements of the Administration because the bonds are not guaranteed by the State or any other program of the State or any political subdivision. The revenue bonds are secured solely by the individual multi-family project properties, related revenues, applicable credit enhancements or investments equal to the debt outstanding.

As of June 30, 2021, component units commitments included higher education fund commitments of approximately \$445,934,000 for the completion of projects under construction, and economic development funds commitments of \$33,714,000 and \$2,600,000 for additional loans and service contracts respectively.

**18. Contingencies:**

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

As of June 30, 2021, Non-major enterprise funds were contingently liable as insurers of \$458,592,000, of \$501,352,000, mortgage loans made by public and private lenders.

Non-major component units were contingently liable as insurers of \$5,774,000, of \$36,011,000, for economic development and growth bonds issued by financial institutions and the repayment of loans for small businesses

The State receives significant financial assistance from the U.S. Government. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund which received the grant. As of June 30, 2021, the State has recognized liabilities of \$34,156,000, and \$28,400,000, in the general fund for Medicaid claims to the Federal government related to disallowed costs and misallocated costs to establish a marketplace for health insurance benefits for low income individuals and employees of small companies in Maryland, respectively. The State estimates that no additional material liabilities will result from such audits.

## 19. Tobacco Settlement:

Maryland has a Cigarette Restitution account for all revenues received from any judgment against or settlement with the tobacco industry. Expenditures from the account are made by an appropriation in the annual State budget. The law provides that at least 50% of the appropriations shall be made for tobacco or health related purposes and the remaining appropriations may be for any public purpose. Currently, 30% of the appropriations shall be made for the Maryland Medical Assistance Program (Medicaid). Appropriations of 0.15% of the account are required to be appropriated for enforcing the escrow requirements for non-participating tobacco product manufacturers. Transfers of \$143,321,000, were made from the proceeds in the Cigarette Restitution account for fiscal year 2021 expenditure of appropriations.

As part of the Master Settlement Agreement between the states and the tobacco companies, Maryland's share during fiscal year 2021 was \$143,327,000, including the award from the arbitration panel for attorney fees. This amount does not include \$24,312,000, the tobacco companies paid to the disputed account pending the outcome of litigation.

It is estimated that the payments made to the State pursuant to the Master Settlement through fiscal year 2026 will total \$3.61 billion. The actual amount received each year, however, will reflect adjustments for inflation and cigarette shipment volume. In addition, the State expects to receive \$118,721,990 through fiscal year 2026 pursuant to an award for attorney fees by the national arbitration panel.

## 20. Landfill Closure:

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

Midshore I's current cells are approximately 93% filled as of June 30, 2021. The landfill stopped accepting waste on December 31, 2010, was capped, and is now in the post closure monitoring and maintenance period. Total closure and post closure care costs for the landfill are currently estimated to be \$2,979,000, as determined through engineering studies, and \$1,622,000, has been recognized as a liability on the June 30, 2021, Combining Statement of Net Position, Non-Major Component Units.

A flyover is performed annually in July to assist in the calculation of the landfill's remaining capacity based upon the volume of cubic yard capacity. Midshore II's current cells, which are expected to close in 2042, are approximately 29% filled as of June 30, 2021. Total closure and postclosure care costs for the landfill are currently estimated to be \$19,888,000, as determined through engineering studies, and \$4,840,000, has been recognized as a liability as of June 30, 2021. Actual costs may be subject to change due to inflation, deflation, technology, and changes in applicable laws and regulations.

A receivable from project participants corresponding to the accrued liability has also been recorded. Under Federal regulations, the Service has satisfied its financial assurance requirements based upon the local government financial ratio tests of the project participants as of June 30, 2020. The Service expects to satisfy these requirements as of June 30, 2021, using the same criteria.

## 21. Service Concession Arrangements:

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

Under the terms of the ground lease, the Department transfers rights to PAC for a term of 50 years. After 50 years, ownership of the Dundalk Marine Terminal will revert to the Department. PAC charges and collects fees from the user for container lifts, short tons of roll on-roll off, break-bulk and bulk cargo and pays the operating costs, management fee and debt service associated with the project. The Department has the ability to approve what services the operator is required to provide. As of June 30, 2021, the capital assets, net of accumulated depreciation, and deferred concession arrangement receipts were \$43,777,000.

The Department has entered into a light rail transit public private partnership concession arrangement. The construction, operating and maintenance risk is being managed by Purple Line Transit Partners, LLC (PLTP) through a 6-year construction and 30 year operating period. The PLTP will finance, develop, design, build, equip, and supply light rail vehicles under an availability-based concession agreement with the Department. Construction began in August 2017. As of June 30, 2021, the capital assets and deferred service concession arrangement receipts were \$98,734,000.

In fiscal year 2013, Maryland Transportation Authority and Areas USA entered a 35-year Service Concession Arrangement (SCA) agreement to redevelop and operate two travel plazas along the John F. Kennedy Memorial Highway (I-95). The structure of the agreement between the Authority and Areas USA is a long term lease and concession. The Authority retains ownership of the property and assets. All property and improvements, with the exception of the fueling systems, are returned to the Authority at the end of the 35 year lease. Under the agreement, the Authority should realize reduced future operating and capital expenses; debt capacity will be reserved for core business activities; and revenue is guaranteed over the life of the agreement. Areas USA invested \$55,890,000, which required no public subsidy or debt, to redesign and rebuild both the Maryland House and Chesapeake House travel plazas. Areas USA will operate and maintain the travel plazas through the year 2047. The unamortized balance as of June 30, 2021, is \$44,381,000, which is reported in the deferred inflow of resources on the Statement of Net Position.

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

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

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

As of June 30, 2021, the Statement of Net Position reflects net capital assets of \$278,514,000, and deferred service concession arrangement receipts of \$233,863,000, from this transaction.

## 22. Tax Abatements:

For financial reporting purposes, the tax abatement is defined as an agreement between the government and an individual or entity through which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to the economic development or otherwise benefits the government or its citizens. The following tax abatement programs were granted and administered by the State of Maryland during fiscal year 2021. There was one tax abatement program in 2021 for which a company received a tax abatement of \$5 million or greater. The one program was Aerospace, Electronics or Defense Contract Tax Credit to Northrop Grumman Corp. in the amount of \$7.5 million.

Name of Program	Tax Abatements - FY 2021(1)	Tax Filings - FY 2021(2)	Program Description
<b>Economic Development Programs:</b>			
One Maryland Tax Credit	\$ 13,400,000	74	The program provides two income tax credits to businesses that initiate major investment projects in Maryland's economically distressed jurisdictions. The Project Tax Credit can be \$5 million and the Start Up Tax Credit can be \$500,000. The business must create at least 25 new positions paying at least 150% of the federal minimum wage. Tax being abated is the State business income tax. Taxes are reduced as an allowance of the credit against taxes. If the credit is less than the tax liability the credit may be used over a 14 year period. After the 4th tax year but before the 15th year after the project has been placed in service the business may apply the excess credit for project costs to non-project related tax income and a portion may be refunded. The authority under which abatements are entered into is the Annotated Code of Maryland: Economic Development Title 6, Subtitle 4, Section 6-401-6-406. There is no provision for recapturing abated taxes.
Aerospace, Electronics or Defense Contract Tax Credit	\$ 7,500,000	1	The program creates a tax credit against the State income tax for a business operating a qualified aerospace, electronics or defense contract tax credit project. The purpose of the program is to keep aerospace, electronics and defense contractors employing Maryland workers and to help the Maryland economy. The credit is \$2.5 million a year for each of the three programs for 5 years. The maximum credit is \$7.5 million a year and \$37.5 million total. A business entity operating a project must create or retain 10,000 positions and expend at least \$25 million in capital expenditures in Maryland. The taxes are reduced as a credit against state business income taxes. The authority under which the abatements are entered into is the Annotated Code of Maryland, Tax General, Title 10, Subtitle 7 Section 10-737. If the credit allowed in any tax year exceeds the total income tax otherwise payable by the qualified business entity for that taxable year the business entity may claim a refund in the amount of the excess (refundable). The credit must be recaptured if during either of the 2 years after the credit year the number of qualified positions falls below a rolling average over the past 2 years of 10,000. If the credit is required to be recaptured, the credit is recomputed and reduced on a proportionate basis, based on the reduction of the rolling average number of qualified employees over the past 2 years. The recomputed credit is then subtracted from the amount of credit previously allowed. If, during any of the 2 years after the credit year, the rolling average of qualified positions falls below 9,000 for the past 2 years, all the credits shall be recaptured.
Biotechnology Investment Incentive Tax Credit	\$ 6,800,000	147	The purpose of the program is to increase investment in Maryland Biotechnology Companies. Investors may receive a credit on their corporate or personal Maryland State income tax equal to 50% of investment not to exceed \$250,000 and for investment in companies in certain counties, 75% of investment not to exceed \$500,000. Taxes being abated are State of Maryland corporate or personal income tax. Authority under which abatements are entered into is the Annotated Code of Maryland, Tax General, Section 10-725. Taxes are reduced as an allowance of credit against income taxes. The amount in excess of the state income tax liability may be refunded (refundable). Amount is limited to the amount in the Biotechnology Investment Incentive Tax Credit Fund. If within 2 years after the close of the tax year for which the credit was claimed the investor sells, transfers or disposes of its ownership interest or if the company ceases to have its headquarters and base of operations in Maryland, the credit must be recaptured on the investors' Maryland income tax return.



Name of Program	Tax Abatements - FY 2021(1)	Tax Filings - FY 2021(2)	Program Description
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**Economic Development Programs (continued):**

Cybersecurity Investment Incentive Tax Credit	\$ 500,000	35	The purpose of the program is to promote investment in cybersecurity companies in Maryland. The company may receive a tax credit equal to 33% of amount invested per investor up to \$250,000 for each investor each fiscal year. The company may receive a tax credit equal to 50% of the investment per investor up to \$500,000 per investor if the company is located in certain counties. Companies are limited to a 2 year participation in the program. Taxes being abated are the Maryland Corporate income tax or personal income tax for the company receiving the investment. Authority under which abatements are entered into is the Annotated Code of Maryland Tax General Article Section 10-733. The company may take an allowance of credit against income taxes. If the credit allowed exceeds the State of Maryland income tax, an individual or a corporation may claim a refund in the amount of the excess (refundable). The provision for recapturing abated taxes requires the cybersecurity company to repay a prorated share of the credit claimed if within 2 years it ceases to operate as an active business with its headquarters and base of operations in Maryland. The prorated share is 100% if the event occurs during the taxable year the credit was claimed, 67% if the event occurs the first year after the close of the taxable year for which the credit was claimed and 33% if within 2 years after the tax year for which the tax credit was claimed.
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**Housing and Community Development Program:**

Sustainable Communities Tax Credit	\$ 12,100,000	197	The purpose of the program is to encourage private sector investment in the rehabilitation and re-use of Competitive Commercial Projects and to promote investment in local economies. Owners of income-producing properties may earn a state income tax credit capped at \$3 million that is equal to 20% of the eligible rehabilitation expenses. The annual appropriation is \$9 million. The tax being abated is the State of Maryland Business or Individual Income Taxes. Authority to abate taxes is the Annotated Code of Maryland; State Finance and Procurement Article; Section 5A-303. A pro-rated percentage of the credit is subject to recapture if disqualifying work is performed or the certified rehabilitation is disposed of during the 5 year period that begins with the year the certified rehabilitation was completed.
<b>Total tax credits administered by State</b>	<b>\$ 40,300,000</b>	<b>454</b>	

The State's tax revenues were reduced by \$700,000 under tax abatement agreements entered into and administered by the counties and municipalities, namely the Enterprise Zone Tax Credit, as follows:

Name of Program	Tax Abatements - FY 2021(1)	Tax Filings - FY 2021(2)	Program Description
Enterprise Zone Tax Credit	\$ 700,000	85	The program is designed to bring new businesses and jobs to the State in areas that need revitalization. Businesses enter into an agreement with counties or municipalities to construct or make improvements to buildings located in an enterprise zone. Businesses may receive from the State \$1,000 to \$9,000 in tax credits over three years for hiring new employees at the new or renovated facilities. Business income taxes are being abated. Taxes are being reduced by an allowance of credit against State of Maryland income tax. The authority under which abatements are entered into is the Annotated Code of Maryland, Tax Property, Title 9 Subtitle 1, Section 9-103, Tax General Section 10-702, and Economic Development Article Section 5-1401 (e). If the credit allowed in any taxable year exceeds the State income tax for that taxable year, a business entity may apply the excess as a credit against the State income tax for succeeding taxable years until the earlier of the full amount of the excess is used or the expiration of the 5th taxable year from the date on which the business entity hired the qualified employee to whom the credit first applies. There are no provisions for recapturing abated taxes.
<b>Total tax credits administered by counties and municipalities</b>	<b>\$ 700,000</b>	<b>85</b>	

(1) Gross dollar amount the government's tax revenues were reduced for fiscal year 2021 as a result of tax abatement agreements

(2) Number of income tax returns filing for credit in fiscal year 2021

### 23. Asset Retirement Obligations

The University System of Maryland (USM) owns and operates facilities and equipment subject to certain legal and regulatory requirements to perform asset retirement activities. A non-power training nuclear reactor operated at USM is subject to statutory and regulatory requirements promulgated by the U.S. Nuclear Regulatory Commission (NRC) under Title 10 of the Code of Federal Regulations (CFR). The reactor was subject to estimated asset retirement obligations of \$12,276,000, as of June 30, 2021, and was fully depreciated.

USM is periodically required by the CFR to provide various disclosures to the NRC in order to maintain the operating license for the reactor, including, but not limited to, projected operating costs, decommissioning costs, and funding assurances. USM is in compliance with all such requirements as of June 30, 2021.

USM also owns and operates various equipment assets, including gamma cell irradiators and underground oil tanks, that are subject to statutory or regulatory asset retirement obligations of individually nominal dollar values. All such assets were fully depreciated as of June 30, 2021.

Asset retirement obligations were estimated based upon the historical decommissioning costs of similar assets, stated in current dollars using the Implicit Price Deflator issued by the U.S. Department of Commerce, with current personnel costs and a contingency factor of 25%. Total asset retirement obligations, included in accounts payable and accrued liabilities, of \$14,363,000, and deferred outflows of resources of \$12,276,000, are included on the statement of net position as of June 30, 2021. USM is financially prepared to fund and satisfy all asset retirement obligations when required.

## 24. Restatement

For the year ended June 30, 2021, the State adopted GASB Statement No.84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities and limits the reporting of fiduciary activities to four specific fund classifications: (1) Pension & OPEB Trust Funds, (2) Investment Trust Funds, (3) Private Purpose Trust Funds, and (4) Custodial Funds. Balances previously reported in agency funds are now reported in the governmental funds or separately reported as custodial funds. The Statement improves guidance regarding the identification of fiduciary activities and how those activities should be reported. The Statement Implementation required the beginning net position of the custodial funds to be established.

Maryland Economic Development Assistance Authority and Fund (MEDAAF) and Maryland Small Business Development Financing Authority (MSBDFA) were reclassified from the Enterprise Fund to a Component Unit, Economic Development Opportunities Program Fund (Sunny Day) and Maryland Economic Adjustment Fund (MEAF) were reclassified from the Enterprise Fund to Other Governmental Funds in fiscal year 2021.

	<b>Custodial Funds Net Position</b>
As originally reported July 1 .....	\$ —
Restatements .....	—
Adjustment for the implementation of GASB 84 as of July 1, 2020 .....	2,741,779
	<u>\$ 2,741,779</u>

### Exhibit A - Statement of Activities

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Net position - beginning of year, as previously reported .....	\$ (19,011,106)	\$ 8,883,569
Change in principle - implementation of GASB 84 .....	57	—
Effect of change in reporting entity related to MEAF, MEDOP, MEDAAF and MSBDFA .....	3,555	(113,999)
Net position - beginning of year, as restated .....	<u>\$ (19,007,494)</u>	<u>\$ 8,769,570</u>

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

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Economic Development Loan Programs</b>	<b>Custodial Funds</b>	<b>Discrete Component Units</b>
Fund balances - beginning of year, as previously reported .....	\$ 3,019,709	\$ 875,142	\$ 2,967,149	\$ —	\$ 9,601,730
Change in principle - implementation of GASB 84 .....	57	—	—	2,741,779	4,595
Effect of change in reporting entity related to MEAF, MEDOP, MEDAAF and MSBDFA .....	—	3,555	(113,999)	—	104,197
Fund balances - beginning of year, as restated .....	<u>\$ 3,019,766</u>	<u>\$ 878,697</u>	<u>\$ 2,853,150</u>	<u>\$ 2,741,779</u>	<u>\$ 9,710,522</u>

# *Required Supplementary Information*

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



**STATE OF MARYLAND**  
**Schedule of Revenue and Expenditures and Changes in Fund Balances - Budget and Actual -**  
**Budgetary General, Special, and Federal Funds**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

	General Fund			
	Budget Amounts			Variance Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>Revenues:</b>				
Income taxes .....	\$ 12,134,369	\$ 11,940,736	\$ 13,166,670	\$ 1,225,934
Sales and use taxes .....	5,040,690	4,591,207	4,988,078	396,871
Other taxes .....	1,056,656	1,196,321	1,238,441	42,120
Licenses and fees .....	151,389	118,677	107,953	(10,724)
Charges for services .....	249,092	273,742	259,597	(14,145)
Interest and other investment income .....	52,368	8,800	15,241	6,441
Other .....	697,882	649,147	913,538	264,391
Federal revenue .....	—	341,167	341,167	—
<b>Total revenues .....</b>	<b>19,382,446</b>	<b>19,119,797</b>	<b>21,030,685</b>	<b>1,910,888</b>
<b>Expenditures and encumbrances by major function:</b>				
Payments of revenue to civil divisions of the State .....	185,980	185,980	185,980	—
Public debt .....	131,000	131,000	131,000	—
Legislative .....	129,956	131,650	93,233	38,417
Judicial review and legal .....	718,660	717,415	678,638	38,777
Executive and administrative control .....	339,406	336,582	307,010	29,572
Financial and revenue administration .....	239,920	239,846	218,440	21,406
Budget and management .....	232,908	125,239	107,648	17,591
Retirement and pension				
General services .....	94,393	81,662	75,267	6,395
Transportation and highways				
Natural resources and recreation .....	88,340	66,525	61,773	4,752
Agriculture .....	38,799	38,729	37,094	1,635
Health, hospitals and mental hygiene .....	5,530,597	5,138,356	5,037,540	100,816
Human resources .....	630,975	712,191	702,758	9,433
Labor, licensing and regulation .....	56,079	55,667	47,140	8,527
Public safety and correctional services .....	1,263,611	1,255,624	1,204,643	50,981
Public education .....	9,306,274	9,208,020	9,013,940	194,080
Housing and community development .....	72,222	69,026	33,079	35,947
Commerce .....	96,240	91,557	77,339	14,218
Maryland technology development corporation .....	30,474	20,224	20,474	(250)
Environment .....	39,799	36,500	34,016	2,484
Juvenile services .....	264,851	253,414	242,766	10,648
State police .....	315,244	213,349	199,046	14,303
State reserve fund .....	152,000	114,000	113,540	460
Reversions .....	(35,000)	(35,000)	—	(35,000)
<b>Total expenditures and encumbrances .....</b>	<b>19,922,728</b>	<b>19,187,556</b>	<b>18,622,364</b>	<b>565,192</b>
Excess of revenues over (under) expenditures .....	(540,282)	(67,759)	2,408,321	2,476,080
<b>Other sources (uses) of financial resources:</b>				
Transfers in (out) .....	—	—	(415,128)	(415,128)
Excess of revenues over (under) expenditures and other sources (uses) of financial resources .....	(540,282)	(67,759)	1,993,193	2,060,952
Fund balances - beginning of the year .....	(8,640,008)	(8,510,296)	2,230,114	10,740,410
<b>Fund balances - end of the year .....</b>	<b>\$ (9,180,290)</b>	<b>\$ (8,578,055)</b>	<b>\$ 4,223,307</b>	<b>\$ 12,801,362</b>

See accompanying Notes to Required Supplementary Information.

**STATE OF MARYLAND**  
**Schedule of Revenue and Expenditures and Changes in Fund Balances - Budget and Actual -**  
**Budgetary General, Special, and Federal Funds**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

	Special Fund				Federal Fund			
	Budget Amounts		Actual Amounts	Variance Positive (Negative)	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original Budget	Final Budget			Original Budget	Final Budget		
<b>Revenues:</b>								
Income taxes .....	\$ 256,800	\$ 256,800	\$ 380,105	\$ 123,305	—	—	—	—
Sales and use taxes .....	300,000	300,000	470,836	170,836	—	—	—	—
Other taxes .....	3,170,748	3,170,748	3,704,358	533,610	—	—	—	—
Licenses and fees .....	421,285	437,256	890,769	453,513	—	—	—	—
Charges for services .....	1,983,907	2,632,011	2,837,950	205,939	—	—	—	—
Interest and other investment income .....	5,997	5,997	5,409	(588)	—	—	\$ 42	\$ 42
Other .....	3,572,439	3,830,160	1,601,983	(2,228,177)	—	—	—	—
Federal revenue .....	—	—	—	—	\$ 13,810,490	\$ 23,268,119	14,543,763	(8,724,356)
<b>Total revenues .....</b>	<b>9,711,176</b>	<b>10,632,972</b>	<b>9,891,410</b>	<b>(741,562)</b>	<b>13,810,490</b>	<b>23,268,119</b>	<b>14,543,805</b>	<b>(8,724,314)</b>
<b>Expenditures and encumbrances by major function:</b>								
Payments of revenue to civil divisions of the State .....	1,220	1,220	783	437	—	5,000	5,000	—
Public debt .....	1,203,000	1,203,000	1,137,314	65,686	11,000	11,000	9,302	1,698
Judicial review and legal .....	140,543	154,540	109,713	44,827	6,870	95,098	92,568	2,530
Executive and administrative control .....	410,841	349,541	209,145	140,396	667,735	1,762,496	1,091,853	670,643
Financial and revenue administration .....	167,202	189,160	167,674	21,486	—	218,092	218,092	—
Budget and management .....	57,928	32,715	17,363	15,352	9,546	9,828	—	9,828
Retirement and pension .....	52,453	53,007	21,581	31,426	—	—	—	—
General services .....	5,015	5,879	3,874	2,005	1,471	3,329	2,381	948
Transportation and highways .....	4,056,749	3,795,925	3,659,108	136,817	1,332,140	1,815,467	1,398,235	417,232
Natural resources and recreation .....	381,359	389,802	313,040	76,762	42,847	47,886	34,712	13,174
Agriculture .....	94,982	94,847	68,130	26,717	7,354	19,714	12,187	7,527
Health, hospitals and mental hygiene .....	1,325,735	2,234,525	2,173,232	61,293	8,269,034	10,607,470	9,903,182	704,288
Human resources .....	87,595	103,840	89,940	13,900	1,694,166	3,398,924	3,226,758	172,166
Labor, licensing and regulation .....	232,861	253,666	237,603	16,063	190,639	311,796	232,310	79,486
Public safety and correctional services .....	226,263	226,715	173,447	53,268	26,628	76,221	71,482	4,739
Public education .....	950,931	982,971	827,889	155,082	1,786,258	4,248,672	1,252,637	2,996,035
Housing and community development .....	168,733	208,411	127,975	80,436	344,069	1,028,441	855,032	173,409
Commerce .....	103,032	298,301	232,337	65,964	6,361	177,902	149,737	28,165
Maryland technology development corporation .....	5,410	10,410	5,000	5,410	—	1,500	1,500	—
Environment .....	535,251	536,137	219,942	316,195	144,113	144,645	134,626	10,019
Juvenile services .....	3,278	3,278	1,465	1,813	4,334	9,226	7,811	1,415
State police .....	121,703	125,990	114,009	11,981	7,038	16,527	15,126	1,401
<b>Total expenditures and encumbrances .....</b>	<b>10,332,084</b>	<b>11,253,880</b>	<b>9,910,564</b>	<b>1,343,316</b>	<b>14,551,603</b>	<b>24,009,234</b>	<b>18,714,531</b>	<b>5,294,703</b>
Excess of revenues over (under) expenditures .....	(620,908)	(620,908)	(19,154)	601,754	(741,113)	(741,115)	(4,170,726)	(3,429,611)
<b>Other sources (uses) of financial resources:</b>								
Transfers in (out) .....	—	—	1,117,298	1,117,298	—	—	4,170,726	4,170,726
Excess of revenues over (under) expenditures and other sources (uses) of financial resources .....	(620,908)	(620,908)	1,098,144	1,719,052	(741,113)	(741,115)	—	741,115
Fund balances - beginning of the year .....	(9,347,109)	(9,200,420)	2,655,970	11,856,390	(6,140,812)	(6,148,707)	—	6,148,707
<b>Fund balances - end of the year .....</b>	<b>\$ (9,968,017)</b>	<b>\$ (9,821,328)</b>	<b>\$ 3,754,114</b>	<b>\$ 13,575,442</b>	<b>\$ (6,881,925)</b>	<b>\$ (6,889,822)</b>	<b>—</b>	<b>\$ 6,889,822</b>

See accompanying Notes to Required Supplementary Information.



**STATE OF MARYLAND**  
**Reconciliation of the Budgetary General and Special Funds, Fund Balances**  
**to the GAAP General and Special Funds, Fund Balances**  
**June 30, 2021**  
*(Expressed in Thousands)*

	General	Special
Amount in budgetary funds, fund balance	\$ 4,223,307	\$ 3,754,114
Budgetary special funds reclassified to the general fund	2,583,455	(2,583,455)
Budgetary special funds reclassified to other funds	—	(745,470)
Other non-budgetary funds reclassified to governmental funds	757,259	(8,788)
Total of budgetary fund balances reclassified into the governmental funds' fund structure	7,564,021	416,401
Accounting principle differences:		
Assets recognized in the governmental funds financial statements not recognized for budgetary purposes:		
Cash	119,108	(257,699)
Investments	(2,660)	—
Taxes receivable	74,390	104,118
Intergovernmental receivables	414,249	572,696
Other accounts receivable	925,375	(642,714)
Inventories	1,066,935	89,366
Loans and notes receivable	5,607	—
Due from other funds	603	(318,924)
Due from component units	6,404	—
Liabilities and deferred inflows of resources recognized in the governmental funds financial statements not recognized for budgetary purposes:		
Salaries payable	(476,715)	
Accounts payable and accrued liabilities	(1,562,838)	40,016
Due to other funds	(887,175)	265,150
Accounts payable to political subdivisions	5,186	(225)
Unearned revenue	(1,646,255)	—
Accrued self-insurance costs	(75,724)	—
Financial statement governmental funds' fund balances, June 30, 2021 (page 31)	\$ 5,530,511	\$ 268,185

See accompanying Notes to Required Supplementary Information.

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

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

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

**Notes to Schedule of Employer Contributions**

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

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

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

	2021	2020	2019	2018	2017
<b>State of Maryland's proportion of the collective NPL:</b>					
Governmental Activities' proportion of the System's NPL.....	32.23%	33.59%	33.92%	33.31%	31.18%
Governmental Activities' special funding proportion of the System's NPL.....	52.81	51.73	51.42	53.95	55.79
Business-Type Activities proportion of the System's NPL.....	1.39	1.25	1.42	1.18	1.23
Component Units' proportion of the System's NPL.....	6.90	6.93	7.00	5.86	5.78
Total.....	<u>93.32%</u>	<u>93.50%</u>	<u>93.76%</u>	<u>94.30%</u>	<u>93.98%</u>
<b>State of Maryland's proportionate share of the collective NPL:</b>					
Governmental Activities' proportionate share of the System's NPL.....	\$7,283,296	\$6,927,888	\$7,117,624	\$7,203,243	\$7,357,073
Governmental Activities' special funding proportionate share of the System's NPL.....	11,935,978	10,670,529	10,789,240	11,665,236	13,163,108
Business-Type Activities proportionate share of the System's NPL.....	313,979	257,001	298,096	254,227	290,202
Component Units' proportionate share of the System's NPL.....	1,559,272	1,429,833	1,469,074	1,267,498	1,363,073
Total.....	<u>\$21,092,525</u>	<u>\$19,285,251</u>	<u>\$19,674,034</u>	<u>\$20,390,204</u>	<u>\$22,173,456</u>
<b>State of Maryland's covered payroll:</b>					
Governmental Activities' covered payroll.....	\$2,856,830	\$2,642,155	\$2,576,216	\$2,638,040	\$2,428,412
Governmental Activities' special funding covered payroll.....	7,492,465	7,153,063	6,941,097	6,780,838	6,611,038
Business-Type Activities covered payroll.....	106,028	114,620	118,291	114,453	148,035
Component Units' covered payroll.....	727,484	745,147	726,634	720,191	835,211
<b>Proportionate share of the collective NPL as a percentage of covered payroll:</b>					
Governmental Activities' proportionate share of NPL as a % of covered payroll.....	254.94%	262.21%	276.28%	273.05%	302.96%
Governmental Activities' special funding proportionate share of NPL as a % of covered payroll.....	159.31%	149.17%	155.44%	172.03%	199.11%
Business-Type Activities proportionate share of NPL as % of covered payroll.....	296.13%	224.22%	252.00%	222.12%	196.04%
Component Units' proportionate share of NPL as % of covered payroll.....	214.34%	191.89%	202.18%	175.99%	163.20%
<b>Plan fiduciary net position as a percentage of pension liability - All.....</b>	<u>70.72%</u>	<u>72.34%</u>	<u>71.18%</u>	<u>69.38%</u>	<u>65.79%</u>

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution .....	\$ 58,842	\$ 55,213	\$ 64,649	\$ 66,495	\$ 62,217	\$ 44,736	\$ 40,807	\$ 39,749	\$ 34,582	\$ 32,859
Less: Contributions in relation to the actuarially determined contribution .....	66,591	43,250	41,597	40,997	40,997	38,037	38,361	39,749	29,519	37,859
Contribution deficiency/(excess) .....	<u>\$ (7,749)</u>	<u>\$ 11,963</u>	<u>\$ 23,052</u>	<u>\$ 25,498</u>	<u>\$ 21,220</u>	<u>\$ 6,699</u>	<u>\$ 2,446</u>	<u>\$ —</u>	<u>\$ 5,063</u>	<u>\$ (5,000)</u>
Covered payroll .....	\$ 164,553	\$ 149,768	\$ 148,445	\$ 145,834	\$ 137,154	\$ 137,427	\$ 137,680	\$ 135,545	\$ 137,596	\$ 152,276
Actual contributions as a percentage of covered payroll .....	40.5%	28.9%	28.0%	28.1%	29.9%	27.7%	27.9%	29.3%	21.5%	24.9%

**Notes to Schedule**

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

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

Actuarial cost method	Entry age Normal, Level Dollar
Amortization method	Level Payments (Closed)
Inflation	0.0275
Salary increases	2.75% to 8.75% including inflation
Investment rate of return	6.80%
Municipal bond rate	0.0192
Single discount rate	0.0326
Retirement age	Rates vary by participant age
Mortality	RP-2014 Blue Collar tables with MP-2018. The RP-2014 Disabled Retiree table is used for disabled members.

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

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

**Notes to Schedule**

Changes of Assumptions: FY21 reflects a decrease to the effective discount rate from 4.05% to 3.26%. Also, based on an experience study completed August 16, 2019, the decrement assumptions for mortality, termination, retirement, and disability were updated, as well as the salary scale, payroll growth, and inflation assumptions. Additionally, the existing amortization bases were consolidated to a 25 year base and all future experience and assumption changes will be amortized over 20 years.

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

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

	2021	2020	2019	2018	2017	2016	2015
Total pension liability.....	\$ 1,577,613	\$ 1,393,191	\$ 1,261,419	\$ 1,605,287	\$ 1,690,235	\$ 1,356,730	\$ 908,528
Less: Plan fiduciary net position .....	447,378	329,024	298,447	273,000	242,145	237,845	223,692
Employer net pension liability.....	<u>\$ 1,130,235</u>	<u>\$ 1,064,167</u>	<u>\$ 962,972</u>	<u>\$ 1,332,287</u>	<u>\$ 1,448,090</u>	<u>\$ 1,118,885</u>	<u>\$ 684,836</u>
Plan fiduciary net position as a percentage of the total pension liability .....	28.4%	23.6%	23.7%	17.0%	14.3%	17.5%	24.6%
Covered payroll .....	\$ 164,553	\$ 149,768	\$ 148,445	\$ 145,834	\$ 137,154	\$ 137,427	\$ 137,680
Employer net pension liability as a percent of covered payroll .....	686.9%	710.5%	648.7%	913.6%	1055.8%	814.2%	497.4%

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

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

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

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



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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution .....	\$ 551,443	\$ 611,709	\$ 644,919	\$ 532,287	\$ 779,316	\$ 634,552	\$ 574,359	\$ 576,050	\$ 634,465	\$ 704,382
Less: Contributions in relation to the actuarially determined contribution .....	629,554	601,487	499,502	562,479	526,535	490,765	449,750	402,794	393,078	385,913
Contribution deficiency/(excess) .....	\$ (78,111)	\$ 10,222	\$ 145,417	\$ (30,192)	\$ 252,781	\$ 143,787	\$ 124,609	\$ 173,256	\$ 241,387	\$ 318,469
Covered payroll .....	\$ 5,687,358	\$ 5,669,650	\$ 5,380,192	\$ 5,115,140	\$ 5,111,236	\$ 4,997,602	\$ 4,929,100	\$ 4,803,627	\$ 4,457,421	\$ 4,144,267
Actual contributions as a percentage of covered payroll .....	11.1%	10.6%	9.3%	11.0%	10.3%	9.8%	9.1%	8.4%	8.8%	9.3%

**Notes to Schedule**

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

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

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

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

	2021	2020	2019	2018
Total OPEB liability				
Service cost .....	\$ 568,469	\$ 427,003	\$ 337,320	\$ 306,642
Interest .....	376,474	516,935	426,193	410,862
Change of benefit terms .....	87,982	97,221	2,544,752	—
Differences between expected and actual experience .....	560,235	162,068	459,791	323,130
Changes of assumptions .....	(2,490,736)	1,537,159	471,611	(969,487)
Benefit payments, including refunds of member contributions .....	(629,554)	(601,487)	(499,502)	(562,479)
Net changes in total OPEB liability .....	(1,527,129)	2,138,899	3,740,165	(491,332)
Total OPEB liability-beginning .....	16,779,615	14,640,716	10,900,551	11,391,883
Total OPEB liability-ending <sup>(a)</sup> .....	<u>\$ 15,252,486</u>	<u>\$ 16,779,615</u>	<u>\$ 14,640,716</u>	<u>\$ 10,900,551</u>
Plan fiduciary net position				
Net investment income .....	\$ 98,747	\$ 4,373	\$ 21,460	\$ 22,599
Net change in plan fiduciary net position .....	98,747	4,373	21,460	22,599
Plan fiduciary net position-beginning .....	355,105	350,732	329,272	306,673
Plan fiduciary net position-ending <sup>(b)</sup> .....	<u>\$ 453,852</u>	<u>\$ 355,105</u>	<u>\$ 350,732</u>	<u>\$ 329,272</u>
Net OPEB liability-ending <sup>(a)-(b)</sup> .....	<u>\$ 14,798,634</u>	<u>\$ 16,424,510</u>	<u>\$ 14,289,984</u>	<u>\$ 10,571,279</u>
Plan fiduciary net position as a percentage of the total OPEB liability .....	3.0%	2.1%	2.4%	3.0%
Covered payroll .....	\$ 5,687,358	\$ 5,669,650	\$ 5,380,192	\$ 5,115,140
Plan net OPEB liability as a percent of covered payroll .....	260.2%	289.7%	265.6%	206.7%

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

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

	2021	2020	2019	2018
Total OPEB liability .....	\$ 15,252,487	\$ 16,779,615	\$ 14,640,716	\$ 10,900,551
Less: Plan fiduciary net position .....	453,852	355,105	350,732	329,272
Employer net OPEB liability .....	<u>\$ 14,798,635</u>	<u>\$ 16,424,510</u>	<u>\$ 14,289,984</u>	<u>\$ 10,571,279</u>
Plan fiduciary net position as a percentage of the total OPEB liability .....	2.98 %	2.12 %	2.40 %	3.02 %
Covered payroll .....	\$ 5,687,358	\$ 5,669,650	\$ 5,380,192	\$ 5,115,140
Employer net OPEB liability as a percent of covered payroll .....	260.2 %	289.7 %	265.6 %	206.7 %

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

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

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

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution .....	\$ 46,156	\$ 31,899	\$ 41,137	\$ 47,907	\$ 90,004	\$ 72,624	\$ 67,496	\$ 70,512	\$ 70,512	\$ 55,852
Less: Contributions in relation to the actuarially determined contribution .....	20,354	17,240	15,617	12,422	16,887	15,296	13,905	18,383	14,147	15,103
Contribution deficiency/(excess) .....	\$ 25,802	\$ 14,659	\$ 25,520	\$ 35,485	\$ 73,117	\$ 57,328	\$ 53,591	\$ 52,129	\$ 56,365	\$ 40,749
Covered payroll .....	\$ 164,553	\$ 149,768	\$ 148,445	\$ 145,834	\$ 137,154	\$ 137,427	\$ 137,680	\$ 135,545	\$ 137,596	\$ 152,276
Actual contributions as a percentage of covered payroll .....	12.4%	11.5%	10.5%	8.5%	12.3%	11.1%	10.1%	13.6%	10.3%	9.9%

**Notes to Schedule**

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

**Methods and assumptions used to establish “actuarially determined contribution” rates:**

Actuarial cost method ..... Entry Age Actuarial Cost Method  
Amortization method ..... Level percent of payroll  
Remaining amortization period... 25 years  
Asset valuation method ..... Fair value of assets

*\*OPEB plan funds pay-go only*

**STATE OF MARYLAND**  
**Schedule of Changes in Net OPEB Liability and Related Ratios for**  
**Maryland Transit Administration Retiree Healthcare Benefit Plan\***  
**Year Ending June 30,**  
*(Expressed in Thousands)*

	2021	2020	2019
Total OPEB liability			
Service cost	\$ 46,156	\$ 31,898	\$ 41,137
Interest	26,467	26,053	29,487
Differences between expected and actual experience	19,747	(1,121)	(14,073)
Changes of assumptions	(21,696)	64,217	(145,356)
Benefit payments, including refunds of member contributions	(20,354)	(17,240)	(15,617)
Net changes in total OPEB liability	50,320	103,807	(104,422)
Total OPEB liability-beginning	832,674	728,867	833,289
Total OPEB liability-ending <sup>(a)</sup>	\$ 882,994	\$ 832,674	\$ 728,867
Plan fiduciary net position			
Contributions-employer	\$ 20,354	\$ 17,240	\$ 15,617
Benefit payments, including refunds	(20,354)	(17,240)	(15,617)
Administrative expenses <sup>(b)</sup>	—	—	—
Net OPEB liability-ending <sup>(a)-(b)</sup>	\$ 882,994	\$ 832,674	\$ 728,867
Covered payroll	\$ 164,553	\$ 149,768	\$ 148,445
Employer net OPEB liability as a percent of covered payroll	536.6%	556.0%	491.0%

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

**STATE OF MARYLAND**  
**Schedule of Net OPEB Liability for**  
**Maryland Transit Administration Retiree Healthcare Benefit Plan\***  
**Year Ending June 30,**  
*(Amounts Expressed in Thousands)*

	2021	2020	2019
Total OPEB liability	\$ 882,994	\$ 832,674	\$ 728,867
Less: Plan fiduciary net position	—	—	—
Employer net OPEB liability	\$ 882,994	\$ 832,674	\$ 728,867
Plan fiduciary net position as a percentage of the total OPEB liability	0.0 %	0.0 %	0.0 %
Covered payroll	\$ 164,553	\$ 149,768	\$ 148,445
Employer net OPEB liability as a percent of covered payroll	536.6 %	556.0 %	491.0 %

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

## STATE OF MARYLAND

### Notes to Required Supplementary Information For the Year Ended June 30, 2021

#### **Budgeting and Budgetary Control:**

The Maryland Constitution requires the Governor to submit to the General Assembly an annual balanced budget for the following fiscal year. This budget is prepared and adopted for the General Fund, which includes all transactions of the State, unless otherwise directed to be included in another fund and the Special Fund, which includes the transportation activities of the State, fishery and wildlife funds, shared taxes and payments of debt service on general obligation bonds. In contrast, the GAAP special revenue fund includes the operations (other than debt service and pension activities) of the Maryland Department of Transportation. The budgetary Federal fund revenue and expenditures are included in the GAAP General and Special Funds as federal revenues and expenditures by function. An annual budget is also prepared for the Federal Fund, which accounts for substantially all grants from the Federal government, and the current unrestricted and restricted funds of the Universities and Colleges. In addition to the annual budget, the General Assembly adopts authorizations for the issuance of general obligation bonds. The expenditures of the resources obtained thereby are accounted for in the capital projects fund.

All State budgetary expenditures for the general, special and federal funds are made pursuant to appropriations in the annual budget, as amended from time to time, by budget amendments. The legal level of budgetary control is at the program level of the general, special and federal funds. State governmental departments and independent agencies may, with the Governor's approval, amend the appropriations by program within the budgetary general fund, provided they do not exceed their total general fund appropriations as contained within the annual budget. The legal level of budgetary control is at the program (function) level of the general, special and federal funds. Examples of State functional programs include Public debt, transportation and highways, and environment. These functional programs are at the legal level of budgetary control and the presentation of budget and actual comparisons on pages 106 and 107 .

Increases in total general fund appropriations must be approved by the General Assembly. For the fiscal year ended June 30, 2021, the General Assembly approved a net decrease in General Fund appropriations of \$166,897,000. Appropriations for programs funded by, in whole or in part, from the special or federal funds, may permit expenditures in excess of original special or federal fund appropriations to the extent that actual revenues exceed original budget estimates and such additional expenditures are approved by the Governor. Unexpended appropriations from the general fund may be carried over to succeeding years to the extent of encumbrances, with all other appropriations lapsing as of the end of the fiscal year. Unexpended appropriations from special and federal funds may be carried over to the extent of (a) available resources, and (b) encumbrances. The State's accounting system is maintained by the Comptroller in compliance with State Law and in accordance with the State's Budgetary Funds. It controls expenditures at the program level to ensure legal compliance. The "Agency Appropriation Unencumbered Balance Report," which is available for public inspection at the Office of the Comptroller, provides a more comprehensive accounting of activity on the basis of budgeting at the legal level of budgetary control.

The original and amended budget adopted by the General Assembly for the general, special and federal funds is presented in the Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balances, Budget and Actual for the year ended June 30, 2021. The State's budgetary fund structure and the basis of budgeting, which is the modified accrual basis with certain exceptions, differ from that utilized to present financial statements in conformity with generally accepted accounting principles. The budgetary system's principal departures from the modified accrual basis are the classification of the State's budgetary funds and the timing of recognition of certain revenues and expenditures. A summary of the effects of the fund structure differences and exceptions to the modified accrual basis of accounting, as of June 30, 2021, is provided in the "Reconciliation of the Budgetary General and Special Fund, Fund Balances to the GAAP General and Special Revenue Fund Balances" immediately following the budgetary schedule.

# *Combining Financial Statements*

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





# STATE OF MARYLAND

## Non-major Governmental Funds

### Debt Service Funds

*General Obligation Bonds, Debt Service Fund:* Transactions related to resources obtained and used for the payment of interest and principal on general long-term debt obligations are accounted for in the general obligation bonds debt service fund.

*Transportation Bonds, Debt Service Fund:* Transactions related to resources obtained and used for the payment of interest and principal on transportation long-term debt obligations are accounted for in the transportation bonds debt service fund.

### Capital Projects Funds

Transactions related to resources obtained and used for the acquisition, construction or improvement of certain capital facilities, including those provided to political subdivisions and other public organizations are accounted for in the capital projects fund. Such resources are derived principally from proceeds of general obligation bond issues, federal grants and operating transfers from the State's general fund. The State enters into long-term contracts for construction of major capital projects and records the related commitments as encumbrances.

### Special Revenue Funds

*Maryland Economic Development Opportunities Program Fund (Sunny Day):* Transactions related to loans, conditional loans, grants, conditional grants, and investments made to assist in the retention or expansion of existing enterprises and the attraction of new enterprises.

*Maryland Economic Adjust Fund (MEAF):* Transactions related to loans made to eligible businesses, and grants to Revolving Loan Funds administered by local government or nonprofit economic development organizations in the State of Maryland to assist with the modernization of manufacturing operation, the development of commercial applications for technology, and exploring and entering new markets.

**STATE OF MARYLAND**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2021**  
*(Expressed in Thousands)*

	Maryland Economic Adjust Fund	Maryland Economic Development Opportunities Program Fund (Sunny Day)	Debt Service Funds			Total Non-major Governmental Funds
			General Obligation Bonds	Transportation Bonds	Capital Projects Fund	
Assets:						
Equity in pooled invested cash.....	\$ 583	\$ 1,988	\$ —	\$ —	\$ 500,476	\$ 503,047
Investments.....	—	—	—	—	446,925	446,925
Other accounts receivable ..	44	489	—	—	139	672
Due from other funds.....	—	—	—	—	—	—
Restricted Assets:						
Cash with fiscal agent.....	—	—	45,558	—	—	45,558
Equity in pooled invested cash.....	—	—	184,493	—	—	184,493
Investments.....	—	—	34,405	—	—	34,405
Taxes receivable, net.....	—	—	23,628	—	—	23,628
Other accounts receivable	—	—	309	—	—	309
Loans and notes receivable, net.....	220	—	1,112	—	—	1,332
<b>Total assets.....</b>	<b>\$ 847</b>	<b>\$ 2,477</b>	<b>\$ 289,506</b>	<b>\$ —</b>	<b>\$ 947,539</b>	<b>\$ 1,240,370</b>
Liabilities:						
Vouchers payable.....	\$ —	\$ —	\$ —	\$ —	\$ 124,807	\$ 124,807
Accounts payable and accrued liabilities.....	—	—	—	—	57,153	57,153
Due to other funds.....	—	—	—	—	56,341	56,341
Accounts payable to political subdivisions.....	—	—	—	—	15,648	15,648
<b>Total liabilities.....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>253,949</b>	<b>253,949</b>
Fund balances:						
Restricted.....	847	2,477	289,506	—	—	292,830
Committed.....	—	—	—	—	801,662	801,662
Unassigned.....	—	—	—	—	(108,072)	(108,072)
<b>Total fund balance.....</b>	<b>847</b>	<b>2,477</b>	<b>289,506</b>	<b>—</b>	<b>693,590</b>	<b>986,420</b>
<b>Total liabilities and fund balances.....</b>	<b>\$ 847</b>	<b>\$ 2,477</b>	<b>\$ 289,506</b>	<b>\$ —</b>	<b>\$ 947,539</b>	<b>\$ 1,240,370</b>

**STATE OF MARYLAND**  
**Combining Statement of Revenues, Expenditures, Other Sources and Uses of**  
**Financial Resources and Change in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

	Debt Service Funds						Total Non-major Governmental Funds
	Maryland Economic Adjust Fund	Maryland Economic Development Opportunities Program Fund (Sunny Day)	General Obligation Bonds	Transportation Bonds	Capital Projects Fund		
<b>Revenues:</b>							
Property taxes .....	\$ —	\$ —	\$ 889,763	\$ —	\$ —	\$ —	\$ 889,763
Interest and other investment income .....	—	—	(495)	—	170	—	(325)
Federal revenue .....	21	—	9,302	—	1,000	—	10,323
Other .....	—	—	674	—	—	—	674
Total revenue .....	21	—	899,244	—	1,170	—	900,435
<b>Expenditures:</b>							
General government .....	—	277	—	—	—	—	277
Education .....	—	—	—	—	415,487	—	415,487
Aid to higher education .....	—	—	—	—	285,561	—	285,561
Commerce .....	(25)	5,000	—	—	—	—	4,975
Intergovernmental grants and revenue sharing .....	—	—	—	—	292,788	—	292,788
Capital outlays .....	—	—	—	—	120,077	—	120,077
<b>Debt service:</b>							
Principal retirement .....	—	—	851,598	254,860	—	—	1,106,458
Interest .....	—	—	418,835	157,580	—	—	576,415
Bond issuance costs .....	—	—	—	—	2,046	—	2,046
Total expenditures .....	(25)	5,277	1,270,433	412,440	1,115,959	—	2,804,084
Deficiency of revenues under expenditures .....	46	(5,277)	(371,189)	(412,440)	(1,114,788)	—	(1,903,649)
<b>Other sources (uses) of financial resources:</b>							
Bonds issued .....	—	—	—	—	977,763	—	977,763
Refunding bonds issued .....	—	—	—	—	508,638	—	508,638
Bond premium .....	—	—	212,228	—	141,368	—	353,596
Payments to refunded bond escrow agent .....	—	—	—	—	(507,984)	—	(507,984)
Transfers in .....	—	5,000	138,017	412,440	276,409	—	831,866
Transfers out .....	—	—	—	—	(152,507)	—	(152,507)
Total other sources of financial resources .....	—	5,000	350,244	412,440	1,243,687	—	2,011,372
Net changes in fund balances .....	46	(277)	(20,945)	—	128,898	—	107,723
Fund balances, beginning of year , as restated .....	801	2,754	310,451	—	564,691	—	878,697
Fund balances, end of year .....	\$ 847	\$ 2,477	\$ 289,506	\$ —	\$ 693,590	\$ —	\$ 986,420

# STATE OF MARYLAND

## Non-major Enterprise Funds

Transactions related to commercial types of activities operated by the State are accounted for in the enterprise funds. The non-major enterprise funds consist of the economic development insurance programs of the Department of Housing and Community Development and Maryland Correctional Enterprises, which utilizes inmate labor from State correctional institutions to manufacture goods, wares and merchandise to be sold to State and federal agencies, political subdivisions and charitable, civic, educational, fraternal or religious associations or institutions.

**STATE OF MARYLAND**  
**Combining Statement of Net Position**  
**Non-major Enterprise Funds**  
**June 30, 2021**  
*(Expressed in Thousands)*

	<b>Economic Development Insurance Programs</b>	<b>Maryland Correctional Enterprises</b>	<b>Total Non-Major Enterprise Funds</b>
<b>Assets-</b>			
<b>Current assets:</b>			
Equity in pooled invested cash .....	\$ 2,954	\$ 11,736	\$ 14,690
Other accounts receivable .....	—	16,741	16,741
Inventories .....	—	11,664	11,664
Other assets .....	770	57	827
Restricted equity in pooled invested cash .....	84,571	—	84,571
<b>Total current assets .....</b>	<b>88,295</b>	<b>40,198</b>	<b>128,493</b>
<b>Non-current assets:</b>			
Investments .....	2,551	—	2,551
<b>Capital assets, net of accumulated depreciation:</b>			
Structures and improvements .....	—	1,731	1,731
Equipment .....	—	6,525	6,525
<b>Total non-current assets .....</b>	<b>2,551</b>	<b>8,256</b>	<b>10,807</b>
<b>Total assets .....</b>	<b>90,846</b>	<b>48,454</b>	<b>139,300</b>
Deferred outflows of resources .....	—	2,887	2,887
<b>Liabilities-</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities .....	199	1,606	1,805
Accrued insurance on loan losses .....	9,401	—	9,401
Other liabilities .....	296	831	1,127
Unearned revenue .....	406	619	1,025
<b>Total current liabilities .....</b>	<b>10,302</b>	<b>3,056</b>	<b>13,358</b>
<b>Non-current liabilities:</b>			
Other liabilities .....	2,628	15,673	18,301
<b>Total non-current liabilities .....</b>	<b>2,628</b>	<b>15,673</b>	<b>18,301</b>
<b>Total liabilities .....</b>	<b>12,930</b>	<b>18,729</b>	<b>31,659</b>
Deferred inflows of resources .....	—	874	874
<b>Net Position-</b>			
Net investment in capital assets .....	—	8,256	8,256
Restricted for insurance programs .....	84,573	—	84,573
Unrestricted (deficit) .....	(6,657)	23,482	16,825
<b>Total net position .....</b>	<b>\$ 77,916</b>	<b>\$ 31,738</b>	<b>\$ 109,654</b>

**STATE OF MARYLAND**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Non-major Enterprise Funds**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

	<b>Economic Development Insurance Programs</b>	<b>Maryland Correctional Enterprises</b>	<b>Total Non-Major Enterprise Funds</b>
Operating revenues:			
Charges for services and sales .....	\$ 706	\$ 50,203	\$ 50,909
Unrestricted interest on loan income .....	528	—	528
Other .....	882	—	882
Total operating revenues .....	<u>2,116</u>	<u>50,203</u>	<u>52,319</u>
Operating expenses:			
Cost of sales and services .....	—	38,781	38,781
General and administrative .....	1,200	10,271	11,471
Depreciation and amortization .....	—	826	826
Provision for insurance on loan losses .....	412	—	412
Total operating expenses .....	<u>1,612</u>	<u>49,878</u>	<u>51,490</u>
Operating income (loss) .....	<u>504</u>	<u>325</u>	<u>829</u>
Non-operating revenues (expenses):			
Restricted investment income .....	261	—	261
Federal grants and distributions .....	(152)	—	(152)
Other .....	—	2	2
Total non-operating revenues (expenses) .....	<u>109</u>	<u>2</u>	<u>111</u>
Changes in net position .....	613	327	940
Total net position - beginning of the year .....	77,303	31,411	108,714
Total net position - end of the year .....	<u>\$ 77,916</u>	<u>\$ 31,738</u>	<u>\$ 109,654</u>

**STATE OF MARYLAND**  
**Combining Statement of Cash Flows**  
**Non-major Enterprise Funds**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

	Economic Development Insurance Programs		Maryland Correctional Enterprises		Total Non-Major Enterprise Funds
Cash flows from operating activities:					
Receipts from customers.....	\$ 732		\$ 49,321		\$ 50,053
Payments to suppliers.....	—		(34,823)		(34,823)
Payments to employees.....	(1,480)		(14,551)		(16,031)
Other receipts.....	1,410		—		1,410
Other payments.....	(438)		—		(438)
Net cash provided by (used in) operating activities.....	224		(53)		171
Cash flows from non-capital financing activities:					
Transfers Out.....	(152)		—		(152)
Net cash provided by (used in) non-capital financing activities.....	(152)		—		(152)
Cash flows from capital and related financing activities:					
Acquisition of capital assets.....	—		(914)		(914)
Net cash provided by (used in) capital and related financing activities.....	—		(914)		(914)
Cash flows from investing activities:					
Interest received on debt instruments of other entities.....	260		—		260
Net cash provided by (used in) investing activities.....	260		—		260
Net change in cash and cash equivalents.....	332		(967)		(635)
Balance - beginning of the year.....	87,192		12,703		99,895
Balance - end of the year.....	\$ 87,524		\$ 11,736		\$ 99,260

Reconciliation of operating income to net cash from operating activities:

Operating income (loss).....	\$ 504		\$ 325		\$ 829
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation and amortization.....	—		826		826
Deferred inflows of resources.....	—		—		—
Deferred outflows of resources.....	—		—		—
Effect of changes in non-cash operating assets and liabilities:					
Other accounts receivable.....	—		(4,490)		(4,490)
Due from other funds.....	165		—		165
Inventories.....	—		3,187		3,187
Loans and notes receivable.....	(148)		—		(148)
Other assets.....	(24)		79		55
Accounts payable and accrued liabilities.....	(6)		(395)		(401)
Accrued insurance and loan losses.....	(276)		—		(276)
Unearned revenue.....	9		316		325
Other liabilities.....	—		99		99
Net cash from operating activities.....	\$ 224		\$ (53)		\$ 171



# STATE OF MARYLAND

## Fiduciary Funds

The Pension and Other Post-Employment Benefits Trust Funds include the Maryland State Retirement and Pension System, Maryland Transit Administration Pension Plan, Deferred Compensation Plan and Post-Employment Health Benefits Trust Fund. The Pension Trust Funds reflect the transactions, assets, liabilities and net position of the plans administered by the State and the Maryland Transit Administration and are accounted for using the flow of economic resources measurement focus. The Deferred Compensation Plan, which is included with a year end of December 31, accounts for participant earnings deferred in accordance with Internal Revenue Code Sections 457, 403(b), 401(a) and 401(k). Amounts deferred are invested and are not subject to Federal income taxes until paid to participants upon termination or retirement from employment, death or for an unforeseeable emergency. The other Post-Employment Health Benefits Trust Fund (OPEB Trust) accumulates funds to assist the State's Employee and Retiree Health and Welfare Benefits Program finance the State's postretirement health insurance subsidy. The OPEB Trust is administered by the Board of Trustees for the Maryland State Retirement and Pension System, and its transactions and account balances are accounted for using the flow of economic resources measurement focus.

The State uses custodial funds to account for the receipt and disbursement of patient and prisoner accounts, various taxes collected by the State for distribution to the Federal government and political subdivisions and amounts withheld from employee's payroll.

**STATE OF MARYLAND**  
**Combining Statement of Fiduciary Net Position**  
**Pension and Other Employee Benefits Trust Funds**  
**June 30, 2021**  
*(Expressed in Thousands)*

	Maryland State Retirement and Pension System	Maryland Transit Administration Pension Plan	Postretirement Health Benefits Trust Fund	Deferred Compensation Plan December 31, 2020	Total
<b>Assets:</b>					
Cash .....	\$ 2,407,235	\$ 12,991	\$ 176	\$ 4,372	\$ 2,424,774
<b>Receivables:</b>					
Accrued investment income .....	333,630	2,995	—	44,902	381,525
Total receivables .....	333,628	2,995	—	44,902	381,525
<b>Investments:</b>					
US Treasury and agency obligations .....	7,148,338	47,557	63,843	—	7,259,738
Bonds .....	7,080,284	47,104	52,747	—	7,180,135
Corporate equity securities .....	24,130,110	160,536	263,202	—	24,553,848
Mortgage related securities .....	1,235,095	8,217	10,138	—	1,253,450
Mutual funds .....	—	—	—	3,993,610	3,993,610
Guaranteed investment contracts .....	—	—	—	837,072	837,072
Real estate .....	—	—	45,837	—	45,837
Annuity contracts .....	—	—	—	60,399	60,399
Commingled funds .....	26,241,154	174,580	17,909	—	26,433,643
Investment held by borrowers under Total investments .....	— 65,834,981	— 437,994	— 453,676	— 4,891,081	— 71,617,732
Other receivables .....	695,205	2,052	—	—	697,257
Collateral for lent securities .....	4,745,195	—	—	—	4,745,195
Total assets .....	74,016,244	456,032	453,852	4,940,355	79,866,483
<b>Liabilities:</b>					
Accounts payable and accrued liabilities .....	66,355	8,654	—	—	75,009
Collateral obligation for lent securities .....	4,745,195	—	—	—	4,745,195
Other liabilities .....	1,600,194	—	—	—	1,600,194
Total liabilities .....	6,411,744	8,654	—	—	6,420,398
<b>Net position restricted for:</b>					
Pension benefits .....	67,604,500	447,378	—	—	68,051,878
Deferred compensation benefits .....	—	—	—	4,940,355	4,940,355
Postretirement health benefits .....	—	—	453,852	—	453,852
<b>Total net position</b> .....	<b>\$ 67,604,500</b>	<b>\$ 447,378</b>	<b>\$ 453,852</b>	<b>\$ 4,940,355</b>	<b>\$ 73,446,085</b>

**STATE OF MARYLAND**  
**Combining Statement of Changes in Plan Net Position**  
**Pension and Other Employee**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

	Maryland State Retirement and Pension System	Maryland Transit Administration Pension Plan	Postretirement Health Benefits Trust Fund	Deferred Compensation Plan December 31, 2020	Total
Additions:					
Contributions:					
Employers .....	\$ 1,436,868	\$ 59,280	\$ 629,554	\$ —	\$ 2,125,702
Members .....	865,738	7,311	—	179,873	1,052,922
Sponsors .....	766,656	—	—	—	766,656
Total contributions .....	3,069,262	66,591	629,554	179,873	3,945,280
Investment earnings:					
Net appreciation (depreciation) in fair value of investments .....	11,866,664	48,773	\$ 85,797	605,341	12,606,575
Interest .....	550,221	44,440	13,210	26,382	634,253
Dividends .....	2,439,299	—	—	—	2,439,299
Total investment income .....	14,856,184	93,213	99,007	631,723	15,680,127
Less: investment expense .....	540,422	—	260	—	540,682
Net investment income .....	14,315,762	93,213	98,747	631,723	15,139,445
Total additions .....	17,385,024	159,804	728,301	811,596	19,084,725
Deductions:					
Benefit payments .....	4,253,047	44,736	629,554	252,430	5,179,767
Refunds .....	64,775	—	—	—	64,775
Administrative expenses .....	48,740	3,601	—	8,755	61,096
Total deductions .....	4,366,562	48,337	629,554	261,185	5,305,638
Net increase/(decrease) .....	13,018,462	111,467	98,747	550,411	13,779,087
Net position-beginning .....	54,586,037	335,912	355,105	4,389,944	59,666,998
Net position-ending .....	\$ 67,604,499	\$ 447,379	\$ 453,852	\$ 4,940,355	\$ 73,446,085

**STATE OF MARYLAND**  
**Combining Schedule of Fiduciary Net Position**  
**Maryland State Retirement and Pension System**  
**June 30, 2021**  
*(Expressed in Thousands)*

	<b>Teachers' Retirement and Pension System</b>	<b>Employees' Retirement and Pension System</b>	<b>State Police Retirement System</b>	<b>Judges' Retirement System</b>	<b>Law Enforcement Officers' Pension System</b>	<b>Subtotal</b>	<b>Eliminations*</b>	<b>Total</b>
<b>Assets:</b>								
Cash .....	\$ 1,439,213	\$ 828,396	\$ 68,993	\$ 25,489	\$ 45,144	\$ 2,407,235	\$ —	\$ 2,407,235
Investments, at fair value .....	40,051,457	21,991,292	1,853,773	594,294	1,344,166	65,834,982	—	65,834,982
Other receivables & Accrued Inv. Income .....	602,949	365,634	31,029	8,897	20,323	1,028,832	—	1,028,832
Due from other systems .....	79,130	47,162	101	—	4,922	131,315	(131,315)	—
Collateral for lent securities .....	2,882,625	1,596,921	132,851	42,805	89,993	4,745,195	—	4,745,195
Total assets .....	45,055,374	24,829,405	2,086,747	671,485	1,504,548	74,147,559	(131,315)	74,016,244
<b>Liabilities:</b>								
Accounts payable and accrued liabilities .....	39,762	23,011	1,734	734	1,114	66,355	—	66,355
Due to other system .....	44,276	87,064	(27)	2	—	131,315	(131,315)	—
Collateral obligation for lent securities & Other liab .....	3,850,556	2,141,840	177,813	57,089	118,091	6,345,389	—	6,345,389
Total liabilities .....	3,934,594	2,251,915	179,520	57,825	119,205	6,543,059	(131,315)	6,411,744
<b>Net Position:</b>								
Restricted for pension benefits .....	\$ 41,120,780	\$ 22,577,490	\$ 1,907,227	\$ 613,660	\$ 1,385,343	\$ 67,604,500	\$ —	\$ 67,604,500

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

**STATE OF MARYLAND**  
**Combining Schedule of Changes in Plan Net Position**  
**Maryland State Retirement and Pension System**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

	Teachers' Retirement and Pension System	Employees Retirement and Pension System	State Police Retirement System	Judges' Retirement System	Law Enforcement Officers' Pension System	Subtotal	Eliminations*	Total
Additions:								
Contributions:								
Employers .....	\$ 386,549	\$ 856,220	\$ 93,652	\$ 21,277	\$ 79,170	\$ 1,436,868	\$ —	\$ 1,436,868
Members .....	531,932	307,067	9,431	3,595	13,713	865,738	—	865,738
Sponsors .....	766,656	—	—	—	—	766,656	—	766,656
Total contributions .....	1,685,137	1,163,287	103,083	24,872	92,883	3,069,262	—	3,069,262
Investment earnings:								
Net increase in fair value of investments .....	7,212,075	3,974,367	334,677	107,659	237,886	11,866,664	—	11,866,664
Interest .....	321,187	177,287	14,909	4,800	10,619	528,802	—	528,802
Dividends .....	1,481,508	817,815	68,802	22,135	49,039	2,439,299	—	2,439,299
Income from securities lending .....	13,011	7,180	604	194	430	21,419	—	21,419
Total investment income .....	9,027,781	4,976,649	418,992	134,788	297,974	14,856,184	—	14,856,184
Less: investment expense .....	328,100	181,244	15,258	4,905	10,915	540,422	—	540,422
Net investment income .....	8,699,681	4,795,405	403,734	129,883	287,059	14,315,762	—	14,315,762
Total additions .....	10,384,818	5,958,692	506,817	154,755	379,942	17,385,024	—	17,385,024
Deductions:								
Benefit payments .....	2,431,911	1,567,643	135,212	37,874	80,407	4,253,047	—	4,253,047
Refunds .....	30,401	33,179	202	—	992	64,774	—	64,774
Administrative expenses .....	23,645	24,088	297	70	640	48,740	—	48,740
Total deductions .....	2,485,957	1,624,910	135,711	37,944	82,039	4,366,561	—	4,366,561
Net system transfers .....	(6,908)	7,127	—	—	(219)	—	—	—
Changes in net position .....	7,905,769	4,326,655	371,106	116,811	298,122	13,018,463	—	13,018,463
Net position restricted for pension benefits:								
Beginning of the year .....	33,215,011	18,250,835	1,536,121	496,849	1,087,221	54,586,037	—	54,586,037
End of the year .....	\$ 41,120,780	\$ 22,577,490	\$ 1,907,227	\$ 613,660	\$ 1,385,343	\$ 67,604,500	\$ —	\$ 67,604,500

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

**STATE OF MARYLAND**  
**Combining Schedule of Fiduciary Net Position**  
**Deferred Compensation Plan**  
**December 31, 2020**  
*(Expressed in Thousands)*

	Deferred Compensation Plan Section 457	Savings and Investment Plan Section 401(k) Plan	Match Plan and Trust 401(a) Plan	Tax Sheltered Annuity Plan 403(b) Plan	Total
Assets:					
Cash .....	\$ 4,372	\$ —	\$ —	\$ —	\$ 4,372
Investments, at fair value .....	2,111,907	2,433,807	228,529	116,839	4,891,082
Other receivables .....	23,548	20,828	—	526	44,902
Total assets .....	<u>2,139,827</u>	<u>2,454,635</u>	<u>228,529</u>	<u>117,365</u>	<u>4,940,356</u>
Net position:					
Restricted for deferred compensation benefits .....	<u>\$ 2,139,827</u>	<u>\$ 2,454,635</u>	<u>\$ 228,529</u>	<u>\$ 117,365</u>	<u>\$ 4,940,356</u>

**STATE OF MARYLAND**  
**Combining Schedule of Changes in Plan Net Position**  
**Deferred Compensation Plan**  
**For the Year Ended December 31, 2020**  
*(Expressed in Thousands)*

	Deferred Compensation Plan Section 457	Savings and Investment Plan Section 401(k) Plan	Match Plan and Trust 401(a) Plan	Tax Sheltered Annuity Plan 403(b) Plan	Total
Additions:					
Contributions:					
Members .....	\$ 85,881	\$ 89,232	\$ 33	\$ 4,727	\$ 179,873
Total contributions .....	<u>85,881</u>	<u>89,232</u>	<u>33</u>	<u>4,727</u>	<u>179,873</u>
Investment earnings:					
Net increase (decrease) in fair value of investments .....	245,764	313,291	31,009	15,278	605,342
Interest .....	15,469	9,956	743	214	26,382
Net investment income .....	<u>261,233</u>	<u>323,247</u>	<u>31,752</u>	<u>15,492</u>	<u>631,724</u>
Total additions .....	<u>347,114</u>	<u>412,479</u>	<u>31,785</u>	<u>20,219</u>	<u>811,597</u>
Deductions:					
Benefit payments .....	116,134	119,796	10,462	6,038	252,430
Administrative expenses .....	4,733	3,579	302	141	8,755
Total deductions .....	<u>120,867</u>	<u>123,375</u>	<u>10,764</u>	<u>6,179</u>	<u>261,185</u>
Changes in net position .....	<u>226,247</u>	<u>289,104</u>	<u>21,021</u>	<u>14,040</u>	<u>550,412</u>
Net position restricted for pension and other employee benefits:					
Beginning of the year .....	1,913,580	2,165,531	207,508	103,325	4,389,944
End of the year .....	<u>\$ 2,139,827</u>	<u>\$ 2,454,635</u>	<u>\$ 228,529</u>	<u>\$ 117,365</u>	<u>\$ 4,940,356</u>

**STATE OF MARYLAND**  
**Combining Statement of Fiduciary Net Position**  
**Custodial Funds**  
**June 30, 2021**  
*(Expressed in Thousands)*

	<b>Custodial Funds</b>				
	<b>Local Income Taxes</b>	<b>Insurance Premium Taxes</b>	<b>Local Transportation Funds and Other Taxes</b>	<b>Litigant, Patient and Prisoner Accounts</b>	<b>Total Custodial Funds</b>
<b>Assets:</b>					
Cash .....	\$ —	\$ 10	\$ 28,733	\$ 53,183	\$ 81,926
Equity in pooled invested cash .....	1,904,861	117,385	6,939	17,410	2,046,595
Taxes receivable, net .....	234,045	—	—	—	234,045
Intergovernmental receivables .....	239,347	—	—	—	239,347
Accounts receivable from state treasury .....	822,446	—	—	—	822,446
<b>Total assets .....</b>	<b>\$ 3,200,699</b>	<b>\$ 117,395</b>	<b>\$ 35,672</b>	<b>\$ 70,593</b>	<b>\$ 3,424,359</b>
<b>Liabilities:</b>					
Accounts payable and accrued liabilities .....	\$ —	463	—	5,866	\$ 6,329
Accounts payable to political subdivisions .....	669,395	—	6,856	—	\$ 676,251
<b>Total liabilities .....</b>	<b>\$ 669,395</b>	<b>\$ 463</b>	<b>\$ 6,856</b>	<b>\$ 5,866</b>	<b>\$ 682,580</b>
<b>Net Position:</b>					
Restricted for: .....					
Individuals, organizations, other governments .....	2,531,304	116,932	28,816	64,727	2,741,779
<b>Total net position .....</b>	<b>\$ 2,531,304</b>	<b>\$ 116,932</b>	<b>\$ 28,816</b>	<b>\$ 64,727</b>	<b>\$ 2,741,779</b>



**STATE OF MARYLAND**  
**Combining Statement of Changes in Net Position**  
**Custodial Funds**  
**For the Year Ended June 30, 2021**  
**(Expressed in Thousands)**

	Custodial Funds				
	Local Income Taxes	Insurance Premium Taxes	Local Transportation Funds and Other Taxes	Litigant, Patient and Prisoner Accounts	Total Custodial Funds
Additions:					
Contributions:					
Employers .....	\$ —	\$ —	\$ —	\$ —	\$ —
Members .....	—	—	—	—	—
Sponsors .....	—	—	—	—	—
Total contributions .....	—	—	—	—	—
Investment earnings:					
Net appreciation (depreciation) in fair value of investments .....	—	—	—	—	—
Interest .....	—	352	—	—	352
Dividends .....	—	—	—	—	—
Total investment income .....	—	352	—	—	352
Less: investment expense .....	—	—	—	—	—
Net investment income .....	—	352	—	—	352
Total additions .....	—	352	—	—	352
Deductions:					
Benefit payments .....	—	—	—	—	—
Distribution to participants, individuals, and local governments .....	7,125,404	28,376	15,753	36,998	31,763
Redemptions (unit transactions at \$1.00 per unit) .....	—	—	—	—	—
Refunds .....	—	—	—	—	—
Administrative expenses .....	—	—	—	—	—
Total deductions .....	7,125,404	28,376	15,753	36,998	7,206,531
Net increase/(decrease) .....	355,685	7,024	2,062	833	365,604
Net position-beginning .....	2,175,619	109,908	26,754	63,894	2,376,175
Net position-ending .....	\$ 2,531,304	\$ 116,932	\$ 28,816	\$ 64,727	\$ 2,741,779

# STATE OF MARYLAND

## Non-major Component Unit Financial Statements

### Non-major Component Units

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

#### Maryland Environmental Service

The Maryland Environmental Service was created as a body corporate and politic. The Service helps private industry and local governments manage liquid, solid and hazardous wastes. In accordance with direction from the Governor, the Service plans and establishes major resource recovery facilities, solid waste management plans and hazardous waste management programs.

#### Maryland Industrial Development Financing Authority

The Maryland Industrial Development Financing Authority was established as a body corporate and politic and a public instrumentality of the State to provide financial assistance to enterprises seeking to locate or expand operations in Maryland.

#### Maryland Food Center Authority

The Maryland Food Center Authority is a body corporate and politic which was created to establish and operate a consolidated wholesale food center within the Greater Baltimore Region and is subject to State regulations.

#### Maryland Technology Development Corporation

The Maryland Technology Development Corporation was established as a body corporate and politic and a public instrumentality of the State to assist in the commercialization of technology developed in the universities and the private sector. The Corporation administers the Maryland Technology Incubator program, Maryland Stem Cell Research Fund and Maryland Venture Fund.

**STATE OF MARYLAND**  
**Combining Statement of Net Position**  
**Non-major Component Units**  
**June 30, 2021**  
**(Continued)**  
*(Expressed in Thousands)*

	<b>Maryland Environmental Service</b>	<b>Maryland Economic Development Assistance Authority and Fund</b>	<b>Maryland Small Business Development Financing Authority</b>	<b>Maryland Industrial Development Financing Authority</b>	<b>Maryland Food Center Authority</b>	<b>Maryland Technology Development Corporation</b>	<b>Total Non-major Component Units</b>
<b>Assets:</b>							
Cash .....	\$ 30,240	\$ —	\$ —	\$ —	\$ 5	\$ 56,868	\$ 87,113
Equity in pooled invested cash .....	—	30,009	7,873	16,969	6,379	225	61,455
Investments .....	4,060	—	—	—	—	74,083	78,143
Other accounts receivable .....	34,231	15,356	423	—	818	2,835	53,663
Due from primary government .....	—	50,470	—	—	—	—	50,470
Prepaid items .....	221	—	—	—	—	102	323
Loans and notes receivable, net .....	—	4,577	13,033	—	—	10,209	27,819
Other assets .....	15,547	—	1,738	—	—	71	17,356
<b>Restricted assets:</b>							
Cash .....	110	—	—	—	—	1,782	1,892
Investments .....	3,338	—	—	—	—	—	3,338
<b>Capital assets, net of accumulated depreciation:</b>							
Land .....	5,952	—	—	—	3,582	—	9,534
Structures and improvements .....	32,482	—	—	—	19,746	—	52,228
Infrastructure .....	1,355	—	—	—	—	—	1,355
Equipment .....	6,970	—	—	—	401	15	7,386
Construction in progress .....	—	—	—	—	2,341	—	2,341
<b>Total assets .....</b>	<b>134,506</b>	<b>100,412</b>	<b>23,067</b>	<b>16,969</b>	<b>33,272</b>	<b>146,190</b>	<b>454,416</b>
Deferred outflows of resources .....	1,190	—	—	—	993	—	2,183

**STATE OF MARYLAND**  
**Combining Statement of Net Position**  
**Non-major Component Units**  
**June 30, 2021**  
**(Continued)**  
**(Expressed in Thousands)**

	<b>Maryland Environmental Service</b>	<b>Maryland Economic Development Assistance Authority and Fund</b>	<b>Maryland Small Business Development Financing Authority</b>	<b>Maryland Industrial Development Financing Authority</b>	<b>Maryland Food Center Authority</b>	<b>Maryland Technology Development Corporation</b>	<b>Total Non-major Component Units</b>
<b>Liabilities:</b>							
Accounts payable and accrued liabilities .....	31,344	—	702	—	266	18,382	50,694
Due to Primary Government .....	—	—	—	—	—	5,077	5,077
Unearned revenue .....	—	—	39	15	49	4,558	4,661
Accrued insurance on loan losses .....	—	—	830	456	—	—	1,286
<b>Bonds and notes payable:</b>							
Due within one year .....	1,898	—	—	—	—	—	1,898
Due in more than one year .....	21,310	—	—	—	—	—	21,310
<b>Other noncurrent liabilities:</b>							
Due within one year .....	17,343	—	—	—	232	—	17,575
Due in more than one year .....	16,204	—	—	—	2,859	—	19,063
<b>Total liabilities</b> .....	<b>88,099</b>	<b>—</b>	<b>1,571</b>	<b>471</b>	<b>3,406</b>	<b>28,017</b>	<b>121,564</b>
Deferred inflows of resources .....	2,329	—	—	—	146	—	2,475
<b>Net position:</b>							
Net investment in capital assets .....	22,575	—	—	—	26,070	15	48,660
<b>Restricted:</b>							
Capital improvements and deposits .....	5,515	—	—	—	—	—	5,515
Restricted - Debt service .....	1,707	—	—	—	—	—	1,707
Unrestricted .....	15,471	100,412	21,496	16,498	4,643	118,158	276,678
<b>Total net position</b> .....	<b>\$ 45,268</b>	<b>\$ 100,412</b>	<b>\$ 21,496</b>	<b>\$ 16,498</b>	<b>\$ 30,713</b>	<b>\$ 118,173</b>	<b>\$ 332,560</b>

**STATE OF MARYLAND**  
**Combining Statement of Activities**  
**Non-major Component Units**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

	Maryland Environmental Service	Maryland Economic Development Assistance Authority and Fund	Maryland Small Business Development Financing Authority	Maryland Industrial Development Financing Authority	Maryland Food Center Authority	Maryland Technology Development Corporation	Total Non-major Component Units
Expenses:							
General and administrative .....	\$ 17,553	\$ 3,759	\$ 3,121	\$ 2,813	\$ 1,704	\$ 1,470	\$ 30,420
Operation and maintenance of facilities .....	170,662	—	—	—	1,790	—	172,452
Provision for insurance on loan losses, net .....	—	128	—	43	—	—	171
Interest on long-term debt .....	899	—	—	—	—	—	899
Depreciation and amortization .....	3,839	—	—	—	1,221	7	5,067
Other .....	1,718	353,663	6,186	—	—	42,644	404,211
Total expenses .....	194,671	357,550	9,307	2,856	4,715	44,121	613,220
Program revenues:							
Charges for services and sales .....	191,166	359,818	72	351	4,715	1,386	557,508
Total charges for services .....	191,166	359,818	72	351	4,715	1,386	557,508
Operating grants and contributions .....	4,055	11,997	12,215	—	—	25,773	54,040
Total program revenues .....	195,221	371,815	12,287	351	4,715	27,159	611,548
Net program revenue (expense) .....	550	14,265	2,980	(2,505)	—	(16,962)	(1,672)
General revenues:							
Unrestricted investment income .....	15	472	(6)	56	26	22,116	22,679
Total general revenues .....	15	472	(6)	56	26	22,116	22,679
Change in net position .....	565	14,737	2,974	(2,449)	26	5,154	21,007
Net position - beginning of the year .....	44,703	85,675	18,522	18,947	30,687	113,019	311,553
Net position - end of the year .....	\$ 45,268	\$ 100,412	\$ 21,496	\$ 16,498	\$ 30,713	\$ 118,173	\$ 332,560



# *Statistical Section*

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





## Statistical Section

This part of the State's annual comprehensive financial reports presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's economic condition.

# Table of Contents

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### **Financial Trends**

These schedules contain trend information to help the reader understand how the State's financial position and well-being have changed over time ..... 142

### **Revenue Capacity**

These schedules contain information to help the reader assess the State's most significant own-source revenues ..... 150

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future ..... 154

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place ..... 158

### **Operating Information**

These schedules contain service data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs ..... 161

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

**STATE OF MARYLAND**  
**Net Position by Component**  
**Primary Government**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
*(Expressed in Thousands)*

	Year ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Governmental activities:</b>										
Net investment in capital assets .....	\$ 19,024,134	\$ 17,691,697	\$ 16,521,914	\$ 16,702,586	\$ 16,164,081	\$ 15,311,051	\$ 14,737,916	\$ 14,312,895	\$ 14,203,503	\$ 13,771,338
Restricted .....	302,009	329,089	223,982	255,515	248,519	299,288	233,403	214,000	241,446	229,448
Unrestricted (deficit) .....	(36,166,427)	(37,031,892)	(36,101,866)	(34,404,356)	(27,010,946)	(25,671,817)	(25,444,098)	(12,086,503)	(10,915,188)	(10,023,466)
Total governmental activities net position .....	<u>\$ (16,840,284)</u>	<u>\$ (19,011,106)</u>	<u>\$ (19,355,970)</u>	<u>\$ (17,446,255)</u>	<u>\$ (10,598,346)</u>	<u>\$ (10,061,478)</u>	<u>\$ (10,472,779)</u>	<u>\$ 2,440,392</u>	<u>\$ 3,529,761</u>	<u>\$ 3,977,320</u>
<b>Business-type activities:</b>										
Net investment in capital assets .....	\$ 4,121,054	\$ 4,357,278	\$ 4,682,501	\$ 4,360,412	\$ 3,465,391	\$ 3,278,343	\$ 3,070,913	\$ 2,780,663	\$ 2,396,073	\$ 2,314,382
Restricted .....	3,232,174	3,346,134	2,167,672	2,186,191	2,182,755	1,901,482	1,981,316	2,074,041	2,267,356	2,219,474
Unrestricted .....	1,473,941	1,180,158	2,261,575	1,989,288	2,442,849	2,457,957	2,213,139	2,208,475	2,112,651	1,855,353
Total business-type activities net position .....	<u>\$ 8,827,169</u>	<u>\$ 8,883,570</u>	<u>\$ 9,111,748</u>	<u>\$ 8,535,891</u>	<u>\$ 8,090,995</u>	<u>\$ 7,637,782</u>	<u>\$ 7,265,368</u>	<u>\$ 7,063,179</u>	<u>\$ 6,776,080</u>	<u>\$ 6,389,209</u>
<b>Primary government:</b>										
Net investment in capital assets .....	\$ 23,145,188	\$ 22,048,975	\$ 21,204,415	\$ 21,062,998	\$ 19,629,472	\$ 18,589,394	\$ 17,808,829	\$ 17,093,558	\$ 17,093,558	\$ 16,599,576
Restricted .....	3,534,183	3,675,223	2,391,654	2,441,706	2,431,274	2,200,770	2,214,719	2,288,041	2,288,041	2,508,802
Unrestricted (deficit) .....	(34,692,486)	(35,851,734)	(33,840,291)	(32,415,068)	(24,568,097)	(23,213,860)	(23,230,959)	(9,878,028)	(9,878,028)	(8,802,537)
Total primary government net position .....	<u>\$ (8,013,115)</u>	<u>\$ (10,127,536)</u>	<u>\$ (10,244,222)</u>	<u>\$ (8,910,364)</u>	<u>\$ (2,507,351)</u>	<u>\$ (2,423,696)</u>	<u>\$ (3,207,411)</u>	<u>\$ 9,503,571</u>	<u>\$ 9,503,571</u>	<u>\$ 10,305,841</u>

**STATE OF MARYLAND**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
*(Expressed in Thousands)*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Governmental activities:</b> <sup>(1)</sup>										
Expenses .....	\$ 47,678,283	\$ 42,004,134	\$ 41,545,755	\$ 37,109,957	\$ 36,672,888	\$ 34,595,952	\$ 33,955,678	\$ 32,979,215	\$ 31,110,854	\$ 31,045,539
Program revenues .....	23,764,776	18,419,852	16,251,366	15,273,365	15,313,142	14,422,414	14,239,658	13,221,268	12,655,977	12,356,151
Net (expense)/revenue, governmental activities .....	(23,913,507)	(23,584,282)	(25,294,389)	(21,836,592)	(21,359,746)	(20,173,538)	(19,716,020)	(19,757,947)	(18,454,877)	(18,689,388)
General revenues and other changes, governmental activities .....	26,080,717	23,929,145	23,384,676	21,964,499	20,822,878	20,584,839	19,853,048	18,699,201	18,007,318	17,034,470
Change in net position governmental activities .....	2,167,209	344,863	(1,909,714)	127,907	(536,868)	411,301	137,028	(1,058,746)	(447,559)	(1,654,918)
Net position, beginning .....	(19,011,107)	(19,355,970)	(17,446,254)	(10,598,346)	(10,061,478)	(10,472,779)	2,440,392	3,529,761	3,977,320	5,632,238
Restatement <sup>(2)</sup> .....	3,612	—	—	(6,975,816)	—	—	(13,050,199)	(30,623)	—	—
Net position, ending, governmental activities .....	\$ (16,840,286)	\$ (19,011,107)	\$ (19,355,968)	\$ (17,446,255)	\$ (10,598,346)	\$ (10,061,478)	\$ (10,472,779)	\$ 2,440,392	\$ 3,529,761	\$ 3,977,320
<b>Business-type activities:</b> <sup>(1)</sup>										
Expenses .....	\$ 13,378,428	\$ 8,509,301	\$ 4,060,172	\$ 3,953,255	\$ 3,762,859	\$ 3,576,982	\$ 3,519,427	\$ 3,560,492	\$ 3,724,891	\$ 3,751,849
Program revenues .....	14,714,898	9,253,578	5,797,773	5,558,670	5,248,348	5,025,995	4,847,349	4,767,617	4,889,817	4,917,366
Net (expense)/revenue, business- type activities .....	1,336,470	744,277	1,737,601	1,605,415	1,485,489	1,449,013	1,327,922	1,207,125	1,164,926	1,165,517
General revenues and other changes, business-type activities .....	(1,278,871)	(972,456)	(1,161,744)	(1,160,519)	(1,032,276)	(973,165)	(935,046)	(879,484)	(778,055)	(499,149)
Special item -Transfer of operations .....	—	—	—	—	(103,434)	(103,434)	—	—	—	—
Change in net position, business- type activities .....	57,599	(228,179)	575,857	444,896	349,779	372,414	392,876	327,641	386,871	666,368
Net position, beginning .....	8,883,569	9,111,748	8,535,891	8,090,995	7,637,782	7,265,368	7,063,179	6,776,080	6,389,209	5,722,841
Restatement <sup>(2)</sup> .....	(113,999)	—	—	—	—	—	(190,687)	(40,542)	—	—
Net position, ending, business- type activities .....	\$ 8,827,169	\$ 8,883,569	\$ 9,111,748	\$ 8,535,891	\$ 7,987,561	\$ 7,637,782	\$ 7,265,368	\$ 7,063,179	\$ 6,776,080	\$ 6,389,209
<b>Primary government</b>										
Expenses .....	\$ 61,056,711	\$ 50,513,435	\$ 45,605,927	\$ 41,063,212	\$ 40,435,747	\$ 38,172,934	\$ 37,475,105	\$ 36,539,707	\$ 34,835,745	\$ 34,797,388
Program revenues .....	38,479,674	27,673,430	22,049,139	20,832,035	20,561,490	19,448,409	19,087,007	17,988,885	17,545,794	17,273,517
Net (expense)/revenue, primary government .....	(22,577,037)	(22,840,005)	(23,556,788)	(20,231,177)	(19,874,257)	(18,724,525)	(18,388,098)	(18,550,822)	(17,289,951)	(17,523,871)
General revenues and other changes, primary government .....	24,801,846	22,956,689	22,222,932	20,803,980	19,790,602	19,611,674	18,918,002	17,819,717	17,229,263	16,535,321

**STATE OF MARYLAND**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
*(Expressed in Thousands)*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Special item -Transfer of operations .....	\$ —	\$ —	\$ —	\$ —	\$ (103,434)	\$ (103,434)	\$ —	\$ —	\$ —	\$ —
Change in net position, primary government .....	2,224,808	116,685	(1,333,856)	572,803	(187,089)	783,715	529,904	(731,105)	(60,688)	(988,550)
Net position, beginning .....	(10,127,538)	(10,244,222)	(8,910,363)	(2,507,351)	(2,423,696)	(3,207,411)	9,503,571	10,305,841	10,366,529	11,355,079
Restatement .....	(110,386)	—	—	(6,975,816)	—	—	(13,240,886)	(71,165)	—	—
Net position ending, primary government .....	\$ (10,237,924)	\$ (10,127,537)	\$ (10,244,219)	\$ (8,910,364)	\$ (2,610,785)	\$ (2,423,696)	\$ (3,207,411)	\$ 9,503,571	\$ 10,305,841	\$ 10,366,529

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

<sup>(2)</sup> Beginning net position was restated for fiscal year 2014, 2015, 2018 and 2021 due to implementation of GASB Statements No. 53, 65, 68, 75 and 84, respectively. The restatement for 2021 Business-type activities was due to the reclassification of Economic Development programs.

**STATE OF MARYLAND**  
**Expenses by Function, Primary Government**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
*(Expressed in Thousands)*

Functions/Programs	Year ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Government activities:										
General government .....	\$ 2,230,133	\$ 1,095,641	\$ 1,402,851	\$ 965,904	\$ 946,670	\$ 880,414	\$ 861,601	\$ 832,041	\$ 894,637	\$ 871,352
Health and mental hygiene .....	17,485,780	15,686,858	14,698,350	13,526,404	13,414,334	12,215,519	11,995,583	11,078,408	10,038,006	9,870,227
Education .....	9,413,234	9,089,923	8,447,548	8,493,967	8,486,468	7,860,472	7,765,925	7,970,236	7,695,521	7,790,385
Aid for higher education .....	2,559,219	2,506,028	2,471,292	2,331,498	2,323,284	2,351,057	2,200,669	2,042,523	1,918,549	1,898,244
Human resources .....	4,102,038	2,879,690	2,611,404	2,336,614	2,446,063	2,510,369	2,544,917	2,584,755	2,611,879	2,551,033
Public safety .....	2,804,767	2,505,069	2,897,054	2,107,790	2,278,563	2,031,359	2,034,175	2,101,314	2,095,994	2,078,085
Transportation .....	4,984,506	4,219,315	5,074,650	4,068,118	3,478,387	3,706,904	3,610,810	3,504,411	3,146,053	3,155,703
Judicial .....	985,588	890,411	1,055,281	779,043	803,668	733,794	699,116	662,086	642,559	649,324
Labor, licensing and regulation .....	535,412	382,458	427,255	373,815	349,394	312,850	325,179	333,701	319,757	279,632
Natural resources and recreation .....	435,084	421,749	500,645	367,266	360,187	255,076	275,936	213,004	185,627	207,840
Housing and community development .....	1,064,052	380,719	369,919	329,330	321,792	283,046	266,523	294,408	295,611	347,008
Environment .....	110,906	121,926	151,101	108,218	110,577	111,686	109,349	102,712	104,685	108,213
Agriculture .....	107,578	106,492	114,191	97,966	111,321	94,561	89,464	97,770	97,234	46,645
Commerce .....	175,888	109,814	99,882	101,475	109,054	83,664	100,264	105,177	71,517	78,406
Intergovernmental grants .....	595,084	639,760	612,968	599,408	649,794	662,629	600,362	541,034	507,660	614,685
Interest .....	89,013	968,281	611,365	523,141	483,332	502,553	475,805	515,633	485,565	498,757
Total governmental activities expenses .....	47,678,283	42,004,134	41,545,757	37,109,957	36,672,888	34,595,952	33,955,678	32,979,215	31,110,854	31,045,539
Business-type activities:										
Economic development-insurance programs .....	1,612	2,320	1,029	1,380	1,227	3,372	2,838	4,534	12,565	4,689
Economic development-water quality loan programs .....	108,860	117,257	110,750	138,369	168,631	221,101	251,636	174,566	209,263	142,280
Economic development-housing loan programs .....	185,334	203,236	201,748	171,443	163,267	175,706	179,393	202,818	207,423	204,117
Unemployment insurance program .....	9,441,939	5,126,359	447,927	518,190	546,415	571,259	680,420	925,005	1,246,507	1,585,495
Maryland Lottery and and Gaming Control Agency .....	2,981,071	2,385,775	2,656,397	2,490,823	2,264,581	1,993,732	1,845,837	1,701,020	1,525,381	1,331,899
Maryland Transportation Authority .....	609,736	545,964	563,623	558,553	537,773	538,560	489,859	469,606	451,944	412,509
Maryland Correctional Enterprises .....	49,876	55,694	51,362	51,158	57,467	58,190	52,627	50,767	51,464	50,754
Total business-type activities expenses .....	13,378,428	8,436,605	4,032,836	3,929,916	3,739,363	3,561,920	3,502,610	3,528,316	3,704,547	3,731,743
Total primary government expenses .....	\$ 61,056,711	\$ 50,440,739	\$ 45,578,593	\$ 41,039,873	\$ 40,412,251	\$ 38,157,872	\$ 37,458,288	\$ 36,507,531	\$ 34,815,401	\$ 34,777,282

**STATE OF MARYLAND**  
**Revenues, Primary Government**  
**Last Ten Fiscal Years**  
**(accrual based accounting)**  
*(Expressed in Thousands)*

Source	Year ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities:										
Program revenues:										
Charges for services:										
General government .....	\$ 476,595	\$ 894,555	\$ 1,052,239	\$ 618,153	\$ 778,578	\$ 817,528	\$ 657,548	\$ 577,929	\$ 724,997	\$ 500,747
Health and mental hygiene .....	2,743,026	1,043,917	1,176,854	1,022,439	1,082,744	1,156,098	1,223,465	1,445,746	1,368,278	1,332,658
Transportation .....	904,983	908,103	746,239	865,512	625,103	618,334	652,820	582,332	679,378	541,961
Judicial .....	299,817	247,419	284,302	260,136	305,700	278,514	277,001	313,598	349,347	434,276
Other activities .....	579,371	612,308	576,580	556,702	529,020	467,989	391,082	418,981	454,900	462,765
Operating grants and contributions .....	17,858,400	13,646,235	11,546,991	11,046,827	11,120,269	10,342,983	10,263,139	9,056,184	8,233,915	8,199,616
Capital grants and contributions .....	902,584	1,067,316	868,160	903,595	871,728	740,968	774,605	826,498	845,162	884,128
Total program revenues .....	23,764,776	18,419,852	16,251,365	15,273,364	15,313,144	14,422,414	14,239,660	13,221,268	12,655,977	12,356,151
General revenues:										
Taxes:										
Income Taxes .....	13,787,067	12,372,488	11,495,536	10,676,428	9,828,434	9,797,055	9,445,934	8,803,951	8,657,390	7,868,089
Sales and use taxes .....	5,478,226	4,943,349	4,889,889	4,720,311	4,612,619	4,506,092	4,412,308	4,199,862	4,115,724	4,078,000
Motor vehicle taxes .....	2,695,951	2,127,096	2,758,744	2,631,645	2,657,696	2,554,740	2,383,505	2,196,805	2,072,571	1,988,153
Tobacco taxes .....	388,243	362,901	356,684	372,724	386,965	395,266	391,452	402,403	415,922	411,427
Insurance company taxes .....	633,860	615,196	556,409	541,758	512,033	491,226	505,991	475,294	429,410	428,023
Property taxes .....	1,162,588	1,159,199	1,149,200	1,153,640	1,099,731	1,053,103	1,002,787	972,947	990,061	994,439
Estate inheritance taxes .....	238,580	224,012	209,343	241,226	252,118	288,833	266,809	238,276	258,978	221,206
Other taxes .....	383,856	779,798	324,712	323,472	312,867	311,694	306,505	313,474	293,031	296,068
Unrestricted investment earnings .....	31,570	342,936	453,966	136,427	120,657	197,411	186,926	212,533	(4,794)	155,587
Transfers .....	1,280,775	1,002,170	1,190,192	1,166,868	1,039,758	989,420	950,831	883,656	779,026	593,478
Total general revenues and transfers .....	26,080,717	23,929,150	23,384,676	21,964,499	20,822,878	20,584,840	19,853,048	18,699,201	18,007,318	17,034,470
Total revenues and transfers - governmental activities .....	49,845,492	42,349,002	39,636,041	37,237,863	36,136,022	35,007,254	34,092,708	31,920,469	30,663,295	29,390,621
Business-type activities:										
Program revenues:										
Charges for services:										
Unemployment insurance program .....	748,270	454,267	484,130	520,163	565,671	627,998	679,346	658,998	899,368	1,136,677
Maryland Lottery and Gaming Control Agency .....	4,370,639	3,484,033	3,975,521	3,740,610	3,384,334	3,078,920	2,877,945	2,645,960	2,444,195	2,022,445
Maryland Transportation Authority .....	727,296	742,654	862,534	862,395	869,605	836,079	827,759	804,642	617,334	532,042
Other activities .....	290,233	376,915	318,624	326,924	331,113	351,511	337,580	355,935	337,214	307,914
Operating grants and contributions .....	8,578,460	4,195,709	156,964	108,578	97,625	131,487	124,719	302,082	591,706	917,219
Capital grants and contributions .....	—	—	—	—	—	—	—	—	—	1,069
Total program revenues .....	14,714,898	9,253,578	5,797,773	5,558,670	5,248,348	5,025,995	4,847,349	4,767,617	4,889,817	4,917,366
General revenues:										
InvestMD tax credits .....	—	—	—	—	—	—	—	—	—	84,000
Unrestricted investment earnings .....	1,904	29,713	28,448	6,349	7,482	16,255	15,785	4,172	971	10,329
Transfers .....	(1,280,775)	(1,002,169)	(1,190,192)	(1,166,868)	(1,039,758)	(989,420)	(950,831)	(883,656)	(779,026)	(593,478)
Total general revenues and transfers .....	(1,278,871)	(972,456)	(1,161,744)	(1,160,519)	(1,032,276)	(973,165)	(935,046)	(879,484)	(778,055)	(499,149)
Special item - Transfer of operations .....	—	—	—	(103,434)	(103,434)	—	—	—	—	—
Total revenues, transfers, and special items - business-type activities .....	13,436,027	8,281,122	4,636,029	4,216,072	4,112,638	4,052,830	3,912,303	3,888,133	4,111,762	4,418,217
Total primary government revenues and transfers .....	\$ 63,281,519	\$ 50,630,124	\$ 44,272,070	\$ 41,453,935	\$ 40,248,660	\$ 39,060,084	\$ 38,005,011	\$ 35,808,602	\$ 34,775,057	\$ 33,808,838

**STATE OF MARYLAND**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual based accounting)**  
*(Expressed in Thousands)*

	Year ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>General Fund:</b>										
Nonspendable .....	\$ 1,586,342	\$ 2,021,279	\$ 610,281	\$ 598,754	\$ 571,891	\$ 618,563	\$ 514,051	\$ 495,542	\$ 493,431	\$ 485,654
Restricted .....	27,982	18,638	8,186	8,259	10,459	11,403	16,487	6,501	187	632
Committed .....	2,914,281	2,389,927	2,094,213	1,633,323	1,564,668	1,675,674	1,519,539	1,553,584	1,488,477	1,271,765
Unassigned .....	1,001,906	(1,410,135)	(19,312)	(507,376)	(788,832)	(509,187)	(766,124)	(916,302)	(622,860)	(680,949)
<b>Total general fund .....</b>	<b>5,530,510</b>	<b>3,019,709</b>	<b>2,693,368</b>	<b>1,732,960</b>	<b>1,358,186</b>	<b>1,796,453</b>	<b>1,283,953</b>	<b>1,139,325</b>	<b>1,359,235</b>	<b>1,077,102</b>
<b>All other governmental funds:</b>										
Nonspendable .....	89,366	92,795	257,039	240,924	103,510	211,726	197,847	192,871	183,355	181,093
Restricted .....	292,830	310,451	215,796	247,256	243,829	287,885	216,916	207,499	241,260	228,816
Committed .....	801,662	702,427	627,153	583,117	578,790	685,348	800,158	791,084	663,718	550,287
Assigned .....	178,819	—	—	—	—	—	—	—	—	—
Unassigned <sup>(1)</sup> .....	(108,072)	(194,349)	(243,901)	(469,780)	(264,367)	(273,530)	(511,961)	(414,043)	(353,964)	(431,416)
<b>Total all other governmental funds .....</b>	<b>1,254,605</b>	<b>911,324</b>	<b>856,087</b>	<b>601,517</b>	<b>661,762</b>	<b>911,429</b>	<b>702,960</b>	<b>777,411</b>	<b>734,369</b>	<b>528,780</b>
<b>Total governmental funds .....</b>	<b>\$ 6,785,115</b>	<b>\$ 3,931,033</b>	<b>\$ 3,549,455</b>	<b>\$ 2,334,477</b>	<b>\$ 2,019,948</b>	<b>\$ 2,707,882</b>	<b>\$ 1,986,913</b>	<b>\$ 1,916,736</b>	<b>\$ 2,093,604</b>	<b>\$ 1,605,882</b>

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



**STATE OF MARYLAND**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual based accounting)**  
*(Expressed in Thousands)*

	Year ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Revenues:</b>										
Income taxes .....	\$ 13,481,354	\$ 12,309,248	\$ 11,475,949	\$ 10,740,942	\$ 9,786,505	\$ 9,832,668	\$ 9,418,584	\$ 8,743,986	\$ 8,652,063	\$ 7,822,259
Retail sales and use taxes .....	5,458,775	4,937,256	4,888,811	4,716,515	4,609,782	4,504,417	4,410,080	4,196,314	4,114,462	4,076,729
Motor vehicle taxes and fees .....	2,695,951	2,566,668	2,758,744	2,631,645	2,657,696	2,554,740	2,383,505	2,196,805	2,072,571	1,988,153
Tobacco taxes .....	388,243	362,901	356,684	372,724	386,965	395,266	391,452	402,403	415,922	411,427
Insurance company taxes .....	633,860	615,196	556,409	541,758	512,033	491,226	505,991	475,294	429,410	428,023
Property taxes .....	1,162,587	1,159,198	1,149,200	1,153,639	1,099,731	1,053,102	1,002,786	972,947	990,061	994,439
Estate inheritance taxes .....	238,580	224,012	209,343	241,226	252,118	288,833	266,809	238,276	258,978	221,206
Other taxes .....	383,856	340,225	324,712	323,472	312,867	311,694	306,505	313,474	293,031	296,068
Other licenses and fees .....	999,055	733,714	870,084	561,410	604,004	646,622	641,478	607,785	678,648	714,891
Charges for services .....	2,502,636	2,111,040	2,253,364	2,206,187	2,115,409	2,191,464	2,132,893	2,304,305	2,403,377	2,150,332
Revenues pledged as security for bonds* .....	—	—	—	—	—	—	—	—	—	—
Interest and other investment income .....	15,699	140,173	263,706	(36,350)	(59,874)	57,549	66,067	110,607	(89,273)	88,068
Federal <sup>1</sup> .....	18,692,216	14,266,916	12,378,980	11,762,012	11,970,737	10,999,638	11,033,156	9,897,214	9,096,720	9,104,024
Other .....	1,616,723	671,004	728,234	438,336	574,784	477,526	439,015	412,182	474,867	405,263
Total revenues .....	48,269,536	40,437,551	38,214,220	35,653,516	34,822,757	33,804,745	32,998,321	30,871,592	29,790,837	28,700,882
<b>Expenditures:</b>										
<b>Current:</b>										
General government .....	2,119,029	1,017,282	1,019,605	914,344	878,805	887,127	860,009	836,341	884,048	836,112
Education .....	11,785,033	11,443,407	10,915,201	10,510,656	10,403,553	10,231,349	10,079,813	9,636,845	9,305,918	9,298,976
Commerce .....	173,232	107,355	92,348	100,377	106,959	83,389	100,030	103,253	69,425	75,835
Labor, licensing and regulation .....	517,926	362,992	366,086	364,276	334,642	315,758	322,158	319,814	304,289	261,615
Human resources .....	4,015,730	2,770,891	2,325,457	2,324,795	2,391,286	2,501,100	2,543,937	2,542,075	2,557,386	2,488,200
Health and mental hygiene .....	17,412,157	15,565,135	14,295,022	13,483,142	13,334,642	12,206,406	12,007,975	11,160,187	9,949,816	9,772,861
Environment .....	99,859	109,987	109,268	102,623	108,702	108,548	107,103	96,901	87,728	96,116
Transportation .....	2,167,839	1,676,932	2,457,431	1,925,329	1,533,532	1,737,964	1,719,153	1,793,001	1,468,019	1,472,418
Public safety .....	2,568,167	2,249,138	2,075,392	1,989,791	2,076,945	1,983,864	1,972,570	1,888,200	1,879,264	1,875,795
Judicial .....	916,262	801,765	760,493	742,851	740,041	715,230	689,975	638,115	594,522	590,082
Housing and community development .....	1,058,392	377,920	360,319	327,564	319,809	282,414	266,912	292,494	293,743	344,408
Natural resources and recreation .....	400,215	390,665	406,571	353,728	306,062	236,959	232,514	186,486	171,206	179,682
Agriculture .....	118,016	109,899	94,104	82,600	71,000	69,105	75,226	87,110	80,353	79,294
Intergovernmental .....	1,629,814	1,803,475	1,489,761	1,384,498	1,379,988	1,352,665	1,344,034	1,190,477	1,156,328	1,265,314

<sup>1</sup>

**STATE OF MARYLAND**  
**Changes in Fund Balances, Governmental Funds (Continued)**  
**Last Ten Fiscal Years**  
**(modified accrual based accounting)**  
*(Expressed in Thousands)*

	Year ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt service:										
Principal .....	\$ 1,106,458	\$ 1,110,102	\$ 1,071,908	\$ 1,057,156	\$ 993,324	\$ 926,719	\$ 810,783	\$ 744,599	\$ 673,639	\$ 645,024
Interest .....	576,415	570,016	556,310	510,154	496,946	468,169	440,063	434,811	414,089	399,710
Capital outlay .....	1,752,398	2,495,871	1,672,509	2,239,206	2,594,494	2,115,363	1,910,348	1,598,458	1,614,972	1,274,591
Total expenditures .....	48,421,918	42,962,832	40,067,785	38,413,090	38,070,730	36,222,129	35,482,603	33,549,167	31,504,745	30,956,033
Excess (deficiency) of revenues over expenditures .....	(152,382)	(2,525,282)	(1,853,565)	(2,759,574)	(3,247,973)	(2,417,384)	(2,484,282)	(2,677,575)	(1,713,908)	(2,255,151)
Other financing sources (uses):										
Capital leases .....	—	4,463	14,416	11,275	8,670	43,127	9,409	170,236	32,311	23,440
Proceeds from bond issues .....	1,941,302	1,899,980	1,863,934	1,893,666	1,513,598	2,105,806	1,662,385	1,445,884	1,389,203	1,375,297
Proceeds from refunding bonds .....	508,638	259,679	—	969,340	813,042	1,478,889	1,478,889	279,273	424,111	656,851
Payments to escrow agents .....	(727,864)	(259,433)	—	(967,047)	(815,030)	(1,547,056)	(1,547,056)	(278,876)	(423,021)	(674,982)
Transfers in .....	2,564,306	2,253,978	2,442,409	2,313,026	2,104,547	1,993,776	1,766,489	1,659,660	1,331,669	1,552,089
Transfers out .....	(1,283,531)	(1,251,810)	(1,252,217)	(1,146,158)	(1,064,788)	(1,004,356)	(815,658)	(775,470)	(552,643)	(958,611)
Net other sources (uses) of financial resources .....	3,002,851	2,906,857	3,068,542	3,074,102	2,560,039	3,070,186	2,554,458	2,500,707	2,201,630	1,974,084
Net changes in fund balance .....	2,850,470	381,575	1,214,977	314,528	(687,934)	652,802	70,176	(176,868)	487,722	(281,067)
Fund balance, beginning of the year .....	3,934,645	3,549,455	2,019,949	2,707,882	1,986,912	1,916,736	2,093,604	1,605,882	1,886,948	
Fund balance, end of the year .....	\$ 6,785,115	\$ 3,931,030	\$ 3,234,926	\$ 3,022,410	\$ 1,298,978	\$ 2,569,538	\$ 2,163,780	\$ 1,429,014	\$ 2,374,670	\$ (281,067)
Debt service as a percentage of noncapital expenditures ..	3.6%	4.2%	4.3%	4.3%	4.2%	4.0%	3.6%	3.7%	3.7%	3.5%

\* Beginning in fiscal year 2012, revenues pledged as security for bonds were reclassified to charges for services.

**STATE OF MARYLAND**  
**Personal Income Tax Filers by Subdivision**  
**Tax Year Ended December 31, 2020**

<b>Subdivision</b>	<b>Number of Filers</b>	<b>Adjusted Gross Income</b>	<b>Net Taxable Income</b>	<b>State Income Tax<sup>(1)</sup></b>	<b>Local Income Tax</b>	<b>State and Local Income Tax</b>	<b>Local Tax Rate</b>
Allegany .....	21,368	\$ 1,255,654,823	\$ 1,038,860,148	\$ 46,781,361	\$ 30,667,278	\$ 77,448,639	3.05 %
Anne Arundel .....	233,784	24,446,278,800	21,211,941,764	1,007,215,631	587,115,854	1,594,331,485	2.81 %
Baltimore County .....	325,534	29,362,823,388	25,175,430,143	1,194,894,385	789,141,862	1,984,036,247	3.20 %
Calvert .....	36,579	3,629,055,813	3,114,402,793	145,986,810	92,251,313	238,238,123	3.00 %
Caroline .....	11,955	749,200,705	612,792,109	25,964,582	18,783,296	44,747,878	3.20 %
Carroll .....	69,098	6,697,005,376	5,786,715,931	274,236,577	173,852,479	448,089,056	3.03 %
Cecil .....	38,095	2,925,846,251	2,491,341,737	91,436,359	70,461,079	161,897,438	3.00 %
Charles .....	66,252	5,561,937,620	4,551,925,382	211,079,543	135,823,979	346,903,522	3.03 %
Dorchester .....	11,581	697,332,710	567,755,018	24,846,478	17,350,566	42,197,044	3.20 %
Frederick .....	109,406	10,368,306,823	8,911,363,299	419,092,363	260,648,791	679,741,154	2.96 %
Garrett .....	10,336	672,665,025	559,238,249	25,383,768	14,396,620	39,780,388	2.65 %
Harford .....	104,947	9,459,892,699	8,143,780,874	379,636,968	245,554,637	625,191,605	3.06 %
Howard .....	129,274	16,926,371,418	14,973,631,735	720,917,194	473,524,091	1,194,441,285	3.20 %
Kent .....	7,018	580,454,352	488,645,377	20,892,920	14,986,837	35,879,757	3.20 %
Montgomery .....	421,593	56,807,045,931	50,027,059,163	2,366,885,142	1,553,087,996	3,919,973,138	3.20 %
Prince George's .....	364,418	25,561,094,375	20,329,667,438	926,309,672	633,722,365	1,560,032,037	3.20 %
Queen Anne's .....	19,956	2,101,288,719	1,817,177,683	83,724,944	57,267,284	140,992,228	3.20 %
St Mary's .....	43,451	3,940,106,244	3,393,970,281	158,650,538	106,161,594	264,812,132	3.17 %
Somerset .....	6,372	336,314,388	266,503,337	11,301,917	8,026,613	19,328,530	3.20 %
Talbot .....	14,862	1,570,674,579	1,363,628,077	63,320,705	31,584,604	94,905,309	2.40 %
Washington .....	56,183	3,873,396,128	3,235,232,524	148,133,758	101,030,764	249,164,522	3.20 %
Wicomico .....	36,296	2,285,531,873	1,895,772,333	80,303,036	57,739,646	138,042,682	3.20 %
Worcester .....	21,877	1,673,470,096	1,421,828,323	62,279,592	30,879,440	93,159,032	2.25 %
Baltimore City .....	199,179	13,376,874,838	11,266,652,013	515,155,544	346,484,442	861,639,986	3.20 %
Non-resident .....	134,520	8,138,190,978	7,419,300,671	557,838,650	—	557,838,650	—
<b>Total</b> .....	<b>2,493,934</b>	<b>\$232,996,813,952</b>	<b>\$200,064,616,402</b>	<b>\$ 9,562,268,437</b>	<b>\$ 5,850,543,430</b>	<b>\$ 15,412,811,867</b>	

<sup>(1)</sup> See State personal income tax rates schedules for tax rate information.

Source: Revenue Administration Division, State Comptroller's Office

**STATE OF MARYLAND**

**State Personal Income Tax and Sales Tax Rates  
Calendar Year 2011 - 2021\***

<b>Filing Status, Single:</b>		<b>Married Filing Jointly:</b>	
<b>Taxable Income:</b>	<b>Rate:</b>	<b>Taxable Income:</b>	<b>Rate:</b>
\$3,001 - \$100,000	4.75%	\$3,001 - \$150,000	4.75%
\$100,001 - \$125,000	5.00%	\$150,001 - \$175,000	5.00%
\$125,001 - \$150,000	5.25%	\$175,001 - \$225,000	5.25%
\$150,001 - \$250,000	5.50%	\$225,001 - \$300,000	5.50%
Over \$250,000	5.75%	Over \$300,000	5.75%

Sales Tax Rate: 6%

*\*Income Tax Rates effective January 1, 2012*

**State Personal Income Tax and Sales Tax Rates  
Calendar Years 2011\*\***

<b>Filing Status, Single:</b>		<b>Married Filing Jointly:</b>	
<b>Taxable Income:</b>	<b>Rate:</b>	<b>Taxable Income:</b>	<b>Rate:</b>
\$3,000 - \$150,000	4.75%	\$3,000 - \$200,000	4.75%
\$150,001 - \$300,000	5.00%	\$200,001 - \$350,000	5.00%
\$300,001 - \$500,000	5.25%	\$350,001 - \$500,000	5.25%
Over \$500,000	5.50%	Over \$500,000	5.50%

Sales Tax Rate: 6%

*\*\* Income Tax Rates effective January 1, 2008*

*Source: Revenue Administration Division, State Comptroller's Office*

**STATE OF MARYLAND**  
**Personal Income Tax Filers and Liability by Income Level**  
**Last Ten Tax Years Ended December 31st.**  
*(Dollars, except income level, Expressed in Thousands)*

2020				
Income Level	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
\$500,000 and higher	30,335	1.22%	\$ 1,891,011	19.78%
\$100,000-\$499,999	647,267	25.95	4,959,364	51.86
\$70,000-\$99,999	331,379	13.29	1,062,267	11.11
\$50,000-\$69,999	342,726	13.74	748,159	7.82
\$25,000-\$49,999	651,680	26.13	711,507	7.44
\$10,000-\$24,999	381,341	15.29	174,610	1.83
Under \$10,000	109,206	4.38	15,352	0.16
Total	2,493,934	100.00%	\$ 9,562,270	100.00%

2019				
Income Level	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
\$500,000 and higher	32,631	1.31%	\$ 2,002,835	21.09%
\$100,000-\$499,999	636,715	25.48	4,778,572	50.33
\$70,000-\$99,999	334,668	13.39	1,056,502	11.13
\$50,000-\$69,999	346,255	13.86	744,632	7.84
\$25,000-\$49,999	663,054	26.54	723,019	7.61
\$10,000-\$24,999	384,873	15.40	175,476	1.85
Under \$10,000	100,331	4.02	14,242	0.15
Total	2,498,527	100.00%	\$ 9,495,279	100.00%

2018				
Income Level	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
\$500,000 and higher	31,569	1.28%	\$ 1,979,976	21.41%
\$100,000-\$499,999	618,134	25.07	4,607,154	49.82
\$70,000-\$99,999	328,407	13.32	1,037,468	11.22
\$50,000-\$69,999	336,832	13.66	723,607	7.82
\$25,000-\$49,999	652,084	26.45	709,058	7.67
\$10,000-\$24,999	395,208	16.03	176,292	1.91
Under \$10,000	103,303	4.19	14,461	0.16
Total	2,465,537	100.00%	\$ 9,248,016	100.00%

2017				
Income Level	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
\$500,000 and higher	29,053	1.17%	\$ 1,791,955	21.14%
\$100,000-\$499,999	590,844	23.77	4,197,129	49.52
\$70,000-\$99,999	325,479	13.10	970,305	11.45
\$50,000-\$69,999	334,540	13.46	673,911	7.95
\$25,000-\$49,999	644,074	25.91	657,865	7.76
\$10,000-\$24,999	457,559	18.41	170,442	2.01
Under \$10,000	103,941	4.18	13,429	0.16
Total	2,485,490	100.00%	\$ 8,475,036	100.00%

2016				
Income Level	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
\$500,000 and higher	26,496	1.09%	\$ 1,607,900	20.11%
\$100,000-\$499,999	562,683	23.05	3,948,852	49.40
\$70,000-\$99,999	321,207	13.16	954,063	11.94
\$50,000-\$69,999	326,819	13.39	653,878	8.18
\$25,000-\$49,999	639,012	26.17	646,421	8.09
\$10,000-\$24,999	463,348	18.98	169,317	2.12
Under \$10,000	101,955	4.18	13,008	0.16
Total	2,441,520	100.00%	\$ 7,993,441	100.00%

2015				
Income Level	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
\$500,000 and higher	25,747	1.08%	\$ 1,533,581	19.70%
\$100,000-\$499,999	552,401	23.09	3,858,612	49.56
\$70,000-\$99,999	317,167	13.25	940,026	12.07
\$50,000-\$69,999	320,708	13.40	640,008	8.22
\$25,000-\$49,999	623,249	26.05	634,477	8.15
\$10,000-\$24,999	453,975	18.97	166,838	2.14
Under \$10,000	99,564	4.16	12,631	0.16
Total	2,392,811	100.00%	\$ 7,786,173	100.00%

**STATE OF MARYLAND**  
**Personal Income Tax Filers and Liability by Income Level**  
**Last Ten Tax Years Ended December 31st.**

*(Dollars, except income level, Expressed in Thousands)*

2014				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
<b>Income Level</b>				
\$500,000 and higher	24,432	1.03%	\$ 1,487,042	19.88%
\$100,000-\$499,999	527,543	22.14	3,648,239	48.76
\$70,000-\$99,999	312,138	13.10	919,952	12.30
\$50,000-\$69,999	315,473	13.24	626,493	8.37
\$25,000-\$49,999	623,459	26.16	623,584	8.33
\$10,000-\$24,999	476,740	20.01	163,914	2.19
Under \$10,000	103,143	4.33	12,749	0.17
Total	2,382,928	100.00%	\$ 7,481,973	100.00%

2013				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
<b>Income Level</b>				
\$500,000 and higher	21,935	0.93%	\$ 1,266,568	18.06%
\$100,000-\$499,999	503,837	21.46	3,434,142	48.95
\$70,000-\$99,999	309,903	13.20	905,699	12.91
\$50,000-\$69,999	312,548	13.32	615,553	8.77
\$25,000-\$49,999	621,710	26.49	618,113	8.81
\$10,000-\$24,999	477,663	20.35	162,722	2.32
Under \$10,000	99,685	4.25	12,100	0.17
Total	2,347,281	100.00%	\$ 7,014,897	100.00%

2012				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
<b>Income Level</b>				
\$500,000 and higher	24,255	1.05%	\$ 1,533,202	21.59%
\$100,000-\$499,999	493,577	21.44	3,281,446	46.21
\$75,000-\$99,999	307,641	13.36	884,705	12.46
\$50,000-\$74,999	311,773	13.54	605,169	8.52
\$25,000-\$49,999	615,541	26.74	608,132	8.56
\$10,000-\$24,999	470,011	20.43	175,568	2.47
Under \$10,000	79,274	3.44	13,671	0.19
Total	2,302,072	100.00%	\$ 7,101,893	100.00%

2011				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
<b>Income Level</b>				
\$500,000 and higher	20,027	0.90%	\$ 1,074,619	17.05%
\$100,000-\$499,999	475,139	21.15	3,020,394	47.91
\$75,000-\$99,999	301,920	13.44	854,629	13.56
\$50,000-\$74,999	309,545	13.78	591,156	9.38
\$25,000-\$49,999	609,707	27.15	599,435	9.51
\$10,000-\$24,999	461,729	20.57	152,585	2.42
Under \$10,000	68,009	3.03	11,115	0.18
Total	2,246,076	100.00%	\$ 6,303,933	100.00%

Source: Revenue Administration Division, Comptroller's Office

**STATE OF MARYLAND**  
**Sales and Use Tax Receipts by Principal Type of Business**  
**Last Ten Fiscal Years**  
*(Expressed in Thousands)*

Year	Food and Beverage*	Apparel	General Merchandise	Automotive	Furniture and Appliances	Building & Industrial Supplies	Utilities & Transportation	Hardware, Machinery & Equipment	Miscellaneous	Assessment Collections	Total Collections
2021	\$ 868,836	\$ 210,123	\$ 966,380	\$ 239,934	\$ 266,754	\$ 645,601	\$ 269,401	\$ 101,092	\$ 978,330	\$ 2,273	\$ 4,548,724
2020	1,136,593	210,975	979,148	304,762	284,537	692,183	334,979	119,355	875,164	11,739	4,949,435
2019	1,219,271	242,545	961,696	319,760	290,613	673,327	345,320	119,779	728,572	8,093	4,908,976
2018	1,178,939	228,454	914,792	298,681	287,656	643,121	361,281	113,453	699,355	8,100	4,733,832
2017	1,156,169	226,682	867,534	298,391	290,538	615,486	377,542	110,636	684,747	10,062	4,637,787
2016	1,134,386	214,016	861,937	295,298	295,776	589,726	350,722	111,102	683,872	11,718	4,548,553
2015	1,090,515	208,036	811,774	284,110	299,874	563,869	378,578	110,016	652,615	10,508	4,409,895
2014	1,034,463	199,133	751,972	274,024	295,710	530,891	383,069	103,416	614,776	8,542	4,195,996
2013	1,011,944	197,086	754,822	266,675	315,902	501,287	354,509	98,914	605,375	7,783	4,114,297
2012	1,013,589	193,049	736,119	268,506	330,226	485,588	349,284	100,832	582,760	16,627	4,076,580

Source: Revenue Administration Division, Comptroller's Office

\*The 2011 Session of the Maryland General Assembly approved legislation increasing the sales tax on alcoholic beverages from 6% to 9% effective fiscal year 2012.

**STATE OF MARYLAND**  
**Schedule of Ratio of Outstanding Debt by Type**  
**Last Ten Years**  
*(Dollars Expressed in Thousands except Per Capita)*

Fiscal Year	General Bonded Debt		Other Governmental Activities Debt		Total Governmental Activities Debt	Debt Ratios, Governmental Activities		Business-Type Activities Debt			Debt Ratios, Primary Government		
	General Obligation Bonds <sup>(2)</sup>	Transportation Bonds <sup>(2)</sup>	Capital Leases	Capital Leases with Component Units		Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>	Revenue Bonds	Capital Leases	Business Type Activities Debt	Total Primary Government Debt	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
2021	\$ 11,432,256	\$ 4,056,419	\$ 468,245	\$ 69,111	\$ 16,026,031	3.96%	\$ 2,646	\$ 5,683,075	\$ —	\$ 5,683,075	\$ 21,709,106	5.37%	\$ 3,585
2020	11,201,906	3,978,852	710,831	59,512	15,951,101	4.08	2,638	5,520,096	—	5,520,096	21,471,197	5.49	3,551
2019	10,961,278	3,680,951	756,730	68,402	15,467,361	4.07	2,560	4,773,362	—	4,773,362	20,240,723	5.32	3,350
2018	10,849,313	3,241,095	787,303	83,933	14,961,644	4.15	2,472	4,451,025	—	4,451,025	19,412,669	5.39	3,208
2017	10,526,151	2,860,829	842,363	103,100	14,332,443	4.11	2,382	5,345,081	35,669	5,380,750	19,713,193	5.66	3,277
2016	10,672,349	2,359,453	907,425	121,543	14,060,770	4.17	2,341	5,630,773	48,285	5,679,058	19,739,828	5.85	3,286
2015	9,800,864	2,233,690	929,679	140,559	13,104,792	3.98	2,193	5,721,363	60,715	5,782,078	18,886,870	5.73	3,160
2014	9,256,090	1,948,837	915,393	163,574	12,283,894	3.82	2,072	5,939,721	17,480	5,957,201	18,241,095	5.67	3,077
2013	8,659,236	1,728,192	766,393	186,706	11,340,527	3.58	1,927	6,220,872	31,024	6,251,896	17,592,423	5.56	2,990
2012	8,081,668	1,654,497	755,653	210,676	10,702,494	3.63	1,836	6,377,228	56,212	6,433,440	17,135,934	5.80	2,940

Source: General Accounting Division, State Comptroller's Office

<sup>(1)</sup> Population and personal income data can be found in the Schedule of Demographics Statistics.

<sup>(2)</sup> General bonded debt and transportation bonds are net of related premiums, discounts and adjustments.



**STATE OF MARYLAND**  
**Ratio of General Bonded Debt**  
**to Actual Value and General Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

Fiscal Year	<i>(Expressed in Thousands)</i>			Ratio of General Bonded Debt to Actual Property Value	General Bonded Debt per Capita
	Estimated Population <sup>(1)</sup>	Estimated Property Value	General Bonded Debt <sup>(2)</sup>		
2021 .....	6,056	\$ 816,872,019	\$ 11,432,256	1.40%	\$ 1,888
2020 .....	6,046	797,964,000	11,201,906	1.40	1,853
2019 .....	6,043	770,707,774	10,961,278	1.42	1,814
2018 .....	6,052	741,299,911	10,849,313	1.46	1,793
2017 .....	6,016	714,873,503	10,526,151	1.47	1,750
2016 .....	6,007	693,056,335	10,672,349	1.54	1,777
2015 .....	5,976	664,447,412	9,800,864	1.48	1,640
2014 .....	5,929	647,265,360	9,256,090	1.43	1,561
2013 .....	5,885	641,751,347	8,659,236	1.35	1,471
2012 .....	5,828	653,376,073	8,081,668	1.24	1,387

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

<sup>(1)</sup> See Schedule of Demographic Statistics.

<sup>(2)</sup> Includes general obligation bonds. The primary revenue source to pay the debt service for general obligation bonds is property taxes. The General bonded debt is net of related premiums, discounts, and adjustments.

**STATE OF MARYLAND**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
*(Expressed in Thousands)*

**Legal Debt Margin Calculation for Fiscal Year 2021**

Debt Limit <sup>(1)</sup> .....	<u>\$17,562,912</u>
Debt applicable to limit:	
General obligation bonds .....	9,912,930
Transportation bonds .....	3,672,330
Nontraditional Transportation debt <sup>(2)</sup> .....	397,447
Less amounts set aside for replacement of:	
General obligation debt .....	289,507
Transportation debt .....	<u>109,652</u>
Total net debt applicable to limit .....	<u>13,583,548</u>
Legal debt margin .....	<u>\$ 3,979,364</u>

	Year ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt limit .....	\$17,562,912	\$16,979,120	\$16,411,679	\$15,781,124	\$15,123,970	\$15,021,257	\$14,493,789	\$13,918,130	\$13,169,535	\$12,388,337
Total net debt applicable to limit .....	<u>13,583,548</u>	<u>13,597,368</u>	<u>13,271,050</u>	<u>12,705,499</u>	<u>12,280,624</u>	<u>11,991,290</u>	<u>11,159,389</u>	<u>10,615,974</u>	<u>10,033,126</u>	<u>9,438,132</u>
Legal debt margin .....	<u>\$ 3,979,364</u>	<u>\$ 3,381,752</u>	<u>\$ 3,140,629</u>	<u>\$ 3,075,625</u>	<u>\$ 2,843,346</u>	<u>\$ 3,029,967</u>	<u>\$ 3,334,400</u>	<u>\$ 3,302,156</u>	<u>\$ 3,136,409</u>	<u>\$ 2,950,205</u>
Total net debt applicable to limit as a percentage of debt limit .....	<u>77.34%</u>	<u>80.08%</u>	<u>80.86%</u>	<u>80.51%</u>	<u>81.20%</u>	<u>79.83%</u>	<u>76.99%</u>	<u>76.27%</u>	<u>76.18%</u>	<u>76.19%</u>

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

(1) For general obligation bonds, the debt limit is based on separate enabling acts for particular objects or purposes that are enacted during each legislative session. There is no separately mandated maximum amount for the issuance of general obligation bonds. For transportation bonds, the General Assembly each year establishes a maximum aggregate outstanding amount that does not exceed \$4,500,000,000.

(2) The 2020 session of the General Assembly established a maximum outstanding principal amount of \$1,200,000,000 as of June 30, 2021, for all nontraditional debt of the Department. Nontraditional debt outstanding is defined as any debt instrument that is not a Consolidated Transportation Bond or GARVEE bond. This debt includes certificates of participation, debt backed by customer facility charges, passenger facility charges, or other revenues, and debt issued by the Maryland Economic Development Corporation or any other third party on behalf of the Department.

**STATE OF MARYLAND**  
**Schedule of Taxes Pledged to Consolidated Transportation Bonds and Net Revenues as**  
**Defined for Purposes of Consolidated Transportation Bonds Coverage Tests**  
**Last Ten Fiscal Years**  
*(Expressed in Thousands)*

	Year ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Taxes and fees:										
Taxes pledged to bonds <sup>(1)(2)(4)(5)</sup>	\$ 2,263,381	\$ 2,120,794	\$ 2,103,563	\$ 1,965,757	\$ 1,971,162	\$ 1,924,937	\$ 1,749,800	\$ 1,590,767	\$ 1,382,135	\$ 1,277,770
Other taxes and fees <sup>(3)</sup>	635,877	587,652	624,750	605,153	623,230	611,259	603,700	586,514	572,894	475,561
Total taxes and fees	2,899,258	2,708,446	2,728,313	2,570,910	2,594,392	2,536,196	2,353,500	2,177,281	1,955,029	1,753,331
Operating revenues	283,621	394,338	453,306	459,912	441,420	436,571	414,290	409,952	407,187	402,056
Other(1)	122,454	49,418	56,543	60,566	69,012	59,609	47,307	29,139	30,785	40,015
Investment income	—	1,918	2,929	2,322	627	3,819	2,090	2,154	758	2,750
Total revenue	3,305,333	3,154,120	3,241,091	3,093,710	3,105,451	3,036,195	2,817,187	2,618,526	2,393,759	2,198,152
Administration, operation and maintenance expenditures	2,179,866	2,173,296	2,127,967	2,048,949	1,948,196	1,917,471	1,859,524	1,842,785	1,638,407	1,572,181
Less: Federal funds	(495,651)	(430,279)	(90,770)	(99,533)	(94,498)	(87,325)	(89,843)	(90,567)	(72,397)	(92,737)
Total	1,684,215	1,743,017	2,037,197	1,949,416	1,853,698	1,830,146	1,769,681	1,752,218	1,566,010	1,479,444
Net revenues	\$ 1,621,118	\$ 1,411,103	\$ 1,203,894	\$ 1,144,294	\$ 1,251,753	\$ 1,206,049	\$ 1,047,506	\$ 866,308	\$ 827,749	\$ 718,708
Maximum annual principal and interest requirements	\$ 469,477	\$ 457,080	\$ 415,245	\$ 358,739	\$ 331,345	\$ 305,197	\$ 292,327	\$ 270,527	\$ 237,394	\$ 219,765
Ratio of net revenues to maximum annual principal and interest requirements	3.45	3.09	5.07	3.19	3.78	3.95	3.58	3.20	3.49	3.27
Ratio of taxes pledged to bonds to maximum annual principal and interest requirements	4.82	4.64	2.90	5.48	5.95	6.31	5.99	5.88	5.82	5.81

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

(1) The allocation of the corporate income tax to the Department was changed from 24% to 17.2% in fiscal year 2012, 9.5% in fiscal year 2013, 19.5% through fiscal year 2016, and 17.2% thereafter.

(2) The motor fuel tax rate was increased based on growth of the Consumer Price Index and applies a sales and use tax equivalent to the price of motor fuel beginning in fiscal year 2014.

(3) The Transportation Trust Fund transferred \$40,000,000 of the Department's share of Highway User Revenues to the Revenue Stabilization Account in fiscal year 2012.

**STATE OF MARYLAND**  
**Ratio of Pledged Assets to**  
**Revenue Bonds, Community Development Administration**  
**Last Ten Fiscal Years**  
*(Expressed in Thousands)*

		Pledged Assets <sup>(1)</sup>		Revenue Bonds Payable	Ratio of Pledged Assets to Revenue Bonds
2021	\$	3,402,697	\$	2,731,788	1.25
2020		3,390,322		2,733,062	1.24
2019		2,911,702		2,338,675	1.25
2018		2,489,743		1,948,457	1.28
2017		2,607,201		2,030,891	1.28
2016		2,721,570		2,158,680	1.26
2015		2,847,756		2,307,890	1.23
2014		3,015,137		2,507,082	1.20
2013		3,311,864		2,766,326	1.20
2012		3,542,214		2,926,149	1.21

*(1) Bonds and notes issued by the Community Development Administration (CDA) are special obligations of CDA and are payable solely from the revenues of the applicable mortgage loan programs. Assets, principally mortgage loans, and program revenues are pledged as collateral for the revenue bonds.*

**STATE OF MARYLAND**  
**Schedule of Demographic Statistics**  
**Last Ten Years**  
*(Expressed in Thousands)*

	Population <sup>(1)</sup>	Total Personal Income <sup>(2)</sup>	Per Capita Personal Income	School Enrollment <sup>(3)</sup>	Unemployment Rate <sup>(4)</sup>
2021	6,055,802	\$ 404,520,700	\$ 66,799	1,003,713	6.8%
2020	6,045,680	390,792,500	64,640	1,042,034	3.6
2019	6,042,718	380,171,900	62,914	1,019,971	3.9
2018	6,052,177	360,250,668	59,524	1,021,454	4.1
2017	6,016,447	348,569,720	57,936	1,009,762	4.3
2016	6,007,289	337,174,077	56,127	1,010,035	4.3
2015	5,976,407	329,559,646	55,143	1,001,193	5.2
2014	5,928,814	321,688,894	54,259	994,380	6.0
2013	5,884,563	316,681,620	53,816	992,828	6.8
2012	5,828,289	295,235,516	50,656	961,486	6.8

*Sources:*

*(1) U.S. Census Bureau, "Annual Estimates of the Resident Population: April 1, 2013 - July 1, 2020", revised December, 2020. Estimates for the calendar year except that the current year amount is a projected estimate for the year.*

*(2) U.S. Department of Commerce, Bureau of Economic Analysis. Data for all years based on revised statistics of state personal income released on September 23, 2021. All estimates of state personal income are subject to BEA's flexible annual revision schedule.*

*(3) Figures are as of September 30 of the prior calendar year from State Department of Education, grades pre-kindergarten through grade 12. Includes public and nonpublic schools. Data for nonpublic schools is incomplete.*

*(4) Figures are for the fiscal year from State Department of Labor.*

**STATE OF MARYLAND**  
**Schedule of Employment by Sector**  
**Prior Year and Nine Years Prior**

	Calendar Year 2020 <sup>(1)</sup>			Calendar Year 2011 <sup>(2)</sup>		
	Average Annual Employment	Total Wages (Expressed in Thousands)	Average Weekly Wage Per Worker	Average Annual Employment	Total Wages (Expressed in Thousands)	Average Weekly Wage Per Worker
Government:						
State and local .....	331,034	\$ 21,354,328	\$ 1,241	343,406	\$ 17,056,640	\$ 955
Federal .....	149,350	16,762,843	2,158	144,513	13,448,221	1,790
Total government .....	480,384	38,117,171	1,526	487,919	30,504,861	1,202
Manufacturing .....	108,519	9,264,514	1,642	113,049	7,611,522	1,295
Natural resources and mining .....	7,127	334,336	902	6,553	246,716	724
Construction .....	161,959	11,328,495	1,345	143,152	7,861,215	1,056
Trade, transportation, and utilities .....	442,361	22,447,618	976	439,656	17,923,762	784
Information services .....	33,033	3,652,515	2,126	41,713	3,140,177	1,448
Financial activities .....	129,594	14,277,712	2,119	136,487	10,141,676	1,429
Professional and business services .....	443,642	39,160,791	1,698	397,247	27,517,922	1,332
Education and health services .....	420,060	25,031,826	1,146	391,842	18,680,832	917
Leisure and hospitality .....	211,399	5,565,412	506	233,724	4,606,361	379
Unclassified and other services .....	78,464	3,785,205	928	87,771	3,700,833	811
Total of all sectors .....	2,516,542	\$ 172,965,595	\$ 1,322	2,479,113	\$ 131,935,877	\$ 1,023

<sup>(1)</sup> Source: DLLR Website - <http://dllr.maryland.gov/lmi/emppay/md2020ep.shtml>

<sup>(2)</sup> Source: DLLR Website - <http://dllr.maryland.gov/lmi/emppay/md2011ep.shtml>

**STATE OF MARYLAND**  
**Maryland's Ten Largest Private Employers <sup>(1)</sup>**

**Calendar Years**

Employer (Listed Alphabetically)

2021 <sup>(2)</sup>	2020 <sup>(2)</sup>	2019 <sup>(2)</sup>	2018 <sup>(2)</sup>
Byk Gardner Inc	Anne Arundel Medical Center	Anne Arundel County Board of Education	Applied Physics Laboratory
Clean Harbors Inc	Arc Day Ctr	BYK Gardner Inc.	BYK Gardner
Holy Cross Hospital	BYK Gardner Inc.	Care First Blue Cross Blue Shield	Care First Blue Cross Blue Shield
The Johns Hopkins University Applied	Clean Harbors Inc	The Johns Hopkins University Applied	
Johns Hopkins Bayview Medical Center	The Johns Hopkins University Applied	Physics Laboratory	F.H Furr Plumbing, HVAC & Electrical
Physics Laboratory	Physics Laboratory	Johns Hopkins University School of Medicine	Johns Hopkins Hospital
Johns Hopkins University School of Medicine	Johns Hopkins University School of Medicine	Northrop Grumman Electronic Systems	Johns Hopkins University
Maryland Neuroimaging Center	Northrop Grumman Electronic Systems	School of Medicine University of Maryland	Northrop Grumman Electronic Systems
Northrop Grumman Electronic Systems	School of Medicine University of Maryland	University of MD Marlene and Stewart Greenebaum Comprehensive Cancer Center	University of Maryland Biotechnology
University of Maryland	University of MD Marlene and Stewart Greenebaum Comprehensive Cancer Center	University of Maryland Medical Center	University of Maryland Medical Center
University of Maryland Medical Center	University of Maryland Medical Center	Walter Reed National Military Medical Center	Sap America Inc.
2017 <sup>(2)</sup>	2016 <sup>(2)</sup>	2015, 2014, 2013, and 2012	
Applied Physics	Applied Physics Laboratory	BAE Systems Inc.	
BYK Gardner Inc.	BYK Gardner	Exelon Corporation	
Clean Harbors Inc.	Johns Hopkins University	Giant Food LLC	
Cristal USA	Liberty Tax Service	H R Block Inc.	
Johns Hopkins Hospital	Northrop Grumman Electronic Systems	Johns Hopkins University	
Johns Hopkins University	Stephen James Associates	Lockheed Martin Corporation	
Northrop Grumman Electronic Systems	Sylvan Learning Center	McDonald's Corporation	
Sap America Inc.	University of Maryland Medical Center	Northrop Grumman Corporation	
Sinai Hospital	Vitamin Shoppe	Safeway Inc.	
University of Maryland Medical Center	Werner Enterprises Inc.	Walmart	

Source: Department of Labor, Licensing and Regulation; Office of Market Labor Analysis and Information - Major Employer List - March 2021

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

<sup>(2)</sup> Beginning in 2015, the source for the State's largest employers is a private contractor rather than the agency's in-house system.

**STATE OF MARYLAND**  
**State Employees by Function/Program**  
**Last Ten Fiscal Years**

	Year ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>State Employees:</b>										
Governmental activities:										
General government .....	5,383	5,947	5,855	5,605	5,770	5,841	5,464	5,922	5,396	5,487
Health and mental hygiene .....	9,818	10,590	10,495	9,868	9,878	10,187	9,629	10,416	9,743	9,929
Education .....	2,027	2,347	2,371	2,203	2,230	2,330	2,207	2,509	2,253	2,227
Human resources .....	5,452	5,825	5,943	5,901	5,970	6,122	6,122	6,232	6,149	6,268
Public safety .....	12,222	20,318	18,385	13,137	14,010	19,769	14,963	15,449	15,443	15,625
Transportation .....	5,894	6,055	6,504	6,075	5,977	6,213	6,130	6,082	6,095	6,201
Judicial .....	6,145	6,426	6,456	6,354	6,321	6,277	6,024	6,158	5,937	5,905
Labor, licensing and regulation .....	1,517	1,799	1,809	1,642	1,659	1,821	1,633	1,971	1,793	1,906
Natural resources and recreation .....	1,819	2,063	2,363	2,107	2,074	2,290	2,001	2,349	2,049	2,100
Housing and community development .....	190	223	235	216	195	199	194	210	386	385
Environment .....	815	873	907	868	881	904	901	915	931	927
Agriculture .....	423	391	437	431	447	439	424	472	446	436
Commerce .....	140	170	165	169	170	163	154	164	169	170
Total governmental activities employees .....	51,845	63,027	61,925	54,576	55,582	62,555	55,846	58,849	56,790	57,566
Business-type activities:										
Economic development - insurance programs .....	284	281	292	276	285	284	267	287	265	268
Maryland Lottery and Gaming Control Agency .....	308	319	325	326	326	321	298	269	248	215
Maryland Transportation Authority .....	1,454	1,600	1,669	1,662	1,578	1,667	1,666	1,683	1,644	1,681
Maryland Correctional Enterprises .....	149	168	158	146	157	171	177	190	183	194
Total business-type employees .....	2,195	2,368	2,444	2,410	2,346	2,443	2,408	2,429	2,340	2,358
Total primary government employees .....	54,040	65,395	64,369	56,986	57,928	64,998	58,254	61,278	59,130	59,924
Component Units:										
Higher Education .....	34,023	52,323	48,421	47,756	47,671	45,597	44,875	45,332	41,676	39,005
Prepaid College Trust .....	22	31	36	27	30	25	15	18	17	14
Stadium Authority .....	147	171	185	170	155	143	133	129	123	112
Other component units .....	23	30	29	27	25	28	27	27	27	29
Total component units employees .....	34,215	52,555	48,671	47,980	47,881	45,793	45,050	45,506	41,843	39,160

Source: Maryland Department of Transportation, Department of Budget and Management, and Central Payroll Bureau: State Comptroller's Office



**STATE OF MARYLAND**  
**Schedule of Miscellaneous, Operating and Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Date of Ratification	1788									
Form of Government	Legislative - Executive - Judicial									
Land Area	9707 square miles									
<b>Function/Program</b>	<b>2021<sup>(1)</sup></b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Education, Public School Enrollment .....	882,538	909,414	896,845	893,689	886,221	879,601	874,514	827,999	823,452	821,106
Health and Human Resources:										
Medicaid Enrollment .....	1,384,969	1,255,576	1,083,592	1,141,995	1,098,887	1,081,526	1,138,532	1,079,849	841,812	810,593
Children's Health Program Enrollment .....	143,387	143,031	154,320	147,837	146,031	136,980	122,955	114,648	111,132	103,011
WIC Food Program Recipients .....	125,537	122,298	126,914	129,504	134,662	140,909	140,600	140,830	144,923	146,787
Behavioral Health Clients .....	285,754	288,231	340,479	326,249	201,005	199,138	185,181	184,104	167,680	159,124
Public Assistance Caseload (AFDC/TANF) .....	62,552	46,767	42,661	46,651	50,901	56,115	61,739	64,359	67,436	72,413
Foster Care and Subsidized Adoption Average Caseload .....	10,989	11,864	12,535	12,727	12,977	13,410	13,477	15,090	15,386	14,230
Public Safety:										
Correctional Institutions Average Daily Population .....	20,420	21,142	21,370	22,799	23,115	23,093	23,951	24,237	24,686	25,450
Parole and Probation, Active Cases under Supervision .....	71,311	71,232	70,293	69,878	40,402	42,368	50,968	49,734	52,187	50,982
Youth Residential Programs, Average Daily Population .....	584	721	742	739	782	852	998	1,209	1,201	1,304
Average Monthly number of Youths on Probation .....	1,606	1,964	2,204	2,292	2,296	2,446	2,761	2,630	2,983	3,375
Public Safety (State Police):										
Number of Police Stations .....	23	23	23	23	23	23	26	26	25	25
Number of State Police .....	1,442	1,476	1,464	1,428	1,452	1,456	1,443	1,570	1,562	1,563
Motor Vehicle Citations (calendar year) .....	282,589	339,657	338,806	336,950	330,153	355,061	363,134	370,767	384,500	336,094
Motor Vehicle - Number of Collisions (calendar year) <sup>(7)</sup> .....	95,449	24,466	25,669	34,278	23,779	19,907	98,400	96,200	88,700	89,285
Judicial, Total Filings .....	1,619,225	1,575,439	1,867,147	1,902,579	1,886,882	1,931,138	1,946,586	1,987,309	2,050,561	2,056,603
Transportation:										
Miles of State Highway .....	5,208	5,206	5,284	5,274	5,270	5,274	5,271	5,273	5,264	5,266
Lane Miles Maintained .....	17,389	17,286	17,191	17,174	17,143	17,132	17,117	17,063	17,050	17,042
Expenditures per Lane Mile .....	9,495	\$ 9,691	\$ 9,320	\$ 9,423	\$ 9,373	\$ 9,199	\$ 8,430	\$ 8,261	\$ 8,655	\$ 8,618
Number of Bridges <sup>(2)</sup> .....	2,608	1,437	1,483	1,483	1,484	1,483	1,499	1,496	1,434	1,182
Motor Vehicle Registrations .....	5.0 million	5.2 million	5.1 million	5.0 million	5.0 million	5 million	4.9 million	4.9 million	4.8 million	4.9 million
BWI Airport Passengers (calendar year) .....	11.2 million	27.0 million	27.1 million	24.8 million	25.7 million	24.7 million	22.8 million	22.7 million	22.2 million	22.8 million
Acres Agricultural Land Preserved - all programs <sup>(8)</sup> .....	853,527	690,939	675,906	654,490	635,710	614,173	609,661	587,757	574,838	572,680
Department of Housing and Community Development:										
Active Single Family/Multifamily Bond Financed Loans <sup>(4)</sup> .....	11,684	13,189	11,533	10,510	11,525	12,646	13,734	14,919	15,426	16,796
Department of Commerce:										
Number of businesses assisted <sup>(3)</sup> .....	17	13	35	30	NA	4	7	9	9	13
Number of workers trained <sup>(3)</sup> .....	583	242	1,619	1,210	NA	126	142	161	79	262

Higher Education (Universities, Colleges and Community Colleges):

**STATE OF MARYLAND**  
**Schedule of Miscellaneous, Operating and Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Date of Ratification	1788									
Form of Government	Legislative - Executive - Judicial									
Land Area	9707 square miles									
<b>Function/Program</b>	<b>2021<sup>(1)</sup></b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Number of Campuses in State	29	29	29	29	29	29	29	29	29	29
Number of Educators <sup>(5)</sup>	8,385	8,488	8,390	8,383	8,387	8,355	8,391	8,298	8,271	9,892
Number of Students	272,023	279,877	284,200	289,879	287,831	291,797	288,720	296,805	302,115	298,273
Number of State Scholarships Awarded <sup>(6)</sup>	49,062	39,290	33,689	35,252	32,203	35,859	40,061	43,318	45,212	40,485
Recreation:										
Number of State Parks and Forests	75	62	62	62	60	60	60	66	66	66
State Parks Daily Visitors	19.7 million	17.5 million	13.6 million	13.8 million	14.0 million	12.9 million	11.3 million	10.3 million	11.2 million	11.8 million
Area of State Parks, Acres	97,784	97,446	97,368	97,195	94,762	95,314	95,196	97,414	96,130	95,199
Area of State Forests, Acres	149,225	148,764	148,539	147,863	147,810	147,521	145,761	145,200	143,430	142,979

Sources: State Comptroller's Office, General Accounting Division, Central Payroll Bureau, [www.mdarchives.state.md.us/msa/mdmanual](http://www.mdarchives.state.md.us/msa/mdmanual), Maryland Budget, Department of Budget and Management, Department of Natural Resources, and the State Highway Administration of Maryland

<sup>(1)</sup> These amounts are estimates.

<sup>(2)</sup> Represents the number of bridges owned and maintained by SHA on the National Highway System (NHS). The large increase reported in 2013 resulted from an expansion of Maryland's portion of NHS by the Federal Highway Administration.

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

<sup>(4)</sup> CDA relies completely on the reporting of two different Master Servicers on the underlying loans that comprise the Mortgage-backed securities held by CDA at fiscal year end.

<sup>(5)</sup> Large reduction of faculty count is due to exclusion of faculty at Clinical Medicine at UMB, faculty at extension services, and continuing education faculty beginning in 2013.

<sup>(6)</sup> Legislative scholarships are not included due to a change in awarding practices begun in FY 2012.

<sup>(7)</sup> Crashes investigated by Maryland State Police; prior to 2016 included allied agencies.

<sup>(8)</sup> Maryland has an official land preservation goal of 1,030,000 acres. This goal has changed to include 6 programs instead of the previous 4 programs. The two new easement programs enacted by House Bill 860 are: The Next Generation Farmland Acquisition Program run by the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO), and easements managed by the Maryland Environmental Trust (MET). The bill also extended the deadline for reaching the preservation goal from 2022 to 2030.

# *Financial Schedules Required by Law*

THESE SCHEDULES ARE REQUIRED TO BE SUBMITTED BY THE COMPTROLLER BY TITLE 2,  
SECTION 102 OF THE STATE FINANCE AND PROCUREMENT ARTICLE OF THE ANNOTATED  
CODE OF MARYLAND



**STATE OF MARYLAND**  
**Schedule of Estimated and Actual Revenues By Source, Budgetary Basis, for the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

	Annual Budgeted Funds										Capital Projects Fund Actual Revenues	Total Actual Revenues	
	General Fund		Special Fund		Federal Fund		Higher Education Funds						
	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Current Unrestricted Fund		Current Restricted Fund				
Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Actual Revenues	
Taxes:													
Property tax .....	\$ —	\$ 2,186	\$ 1,214,184	\$ 1,166,585	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,168,771
Franchise and corporation tax .....	208,502	144,260	—	—	—	—	—	—	—	—	—	—	144,260
Death taxes .....	177,732	240,592	—	—	—	—	—	—	—	—	—	—	240,592
Admission and amusement tax .....	—	—	2,510	18,567	—	—	—	—	—	—	—	—	18,567
Alcohol beverages tax .....	30,545	38,859	—	81	—	—	—	—	—	—	—	—	38,940
Motor vehicle fuel taxes .....	—	—	1,150,000	1,025,338	—	—	—	—	—	—	—	—	1,025,338
Income taxes .....	11,940,736	13,166,670	256,800	380,105	—	—	—	—	—	—	—	—	13,546,775
Sales and use taxes .....	4,591,207	4,988,078	300,000	470,836	—	—	—	—	—	—	—	—	5,458,914
Tobacco taxes .....	373,419	388,243	—	—	—	—	—	—	—	—	—	—	388,243
Motor vehicle titling taxes .....	—	—	433,900	978,157	—	—	—	—	—	—	—	—	978,157
Insurance company taxes .....	406,124	424,189	215,133	333,653	—	—	—	—	—	—	—	—	757,842
Horse racing taxes .....	—	—	—	1,119	—	—	—	—	—	—	—	—	1,119
Shellfish taxes .....	—	—	—	418	—	—	—	—	—	—	—	—	418
Boxing, wrestling or sparring taxes .....	—	112	—	—	—	—	—	—	—	—	—	—	112
Boat titling tax .....	—	—	15,021	34,292	—	—	—	—	—	—	—	—	34,292
Energy generation tax .....	—	—	40,000	38,985	—	—	—	—	—	—	—	—	38,985
Emergency telephone system tax .....	—	—	100,000	107,163	—	—	—	—	—	—	—	—	107,163
Total taxes .....	17,728,265	19,393,189	3,727,548	4,555,299	—	—	—	—	—	—	—	—	23,948,488
Other:													
Licenses and permits .....	43,336	38,161	261,589	678,818	—	—	—	—	—	—	—	—	716,979
Fees for services .....	160,333	211,372	840,900	812,350	—	—	—	—	—	—	—	—	1,023,722
Fines and costs .....	75,342	69,792	168,291	211,951	—	—	—	—	—	—	—	—	281,743
Sales to the public .....	31,073	7,908	643,534	154,607	—	—	—	—	—	—	—	—	162,515
Commissions and royalties .....	75	41	47,376	48,732	—	—	—	—	—	—	—	—	48,773
Rentals .....	—	1,358	132,624	138,093	—	—	—	—	—	—	—	—	139,451
Interest on investments .....	8,800	12,309	5,396	4,693	—	42	—	—	—	—	—	—	17,044
Interest on loan repayments .....	—	2,932	600	716	—	—	—	—	—	—	—	—	3,648
Miscellaneous .....	3,655	136,226	314,225	217,159	—	—	—	—	—	—	—	13,500	366,885
Colleges and universities .....	—	—	—	—	—	—	3,283,962	3,004,502	1,834,032	1,743,443	—	—	4,747,945
Federal reimbursements and grants .....	341,167	341,167	—	—	23,268,119	14,543,763	—	—	—	—	—	—	14,884,930
Other reimbursements .....	82,336	40,317	1,807,577	1,870,993	—	—	—	—	—	—	—	—	1,911,310

**STATE OF MARYLAND**  
**Schedule of Estimated and Actual Revenues By Source, Budgetary Basis, for the Year Ended June 30, 2021 (Continued)**  
*(Expressed in Thousands)*

	Annual Budgeted Funds											Capital Projects Fund Actual Revenues	Total Actual Revenues
	General Fund		Special Fund		Federal Fund		Higher Education Funds						
	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Current Unrestricted Fund		Current Restricted Fund				
	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Actual Revenues		
Bonds issues:													
State - general purpose .....	\$ —	\$ —	\$ —	\$ 1,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,014,816	\$ 1,015,816
Consolidated transportation bonds .....	—	—	599,100	300,000	—	—	—	—	—	—	—	—	300,000
Premiums .....	—	—	—	212,328	—	—	—	—	—	—	—	102,000	314,328
State reimbursements .....	636,115	765,413	2,078,730	647,249	—	—	—	—	—	—	—	96,163	1,508,825
Appropriated from other funds .....	—	—	—	—	—	—	1,596,652	1,596,652	—	—	—	—	1,596,652
Trust funds .....	—	—	482	196	—	—	—	—	—	—	—	—	196
Revolving accounts .....	9,300	10,500	5,000	37,226	—	—	—	—	—	—	—	11	47,737
<b>Total revenues .....</b>	<b>\$ 19,119,797</b>	<b>\$ 21,030,685</b>	<b>\$ 10,632,972</b>	<b>\$ 9,891,410</b>	<b>\$ 23,268,119</b>	<b>\$ 14,543,805</b>	<b>\$ 4,880,614</b>	<b>\$ 4,601,154</b>	<b>\$ 1,834,032</b>	<b>\$ 1,743,443</b>	<b>\$ 1,226,490</b>	<b>\$ 53,036,987</b>	

**STATE OF MARYLAND**  
**Schedule of Budget and Actual Expenditures and Encumbrances By Major Function, Budgetary Basis**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

Expenditures and Encumbrances by Major Function*	Annual Budgeted Funds										Capital Projects Fund	Total
	General Fund		Special Fund		Federal Fund		Higher Education Funds					
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Current Unrestricted Fund		Current Restricted Fund			
						Final Budget	Actual	Final Budget	Actual		Actual	
Payments of revenue to civil divisions of the State .....	\$ 185,980	\$ 185,980	\$ 1,220	\$ 783	\$ 5,000	\$ 5,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 191,763
Public debt .....	131,000	131,000	1,203,000	1,137,314	11,000	9,302	—	—	—	—	—	1,277,616
Legislative .....	104,832	104,832	—	—	—	—	—	—	—	—	—	104,832
Judicial review and legal .....	694,291	687,329	145,584	116,170	95,088	92,556	—	—	—	—	—	896,055
Executive and administrative control .....	302,863	295,194	261,601	211,211	1,684,112	1,469,279	—	—	—	—	—	1,975,684
Financial and revenue administration .....	237,214	219,574	188,605	168,964	218,092	218,092	—	—	—	—	—	606,630
Budget management .....	123,019	108,433	28,011	16,386	9,828	—	—	—	—	—	—	124,819
Retirement and pension .....	—	—	21,817	20,974	—	—	—	—	—	—	—	20,974
General services .....	72,796	72,771	5,766	5,488	3,329	2,955	—	—	—	—	—	81,214
Transportation and highways .....	—	—	3,795,926	3,659,274	1,815,464	1,398,235	—	—	—	—	—	5,057,509
Natural resource and recreation .....	65,727	61,917	318,988	300,592	42,185	33,982	—	—	—	—	—	396,491
Agriculture .....	37,701	37,231	75,693	66,393	19,714	12,194	—	—	—	—	—	115,818
Health, hospital and mental hygiene .....	5,127,028	5,125,969	2,212,907	2,181,490	10,585,480	10,259,760	—	—	—	—	—	17,567,219
Human resources .....	709,910	707,055	103,090	90,820	3,389,160	3,250,210	—	—	—	—	—	4,048,085
Labor, licensing and regulation .....	49,915	49,068	252,342	242,750	280,898	253,602	—	—	—	—	—	545,420
Public safety and correctional services .....	1,245,913	1,217,313	226,617	173,447	76,158	71,517	—	—	—	—	—	1,462,277
Public education .....	9,092,369	9,066,010	919,992	867,807	3,753,395	2,097,926	4,880,614	4,526,912	1,834,032	1,740,731	—	18,299,386
Housing and community development .....	37,260	37,260	153,104	133,194	991,490	974,728	—	—	—	—	—	1,145,182
Commerce .....	77,745	76,108	263,657	259,395	175,206	149,649	—	—	—	—	—	485,152
Maryland technology development corporation .....	20,224	20,474	10,410	5,000	1,500	1,500	—	—	—	—	—	26,974
Environment .....	33,479	33,477	321,377	314,427	85,380	83,083	—	—	—	—	—	430,987
Juvenile services .....	252,353	244,060	3,277	1,465	9,227	7,811	—	—	—	—	—	253,336
State police .....	212,405	200,467	119,988	113,044	16,413	15,176	—	—	—	—	—	328,687
State reserve fund .....	114,000	114,000	—	—	—	—	—	—	—	—	—	114,000
Loan accounts .....	—	—	—	—	—	—	—	—	—	—	1,172,484	1,172,484
Reversions:												
Current year reversions .....	(35,000)	—	—	—	—	—	—	—	—	—	—	—
Prior reversions .....	—	(130,562)	—	(39,146)	—	(455,655)	—	(276)	—	(129)	—	(625,768)
<b>Total expenditures and encumbrances .....</b>	<b>\$ 18,893,024</b>	<b>\$ 18,664,960</b>	<b>\$ 10,632,972</b>	<b>\$ 10,047,242</b>	<b>\$ 23,268,119</b>	<b>\$ 19,950,902</b>	<b>\$ 4,880,614</b>	<b>\$ 4,526,636</b>	<b>\$ 1,834,032</b>	<b>\$ 1,740,602</b>	<b>\$ 1,172,484</b>	<b>\$ 56,102,826</b>

\*Appropriation and expenditure differences between this statement and the "Statement of Revenues, Expenditures and Encumbrances and Changes in Fund Balances - Budget and Actual - Budgetary General, Special, and Federal Funds" included in the RSI Section, result from differences in the classification of prior year encumbrances and expenditures.

**STATE OF MARYLAND**  
**Schedule of Changes in Fund Equities - Budgetary Basis**  
**For the Year Ended June 30, 2021**  
*(Expressed in Thousands)*

	Annual Budgeted Funds								
	General Fund		Special Fund			Higher Education Funds		Capital Projects Fund	Total
	General	State Reserve	Special	Debt Service	Federal Fund	Current Unrestricted Fund	Current Restricted Fund		
Fund equities, June 30, 2019	\$ 998,007	\$ 1,232,107	\$ 2,418,684	\$ 237,286	\$ —	\$ 1,242,807	\$ 6,031	\$ 611,562	\$ 6,746,484
Increase:									
Revenues	20,914,213	116,472	8,789,032	1,102,378	14,543,805	4,601,154	1,743,443	1,226,490	53,036,987
Decrease:									
Appropriations	18,928,024	—	9,429,972	1,203,000	23,268,119	4,880,614	1,834,032	1,172,484	60,716,245
Less: Current year reversions	(132,502)	—	(480,898)	(65,686)	(2,861,562)	(353,702)	(93,301)	—	(3,987,651)
Prior year reversions	(130,562)	—	(39,146)	—	(455,655)	(276)	(129)	—	(625,768)
Expenditures and encumbrances*	18,664,960	—	8,909,928	1,137,314	19,950,902	4,526,636	1,740,602	1,172,484	56,102,826
Changes to encumbrances during fiscal year 2021	(42,596)	—	(136,453)	—	(1,236,371)	(83)	(458)	—	(1,415,961)
Expenditures	18,622,364	—	8,773,475	1,137,314	18,714,531	4,526,553	1,740,144	1,172,484	54,686,865
Transfers in (out)	286,732	(701,860)	1,110,381	6,917	4,170,726	205	(1,896)	119,236	4,990,441
Fund equities, June 30, 2020	\$ 3,576,588	\$ 646,719	\$ 3,544,622	\$ 209,267	\$ —	\$ 1,317,613	\$ 7,434	\$ 784,804	\$ 10,087,047
Fund Balance:									
Reserved:									
Encumbrances	\$ 337,455	\$ —	\$ 729,583	\$ —	\$ 1,977,472	\$ 717	\$ 764	\$ 801,662	\$ 3,847,653
State reserve fund	—	646,719	—	—	—	—	—	—	646,719
Loans and notes receivable	—	—	—	1,112	—	—	—	—	1,112
Shore erosion loan program	—	—	5,618	—	—	—	—	—	5,618
Gain/Loss on Investments	—	—	—	—	—	—	—	—	—
Unreserved:									
Designated for:									
General long-term debt service	—	—	—	208,155	—	—	—	—	208,155
2022 operations	1,438,806	—	—	—	—	—	—	—	1,438,806
Undesignated surplus (deficit)	1,800,327	—	2,809,421	—	(1,977,472)	1,316,896	6,670	(16,858)	3,938,984
Total	\$ 3,576,588	\$ 646,719	\$ 3,544,622	\$ 209,267	\$ —	\$ 1,317,613	\$ 7,434	\$ 784,804	\$ 10,087,047

\*Appropriations and expenditure differences between this statement and the "Statement of Revenues, Expenditures and Encumbrances and Changes in Fund Balances – Budget and Actual - Budgetary General, Special, and Federal Funds" included in the RSI Section, result from differences in the classification of prior year encumbrances and expenditures.

**STATE OF MARYLAND**  
**Schedule of Funds Transferred to Political Subdivisions**  
**For the Year Ended June 30, 2021 <sup>(1)</sup>**  
*(Expressed in Thousands)*

Subdivision	State Sources				Other Sources			Assessed Value of Real and Personal Property (2)	Amount Per \$100 of Assessed Value
	Shared Revenues	Direct Grants and Appropriations	Debt Service	Total	Federal Local	State Administered Local Revenue	Total		
Allegany .....	\$ 1,058	\$ 133,606	\$ 683	\$ 135,347	\$ 32,186	\$ 36,738	\$ 204,271	\$ 4,037,742	\$ 5.06
Anne Arundel .....	6,675	605,047	38,782	650,505	81,629	722,761	1,454,895	99,193,106	1.47
Baltimore County .....	9,079	1,052,191	50,763	1,112,033	150,216	959,459	2,221,708	95,157,272	2.33
Calvert .....	1,420	123,931	866	126,217	26,224	124,886	277,327	13,160,780	2.11
Caroline .....	884	92,242	7,483	100,609	16,029	22,363	139,001	2,853,463	4.87
Carroll .....	2,480	206,627	5,053	214,160	41,891	196,065	452,116	21,894,169	2.07
Cecil .....	1,441	161,822	4,344	167,607	28,842	82,406	278,856	11,387,921	2.45
Charles .....	2,205	283,645	6,306	292,156	43,133	158,869	494,158	20,294,007	2.43
Dorchester .....	975	71,250	3,520	75,745	17,848	21,451	115,043	3,070,243	3.75
Frederick .....	3,067	372,186	14,816	390,069	40,495	288,505	719,068	35,646,723	2.02
Garrett .....	1,176	45,223	1,590	47,988	10,807	22,620	81,415	4,840,451	1.68
Harford .....	3,100	343,406	4,404	350,910	41,518	287,841	680,270	31,371,198	2.17
Howard .....	3,655	435,214	9,425	448,294	62,859	576,576	1,087,728	58,733,988	1.85
Kent .....	503	18,749	1,723	20,976	8,317	18,517	47,810	3,074,894	1.55
Montgomery .....	8,322	1,175,671	27,591	1,211,584	144,767	1,820,678	3,177,029	208,014,006	1.53
Prince George's .....	6,812	1,657,505	16,647	1,680,964	167,230	760,455	2,608,649	111,204,064	2.35
Queen Anne's .....	1,175	61,809	1,360	64,344	13,242	79,294	156,880	8,842,255	1.77
St Mary's .....	1,762	148,074	8,161	157,997	32,524	138,257	328,778	13,650,169	2.41
Somerset .....	625	54,030	4,276	58,931	15,414	10,017	84,363	1,552,094	5.44
Talbot .....	715	23,055	9,000	32,770	17,197	34,428	84,395	8,832,585	0.96
Washington .....	1,956	261,330	14,442	277,728	56,278	122,314	456,321	13,966,685	3.27
Wicomico .....	1,460	231,914	9,742	243,116	51,088	62,695	356,899	7,122,453	5.01
Worcester .....	1,146	40,897	2,324	44,367	18,900	49,009	112,276	17,026,206	0.66
Baltimore City .....	143,369	1,329,918	68,741	1,542,028	290,488	462,661	2,295,176	45,037,834	5.10
<b>Total .....</b>	<b>\$ 205,061</b>	<b>\$ 8,929,342</b>	<b>\$ 312,043</b>	<b>\$ 9,446,446</b>	<b>\$ 1,409,121</b>	<b>\$ 7,058,864</b>	<b>\$ 17,914,430</b>	<b>\$ 839,964,308</b>	

(1) In addition to the amounts shown for the counties and Baltimore City, \$209,929,000 was distributed to municipalities within the counties.

(2) Source: State Department of Assessments and Taxation



**STATE OF MARYLAND**  
**Schedule of Taxes Receivable from**  
**Collectors of State Property Taxes**  
**June 30, 2021**  
*(Expressed in Thousands)*

Political Subdivision	Taxes Receivable		
	Current Year	Prior Years	Total
Allegany .....	\$ 385	\$ 293	\$ 678
Anne Arundel .....	1,316	476	1,792
Baltimore County .....	9	(1)	8
Calvert .....	228	235	463
Caroline .....	8	14	22
Carroll .....	142	38	180
Cecil .....	107	18	125
Charles .....	39	207	246
Dorchester .....	124	39	164
Frederick .....	790	147	937
Garrett .....	178	35	213
Harford .....	107	46	153
Howard .....	134	1,295	1,429
Kent .....	153	55	209
Montgomery .....	(140)	(1,607)	(1,747)
Prince George's .....	895	651	1,546
Queen Anne's .....	27	129	157
St Mary's .....	186	44	230
Somerset .....	114	259	372
Talbot .....	2	9	12
Washington .....	12	25	37
Wicomico .....	245	139	384
Worcester .....	495	8	503
Baltimore City .....	416	15,098	15,514
<b>Total .....</b>	<b>\$ 5,972</b>	<b>\$ 17,656</b>	<b>\$ 23,628</b>

**STATE OF MARYLAND**  
**Schedule of Estimated Revenues – Budgetary Basis**  
**For the Year Ending June 30, 2022**  
*(Expressed in Thousands)*

	General Fund	Special Fund	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Total
Income Taxes .....	\$ 12,650,096	\$ 229,618	\$ —	\$ —	\$ —	\$ 12,879,714
Retail sales and use tax and licenses .....	5,002,636	78,561	—	—	—	5,081,197
Motor vehicle fuel taxes and licenses .....	—	1,047,088	—	—	—	1,047,088
Motor vehicle tax and licenses .....	—	1,305,800	—	—	—	1,305,800
Property taxes .....	—	1,119,942 <sup>(1)</sup>	—	—	—	1,119,942
Insurance company taxes, licenses and fees .....	601,361	51,866	—	—	—	653,227
Franchise and corporation taxes .....	221,939	—	—	—	—	221,939
State tobacco tax and licenses .....	430,133	—	—	—	—	430,133
Alcoholic beverages taxes and licenses .....	34,097	122	—	—	—	34,219
Death taxes .....	198,468	—	—	—	—	198,468
Miscellaneous taxes, fees and other revenues .....	165,057	224,314 <sup>(1)</sup>	11,000 <sup>(1)</sup>	—	—	400,371
Budgeted tobacco settlement recoveries .....	—	120,785	—	—	—	120,785
Horse racing taxes and licenses .....	—	4,143	—	—	—	4,143
District courts fines and costs .....	53,072	—	—	—	—	53,072
Interest on investments .....	10,000	2,000	—	—	—	12,000
Hospital patient recoveries .....	60,142	—	—	—	—	60,142
Legislative .....	23	—	—	—	—	23
Judicial review and legal .....	66,368	132,849	7,070	—	—	206,287
Executive and administrative control .....	6,966	241,139	705,372	—	—	953,477
Financial and revenue administration .....	16,338	73,660	—	—	—	89,998
Budget and management .....	2,340	45,256	51,301	—	—	98,897
Maryland lottery and gaming control .....	594,782	906,967	—	—	—	1,501,749
Information technology development .....	—	6,259	—	—	—	6,259
Retirement and pension .....	—	20,195	—	—	—	20,195
General services .....	378	3,365	1,481	—	—	5,224
Transportation and highways .....	—	1,085,724	1,510,750	—	—	2,596,474
Natural resources and recreation .....	116	89,620	37,505	—	—	127,241
Agriculture .....	131	40,292	7,695	—	—	48,118
Health, hospitals and mental hygiene .....	35,331	1,040,697	9,711,851	—	—	10,787,879
Human resources .....	2,383	111,666	2,054,543	—	—	2,168,592
Labor, licensing and regulation .....	5,991	228,517	233,216	—	—	467,724
Public safety and correctional services .....	8,609	263,316	27,699	—	—	299,624
Public education .....	8,256	167,551	1,565,544	4,835,095	1,571,206	8,147,652
Housing and community development .....	82	109,657	710,294	—	—	820,033
Commerce .....	122	73,956	9,135	—	—	83,213
Maryland technology development corporation .....	—	7,726	—	—	—	7,726
Environment .....	522	358,944	86,061	—	—	445,527
Juvenile services .....	25	3,361	5,505	—	—	8,891
State police .....	5,534	118,358	6,999	—	—	130,891
<b>Total estimated revenues <sup>(2)</sup> .....</b>	<b>\$ 20,181,298</b>	<b>\$ 9,313,314</b>	<b>\$ 16,743,021</b>	<b>\$ 4,835,095</b>	<b>\$ 1,571,206</b>	<b>\$ 52,643,934</b>

(1) Recorded in the Debt Service Fund for accounting purposes.

(2) Amounts are reported as of July 1, 2021, and do not reflect revisions, if any, subsequent to that date.

**STATE OF MARYLAND**  
**Schedule of General, Special, Federal, Current Unrestricted**  
**and Current Restricted Fund Appropriations - Budgetary Basis**  
**For the Year Ending June 30, 2022**  
*(Expressed in Thousands)*

	General Fund	Special Fund	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Total
Payments of revenue to civil divisions of the State .....	\$ 185,875	\$ 1,220	\$ —	\$ —	\$ —	\$ 187,095
Public debt .....	260,000	1,123,000 <sup>(1)</sup>	11,000	—	—	1,394,000
Legislative .....	105,101	—	—	—	—	105,101
Judicial review and legal .....	718,489	134,320	7,070	—	—	859,879
Executive and administrative control .....	705,810	279,139	705,372	—	—	1,690,321
Financial and revenue administration .....	228,061	171,043	—	—	—	399,104
Budget and management .....	263,932	51,515	51,301	—	—	366,748
Retirement and pension .....	—	20,195	—	—	—	20,195
General services .....	80,000	3,661	1,481	—	—	85,142
Transportation and highways .....	8,700	3,700,118	1,510,750	—	—	5,219,568
Natural resources and recreation .....	84,126	315,153	37,505	—	—	436,784
Agriculture .....	37,932	79,670	7,695	—	—	125,297
Health, hospitals and mental hygiene .....	5,787,817	1,162,682	9,711,851	—	—	16,662,350
Human resources .....	703,670	111,666	2,054,543	—	—	2,869,879
Labor, licensing and regulation .....	63,951	231,184	233,216	—	—	528,351
Public safety and correctional services .....	1,222,047	263,316	27,699	—	—	1,513,062
Public education .....	9,064,821	993,430	1,565,544	4,835,095	1,571,206	18,030,096
Housing and community development .....	28,902	109,657	710,294	—	—	848,853
Commerce .....	78,100	73,956	9,135	—	—	161,191
Maryland technology development corporation .....	20,836	7,726	—	—	—	28,562
Environment .....	36,622	358,944	86,061	—	—	481,627
Juvenile justice .....	250,744	3,361	5,505	—	—	259,610
State police .....	323,170	118,358	6,999	—	—	448,527
State reserve fund .....	672,919	—	317,820	—	—	990,739
<b>Total appropriations <sup>(2)</sup> .....</b>	<b>\$ 20,931,625</b>	<b>\$ 9,313,314</b>	<b>\$ 17,060,841</b>	<b>\$ 4,835,095</b>	<b>\$ 1,571,206</b>	<b>\$ 53,712,081</b>

(1) Recorded in the Debt Service Fund for accounting purposes.

(2) Amounts are reported as of July 1, 2021 and do not reflect revisions, if any, subsequent to that date.



PHOTOS:

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