

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30

2020



Curbside Delivery, Annapolis Maryland.

PHOTO: MAXIMILIAN FRANZ

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*



Outdoor Dining, Annapolis.

PHOTO: MAXIMILIAN FRANZ

MARYLANDERS CAN ALWAYS BE COUNTED ON

to find innovative ways to meet new challenges. While our top priority has been protecting public health during the COVID-19 pandemic, we also are working together to protect our economy.

Our beloved small businesses are facing the biggest challenge in years as a worldwide health pandemic wreaks havoc on our economy. Businesses of all sizes across all industries had to quickly pivot and rethink the way they operate or face devastating consequences. Sadly, thousands of businesses have closed due to the pandemic.

However, from all corners of the state, business owners have stepped up to that challenge, devising new ways to stay open while keeping customers and employees safe from COVID-19. They have used ingenuity in the face of adversity to succeed.

Businesses from Cumberland to Edgewater, Bel Air to La Plata, and all places in between, quickly adjusted to provide contactless delivery and curbside service to customers. The streets of places like Annapolis, Oakland and throughout Maryland were transformed for restaurants to offer outdoor dining.

Business owners such as Evan Weinstein, owner of Underground Pizza, of Baltimore, started a new business model mailing partially frozen pizzas directly to customers or arranging direct pick up to cook at home.

In Baltimore, Mount Royal Soaps Company formed an unlikely partnership with Charm City Meadworks and Waverly Colors, a local maker of pigments for tattoos, to create hand sanitizer. Pocomoke City's Hardwire LLC quickly switched operations from making body armor that protects law enforcement, military and residents to creating face shields that protects our front line and medical heroes.

Distillers have taken a break from their passion of creating the best alcohol in country to create products to keep their fellow Marylanders safe from the effects of COVID-19.

While this pandemic has affected Maryland in ways no one could have imagined, the can-do attitude of these business owners and thousands more like them across this state will help see the economy through this tough time.



**A MESSAGE FROM
COMPTROLLER
PETER FRANCHOT**

Dear Marylanders,

As Comptroller and Maryland’s fiscal watchdog since 2007, I have seen the State of Maryland overcome many challenges over the past 14 years. The year 2020 has been a rollercoaster of change – from taking unprecedented steps to protect public health and to

retooling our economy. Many of us continue to question how the future will look and how our way of life has changed, potentially for years to come.

Throughout the years, I have maintained a strong track record of holding government accountable and making certain that taxpayer money is spent wisely. 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 world health crisis has tested our resolve and its impact will reverberate in our lives for years. From a fiscal standpoint, the COVID-19 pandemic rattled our state’s economy, but did not shatter it. Maryland has a strong economic base that should help accelerate our recovery.

At the forefront of our recovery are small business owners, who make up most of the state’s economy. Faced with extraordinary challenges, these local entrepreneurs have risen to the occasion, finding unique ways to stay open, serve their customers, and provide jobs for our community.

I will always advocate for the success of businesses throughout Maryland. In these tough times, I remain committed to advancing reforms that reduce the prohibitive regulatory burdens placed upon Maryland businesses. For us to survive, businesses large and small must partner with our communities to ensure long-term fiscal help. Despite everything that has happened, I remain resolute in our core mission at the Maryland Comptroller’s Office: being respectful, responsive and getting results for Maryland taxpayers.

I am eager to work, hand-in-hand, with residents and business owners to ensure a healthy Maryland and a thriving economy today and years to come.

Sincerely,

Maryland Comptroller, Peter Franchot

COMPTROLLER OF MARYLAND

PETER FRANCHOT
Comptroller

SHARONNE BONARDI
Deputy Comptroller

EMMANUEL WELSH
Chief of Staff

ANNE KLASE
Assistant Comptroller

BRIAN L. OLINER, ESQUIRE
Counsel to the Comptroller

DENNIS KRYSIAK, DIRECTOR
Administration and Finance

ANDREW SCHAUFLE, DIRECTOR
Bureau of Revenue Estimates

DHIREN SHAH, DIRECTOR
Central Payroll Bureau

DANIEL C. RILEY JR., DIRECTOR
Compliance Division

JEFFREY A. KELLY, DIRECTOR
Field Enforcement Division

KARA BLOUIN, DIRECTOR
Human Resources

JOHN HITER, DIRECTOR
Information Technology Division

SUSAN O’BRIEN, DIRECTOR
Office of Communications

WAYNE P. GREEN, DIRECTOR
Revenue Administration Division

GARY WHITE, DIRECTOR
Tax Payer Services

This report published by:

GENERAL ACCOUNTING DIVISION

SANDRA L. ZINCK, CPA
Director

**ACCOUNTING OPERATIONS
AND FINANCIAL REPORTING**

ELANA SCHULMAN, CPA, CFE
Assistant Director

REPORTING MANAGERS

*George Cherupil
Sheena Asseviara, CPA
Tania Ivanova*

ADMINISTRATIVE SUPPORT

Megan Arnold

ACCOUNTANTS

*E. Kenneth Henschen, CPA
Mahima Dave
Corinne Williams
Denise Latimer
Andrews Philip*



Above: A woman glues parts of the Hardwire face shield together, in March 2020, at Hardwire's facility in Pocomoke City, Maryland. Hardwire hired dozens of college students and recently unemployed hospitality workers to ramp up production of its face shields.

Left: A worker sets a completed face shield aside to continue assembling shields in March 2020. The company produced up to 100,000 face shields a day.

Hardwire, LLC – Pocomoke City, Worcester County.

PHOTOS: MATTHEW PRENSKY

BEFORE THE COVID-19 PANDEMIC HIT, Hardwire LLC in Pocomoke City was focused on keeping people around the world safe by creating protective armor used by military, law enforcement, businesses, schools and everyday people. But with the spread of COVID-19, Hardwire quickly shifted gears to making face shields.

In just 30 days, the company went from testing a prototype to making 8,000 shields a day to eventually 100,000 a day. During that time, they hired more than 100 people to help with production. Since then, the Worcester County-based company has created millions of face shields for people across America.

PHOTO: CHRISTOPHER MYERS PHOTOGRAPHER



Known for its artisanal suds and skincare products, Mount Royal Soap Company in Baltimore formed an unlikely partnership with alcohol maker Charm City Meadworks and Waverly Color Company, a producer of high-end tattoo ink, to produce hand sanitizer to combat COVID-19.



Mount Royal Soap Co., Baltimore City.

MOUNT ROYAL SOAP CO. IN BALTIMORE developed a partnership with Charm City Meadworks and Waverly Colors, a local maker of pigments for tattoos, to make hand sanitizer.

Mount Royal's usual products include artisanal soaps, skincare and bathing products. But by April, the three began to collaborate to make hand sani-

tizer gel hundreds of units daily in two varieties. Mount Royal supplied the materials to make the sanitizer, Waverly Colors repurposed their bottles and Charm City provided a production space.

The move helped save jobs and provided a great service to the community, with some of the products being donated to residents and civic groups.



McClintock Distillery, Frederick County

PHOTOS: MCCLINTOCK DISTILLERY

COVID-19 WAS A DISRUPTIVE FORCE to Maryland's economy, and the craft alcohol industry was no exception. Despite the struggle to remain open and profitable, the Maryland Distiller's Guild responded to the critical shortage of hand sanitizer, a necessary tool to fight the spread of the disease. More than 17 Free State distillers heeded the call, from Frederick to Ocean City, and Baltimore to St. Mary's County, switching production from manufacturing spirits to producing more than 50,000 gallons of hand sanitizer in six weeks.

The transition was seamless as the process of manufacturing sanitizer was quite similar to the distillation of spirits. When a shortage of ingredients threatened production, Maryland wineries and breweries provided an assist by donating unsalable

beer and wine to supplement production.

Regular shipments of hand sanitizer were supplied to Johns Hopkins for medical professionals, while the rest was dispersed to our first responders, other medical facilities and charitable organizations caring for society's vulnerable population. The distillers stepped in at a critical time when those most susceptible to the virus needed them.

The shift to production of hand sanitizer was not without its advantages. During extraordinarily dark economic times, manufacturing sanitizer helped distillers keep the lights on. For some, like McClintock Distilling in Frederick County, the need for hand sanitizer was so great they were forced to expand into an adjacent space to keep up with demand.



McClintock Distillery, Frederick County

PHOTO: ALYSSA MALOOF & LYON DISTILLERY

DESPITE THE SHIFT IN PRODUCTION, Maryland's distillers were constantly innovating, and avidly working to create quality spirits. McClintock took home national honors for their vodka, while Lyon Distilling and owner Jaime Windon topped the podium for the nation's best rum. Some distillers took ingenuity to new heights, literally. Tobacco

Barn Distilling's 700 MPH Bourbon, aged in a Marine Harrier jet's external fuel tank, demonstrated the pinnacle of both imagination and craft.

Today, a visitor to a Maryland distillery is likely to receive a complimentary bottle of hand sanitizer along with their purchase of an award-winning bottle of vodka, whiskey or rum.



Arts District, Annapolis Maryland.

PHOTO: MAXIMILIAN FRANZ

MARYLAND, ALONG WITH THE REST OF THE WORLD, has been challenged in ways no one could have ever imagined. While the daily experience has changed for many people, businesses owners continue to provide the same good and services we all have come to know and cherish.

We can still get all those great things Maryland is known for such as a Smith Island Cake, steamed

crabs or a great craft beer. We can still shop for that special item for a wedding anniversary or toy for a birthday.

Whether in Frederick, Hagerstown, Columbia, Princess Anne or anywhere else in Maryland, expect to see a “WE’RE OPEN” sign in the door. Why? Because they find ingenuity in the face of adversity.

MARYLAND COMPTROLLER WINS AWARD FROM
GOVERNMENT FINANCE OFFICERS ASSOCIATION



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of Maryland

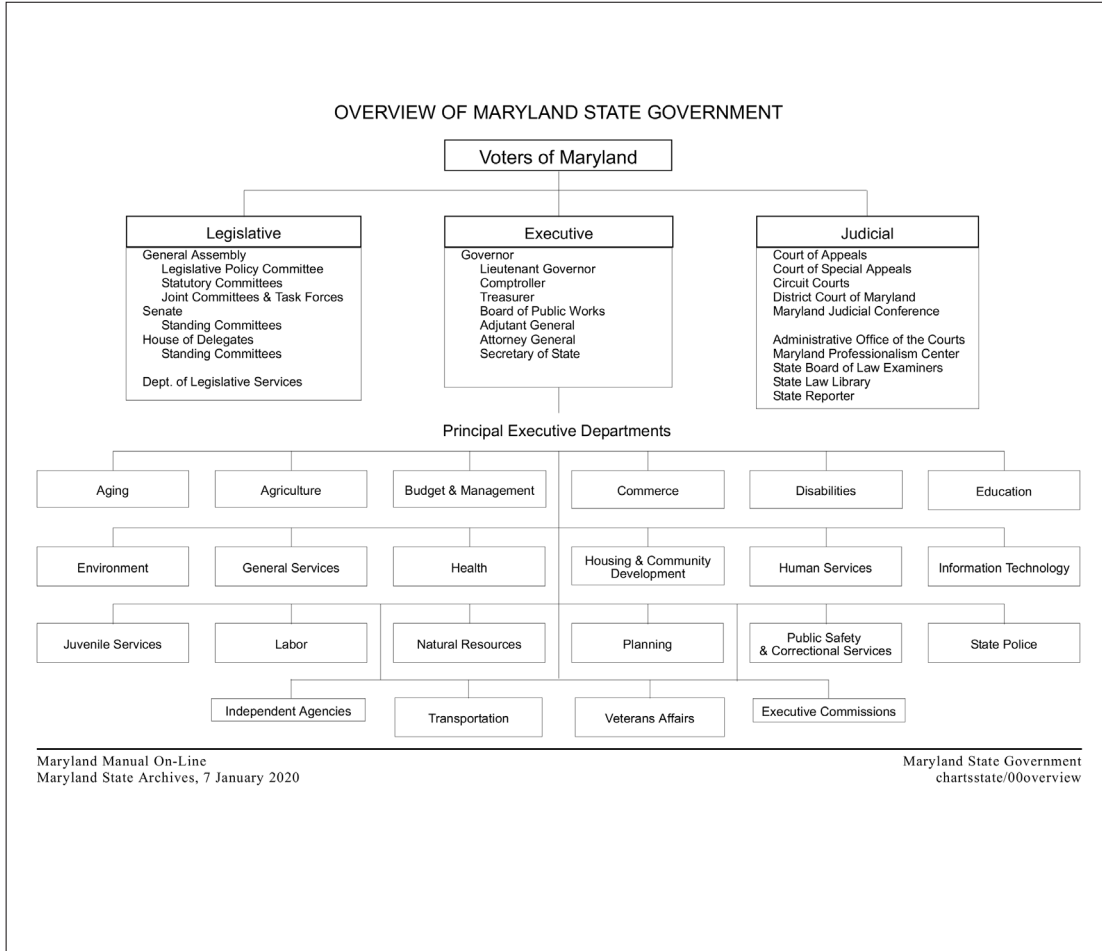
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

MARYLAND STATE GOVERNMENT OVERVIEW:



COMPREHENSIVE ANNUAL FINANCIAL REPORT, STATE OF MARYLAND
FOR THE YEAR ENDED JUNE 30, 2020

Table of Contents

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Report of Independent Public Accountants.....	9
Management’s Discussion and Analysis.....	12

BASIC FINANCIAL STATEMENTS 26

Government-wide Financial Statements 27

Statement of Net Position	27
---------------------------------	----

Statement of Activities.....	29
------------------------------	----

Governmental Funds Financial Statements 31

Balance Sheet.....	31
--------------------	----

Reconciliation of the Governmental Funds’ Balance to the Statement of Net Position, Net Position Balance	32
--	----

Statement of Revenues, Expenditures, and Changes in Fund Balances	33
---	----

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	34
---	----

Enterprise Funds Financial Statements 36

Statement of Fund Net Position	37
--------------------------------------	----

Statement of Revenues, Expenses and Changes in Fund Net Position.....	39
---	----

Statement of Cash Flows	40
-------------------------------	----

Fiduciary Funds Financial Statements 42

Statement of Fiduciary Net Position.....	42
--	----

Statement of Changes in Fiduciary Net Position.....	43
---	----

Component Units Financial Statements 44

Combining Statement of Net Position	45
---	----

Combining Statement of Activities.....	47
--	----

Index for Notes to the Financial Statements 49

Notes to the Financial Statement	49
--	----

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues and Expenditures and Changes in Funds Balances (General Fund).....	105
---	-----

Schedule of Revenues and Expenditures and Changes in Funds Balances (Special and Federal Funds)	106
---	-----

Reconciliation of the Budgetary General and Special Fund, Fund Balances to the GAAP General and Special Revenue Fund, Fund Balances.....	107
---	-----

Schedule of Employer Contributions for Maryland State Retirement and Pension System.....	108
--	-----

**COMPREHENSIVE ANNUAL FINANCIAL REPORT, STATE OF MARYLAND
FOR THE YEAR ENDED JUNE 30, 2020**

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Schedule of Employer Net Pension Liability for Maryland State Retirement and Pension System	109
Schedule of Employer Contributions for Maryland Transit Administration Pension Plan.....	110
Schedule of Changes in Net Pension Liability and Related Ratios for Maryland Transit Administration Pension Plan	111
Schedule of Employer’s Net Pension Liability for Maryland Transit Administration Pension Plan.....	112
Schedule of Investment Returns for Maryland Transit Administration Pension Plan	112
Schedule of Employer Contributions for Other Post-Employment Benefit Plan	113
Schedule of Changes in Net OPEB Liability and Related Ratios for Other Post-Employment Benefits Plan.....	114
Schedule of Employer’s Net OPEB Liability for Other Post-Employment Benefit Plan.....	114
Schedule of Investment Returns for Other Post-Employment Benefit Plan	114
Schedule of Employer Contributions for Maryland Transit Administration Retiree Healthcare Benefits Plan	115
Schedule of Changes in Net OPEB Liability and Related Ratios for Maryland Transit Administration Retiree Healthcare Benefits Plan	116
Schedule of Net OPEB Liability for Maryland Transit Administration Retiree Healthcare Benefit Plan.....	116
Notes to Required Supplementary Information – Budgeting and Budgetary Control.....	117

COMBINING FINANCIAL STATEMENTS

<i>Non-major Governmental Funds</i>	119
Combining Balance Sheet.....	120
Combining Statement of Revenues, Expenditures, Other Sources and Uses Of Financial Resources and Changes in Fund Balances	121
<i>Non-major Enterprise Funds</i>	122
Combining Statement of Net Position	123
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	124
Combining Statement of Cash Flows	125
<i>Fiduciary Funds</i>	126
Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefits Trust Funds	127
Combining Statement of Changes in Plan Net Position – Pension and Other Employee Benefits Trust Funds	128
Combining Schedule of Fiduciary Net Position – Maryland State Retirement and Pension System.....	129
Combining Schedule of Changes in Plan Net Position – Maryland State Retirement and Pension System	130
Combining Schedule of Fiduciary Net Position – Deferred Compensation Plan.....	131
Combining Schedule of Changes in Plan Net Position – Deferred Compensation Plan	131
Combining Statement of Fiduciary Net Position – Agency Funds	132
Combining Statement of Changes in Assets and Liabilities – Agency Funds	133
<i>Non-major Component Units</i>	134
Combining Statement of Net Position	135
Combining Statement of Activities.....	136

**COMPREHENSIVE ANNUAL FINANCIAL REPORT, STATE OF MARYLAND
FOR THE YEAR ENDED JUNE 30, 2020**

STATISTICAL SECTION

Introduction.....	140
Net Position by Component, Primary Government - Last Ten Years	140
Changes in Net Position – Last Ten Fiscal Years.....	141
Expenses by Function, Primary Government - Last Ten Fiscal Years.....	143
Revenues, Primary Government – Last Ten Fiscal Years	144
Fund Balances, Governmental Funds – Last Ten Fiscal Years	145
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	146
Personal Income Tax Filers by Subdivision Tax Year Ended December 31, 2018.....	148
State Personal Income Tax and Sales Tax Rates – Last Ten Calendar Years	149
Personal Income Tax Filers and Liability by Income Level – Last Ten Tax Years Ended December 31st.	150
Sales and Use Tax Receipts by Principal Type of Business – Last Ten Fiscal Years.....	152
Schedule of Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	152
Ratio of General Bonded Debt to Actual Value and General Bonded Debt Per Capita – Last Ten Fiscal Years.....	153
Legal Debt Margin Information – Last Ten Fiscal Years.....	154
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	155
Ratio of Pledged Assets to Revenue Bonds, Community Development Administration - Last Ten Fiscal Years.....	156
Schedule of Demographic Statistics – Last Ten Fiscal Years	156
Schedule of Employment by Sector – Prior Year and Nine Years Prior	157
Maryland’s Ten Largest Private Employers.....	158
State Employees by Function/Program – Last Ten Fiscal Years.....	159
Schedule of Miscellaneous, Operating and Capital Asset Statistics by Function – Last Ten Fiscal Years.....	160

FINANCIAL SCHEDULES REQUIRED BY LAW

Schedule of Estimated and Actual Revenues by Source – Budgetary Basis	163
Schedule of Budget and Actual Expenditures and Encumbrances by Major Function – Budgetary Basis	165
Schedule of Changes in Fund Equities - Budgetary Basis.....	166
Schedule of Funds Transferred to Political Subdivisions	167
Schedule of Taxes Receivable from Collectors of State Property Taxes	168
Schedule of Estimated Revenues – Budgetary Basis.....	169
Schedule of General, Special, Federal, Current Unrestricted and Current Restricted Fund Appropriations – Budgetary Basis	170

Introductory Section

COMPREHENSIVE ANNUAL FINANCIAL REPORT, STATE OF MARYLAND



January 22, 2021

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

The Comprehensive Annual Financial Report (CAFR) of the State of Maryland (State), for the Fiscal Year ended June 30, 2020, 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 performed 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 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) and the efforts to contain it are causing the most severe economic crisis since the Great Depression. The COVID-19 Recession (Covid Recession) is different from past recessions in two main ways. First, it is evolving far more rapidly than past recessions. Declines in employment and output that played out over a year during the Great Recession were surpassed within months last spring. Second, this recession involves both a negative supply shock and a negative demand shock. Despite the severity of the downturn, recovery has set in just as rapidly, though it is currently slowing.

So far, it appears the federal government's fiscal and monetary policy response has been large enough to keep Personal Income (PI), a key measure of individual income, growing and generally contain the economic fallout of the pandemic to directly affected industries. The industries most affected by the pandemic tend to have lower average wages. As a result, tax revenue collections continue to outperform what we would typically expect from such dire labor market conditions. We expect the recovery to slow over the winter months as the pandemic worsens and improve in the spring as the current wave dissipates and vaccination efforts are underway. Growth in mid-2021 is expected to accelerate as pent-up demand is unleashed and then settle into pre-pandemic trends in 2022.

The pandemic brought to an end the longest recorded economic expansion in US history (and the slowest since WWII). The recovery to date is partial, uneven, and slowing. US employment fell 22.2 million (14.5%) from its peak in February to its trough in April. As of November, employment remains 9.8 million (6.5%) below its prior peak. Wages have recovered faster than employment; in November, wages were down \$82.4 billion (0.9%) from the prior peak.

Despite the worst economic contraction and labor market conditions since the Great Depression, declines in income and spending have been modest. Consequently, tax revenue has held up relatively well given economic conditions. This is largely attributable to a massive federal economic policy response in mid-2020. Fiscal policy makers provided income to individuals, expanded unemployment insurance, and business grants and loans through the CARES Act. These policies contributed to increase total PI in Maryland by an estimated 8.8% year-over-year in 2020 Q2. The increase in PI was driven by an 83.0% increase in transfers, or government programs that distribute income to or spend on behalf of individuals, in 2020 Q2.

To date, PI has grown faster than pre-pandemic trends. As a result, declines in spending in directly affected sectors such as hospitality and accommodations have been offset by increased spending elsewhere. The spending shifted from higher risk to lower risk consumption and from services to goods. This is apparent in our own income tax withholding data. Withholding collections declined in sectors like accommodation and food service, and arts, entertainment, and recreation. These declines were more than offset by increases in sectors like finance and insurance, federal government, and professional services. The sectors that are growing have higher average wages than the sectors that have shrunk, which helps support overall withholding due to Maryland's relatively progressive State income tax structure.

The preceding analysis speaks to the macroeconomy on average which does not represent the experience of any one sector, demographic, person, or business. Losses have been experienced unequally, like the gains from the last expansion. Job losses to date are concentrated among lower income workers, particularly in services, while employment in higher income jobs has already regained its prior peak. Because of increased childcare demands on parents and pre-existing societal norms, womens' labor participation has declined more than mens'. As of November 2020, labor force participation has fallen more than average among Black and older workers. Declines in labor participation typically take longer to recover than increases in unemployment. Larger businesses have an advantage as they are better positioned to access credit and stimulus funds, shift business models, and sustain themselves than small businesses. 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 has exacerbated existing inequalities.

Maryland's economy has structural factors in its favor. In typical recessions, the State's economy and employment contracts less than the national average. Maryland has a higher income labor force than the nation. This is partly due to the presence of the federal government, which has been a growing source of well-paying

jobs during the pandemic, even outside of temporary census hiring. Nevertheless, employment in Maryland has not performed noticeably better than the nation. Maryland employment reached its peak in February and fell by 388,300 (13.9%) to a low in April. As of October, employment remains 182,000 (6.5%) below the prior peak. The State is outperforming the nation in terms of wage growth, in 2020 Q2 - the most recently available datapoint at the state level- total wages grew 0.8% over 2020 Q1. Total wages grew an impressive 7.6% year over year in 2020 Q2.

This is an especially challenging time to forecast economic and revenue conditions with a useful degree of accuracy. Revenue collection ultimately depends on the course of the pandemic, its impact on the economy, and the federal economic policy response. Recent data shows that the recovery is slowing, particularly in the labor market. As dire as the current wave of the pandemic looks, there are factors supporting an outlook of continued recovery, such as a second round of stimulus. We anticipate that any future stimulus will be generally of a magnitude intended to maintain the current trajectory of growth, rather than boost growth above trend like the first round of stimulus.

Major Initiatives and Long Term Financial Planning:

Maryland began FY2020 on a sound financial foundation. The FY2019 budget closed almost \$256 million higher than anticipated with a fund balance of \$974.2 million. The budget surplus was primarily the result of higher-than-estimated revenues coupled with state agencies returning more funds to the treasury than estimated for the fifth consecutive year.

Maryland has retained its AAA bond rating, demonstrating a continued legacy of strong financial stewardship over taxpayer monies. The state has more than \$1.3 billion in reserves between the FY 2021 ending fund balance and the Rainy-Day Fund.

Currently the pension system is funded at 72.9%, compared to 69.7% (in FY 2015), with FY2021 pension funding totaling \$1.69 billion. This rate of growth puts the system well on the way to the 80% benchmark for a well-funded pension system.

The Free State continues its record funding of K-12 education for the sixth consecutive year. Nearly \$7.3 billion is allocated to fully fund all education formulas and Kirwan Commission recommendations. This includes \$3.9 billion for school construction, \$94 million to support the expansion of pre-kindergarten, and more than \$100 million in additional funding above current law will expand access to early support and interventions for children and their families.

Maryland once again builds upon its legacy of preserving natural resources and the environment by fully funding programs supported by the Chesapeake and Atlantic Coastal Bays 2010 Trust, increasing the 2020 levels by 7%. This fully funds all transfer tax programs, including Program Open Space (continuing the repayments of past transfers), and reestablishes the critical \$6 million Comprehensive Flood Management Program.

The State's transportation infrastructure is the lifeblood of commerce, and as such funding is a top priority. The funding of capital improvements to Howard Street Tunnel increased business in the Port of Baltimore, creating thousands of new jobs. Funding the construction of the Purple line has spurred both development and job growth in the region. In fiscal year 2021 the State Highway Administration budget includes more than \$340 million in key safety and congestion relief projects, while the transit budget includes

almost \$1.4 billion in operating funding and more than \$941 billion in capital funding. Since FY2015, transit operating funds have increased by 32% and capital transit funds have increased by almost 60%.

Above all, Maryland is committed to protecting the State's taxpayers from undue financial burdens. There are no tax or fee increases in the FY 2021 budget. For the fifth year in a row, Maryland businesses will have the lowest possible unemployment taxes allowed under state law. Notably, \$30 million in additional funding has been allocated to enhance protection of the state government's information technology infrastructure and prevent vulnerabilities. Additionally, over the next two years nearly \$1.8 million is earmarked to continue the modernization of state procurement practices in order to get maximum value for taxpayers, while making it easier for vendors to do business with the state. These improvements more readily support virtual interactions, which have become crucial and necessary under these trying times, and will be the norm moving forward.

State of Maryland 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 Comptroller of Maryland, in an effort to balance the economic and public health of the state, instituted a forbearance for business-related taxes until June 1, 2020. The agency mirrored the IRS' decision to extend income tax filing and payment deadlines to July 15th, penalty and interest free, for corporate and individual taxpayers. The agency also suspended tax collection efforts while the state of emergency remained in place, offering a brief respite and time to get payment plans in place for many.

In order to prevent the closure of the State's craft alcohol manufacturers and protect future revenues, the agency suspended enforcement of arbitrary carry-out limits and partnered with the Governor's office to allow these producers to deliver directly to consumers while the state of emergency remained in place. As a result, many businesses that were relegated to carry-out only were able to provide contactless payment and delivery options to consumers. This was not only a safe option, but one that helped foment stronger than expected sales and use tax revenues.

In March, a \$175 million relief program was created by the state to help adversely affected businesses and individuals. The Maryland Department of Commerce announced a series of small business relief programs that offered loans and grants to keep the lights on for many Free State businesses: \$50,000 loans were made available to businesses with up to 50 employees; \$10,000 loans for working capital for no more than three months, and manufacturers that pivoted operations to produce personal protective equipment (PPE) were also eligible for \$100,000 grants to make necessary improvements. The Department of Labor and the state both contributed to a new layoff aversion fund to help businesses and workers stay on the job with appropriate protective gear.

These loans and grants were quickly allocated, and by October the state issued another \$250 million in relief in additional loans and grants, providing focused, immediate aid for the hospitality and restaurant industries, along with main street businesses and entertainment venues that bore the brunt of the recession. By December, another \$180 million in relief was made available to these struggling industries and \$75 million in small business COVID loans were turned into grants and forgiven. This reinvestment of taxpayers' funds back into the small businesses and individuals that drive Maryland's economy provides a stronger foundation for rebuilding and recovering in 2021 and beyond.

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 Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019. 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 Comprehensive Annual 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 – 2019). We believe that our current comprehensive annual 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 Comprehensive Annual 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,



Peter Franchot
Comptroller of Maryland

Financial Section





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, 2020, 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	Percentage Audited by Other Auditors	
		Assets and Deferred Outflows	Revenues
Business-type Activities	Department of Housing and Community Development State Funded Loan Programs Maryland Lottery and Gaming Control Agency	6%	39%
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	28%	9%
Economic Development Loan Programs - Major Proprietary Fund	Department of Housing and Community Development State Funded Loan Programs	11%	22%
Maryland Lottery and Gaming Control Agency - Major Proprietary Fund	Maryland Lottery and Gaming Control Agency	100%	100%
Aggregate Remaining Fund Information	Maryland Teachers and State Employees Supplemental Retirement Plans Maryland Local Government Investment Pool	15%	61%



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, 2020, 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.

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

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
January 25, 2021

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, 2020. 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.

Financial Highlights

Government-wide

- Maryland reported a deficit of \$10.1 billion in fiscal year 2020 and a deficit of \$10.2 billion in fiscal year 2019.
- Of the deficit in fiscal year 2020, a deficit balance of \$35.8 billion was reported as total unrestricted net position, which includes a \$37.0 billion deficit balance in governmental activities and a \$1.2 billion balance in business-type activities.
- The State's total net position increased by a total of \$117 million as a result of this year's operations. The net position for governmental activities increased by \$345 million. Net position of business-type activities decreased by \$228 million.
- The State's governmental activities had total expenses of \$42.0 billion; total revenues of \$41.3 billion; net transfers from business-type activities of \$1.0 billion for a net increase in net position of \$345 million.
- Business-type activities had total expenses of \$8.5 billion; program revenues of \$9.3 billion; general revenues of \$30 million; and transfers out of \$1.0 billion for a net decrease in net position of \$228 million.
- Total State revenues were \$50.7 billion, while total costs for all programs were \$50.5 billion.

Fund Level

- Governmental funds reported a combined fund balance of \$3.9 billion, an increase of \$382 million (10.8%) from prior year's balance of \$3.5 billion.
- The general fund reported an unassigned fund balance deficit of \$1.4 billion and a remaining fund balance (nonspendable, restricted, and committed) of \$4.4 billion, compared to an unassigned fund balance deficit of \$19 million and a remaining fund balance of \$2.7 billion last year. This represents a net increase of \$326 million in general fund, fund balance. The total unassigned fund balance deficit in the governmental funds was \$1.6 billion in the current year and \$263 million in the prior year.
- Governmental funds reported a total nonspendable, restricted, and committed fund balance of \$5.5 billion in 2020, compared to \$3.8 billion in the prior year.

Long-term Debt

- Total bonds and obligations under long-term leases at year end were \$21.6 billion, net of related premiums, discounts and adjustments, a net increase of \$1.4 billion in 2020 (7.0%) from the prior year.
- \$1.3 billion General Obligation Bonds, \$490 million Transportation Bonds, and \$1.0 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 insurance and loan programs for economic development, the Unemployment Insurance Program, the Maryland Lottery and Gaming Control Agency (MLGCA), the Maryland Transportation Authority and the 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, 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 32 and 34) 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 27 - 30 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 five 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 three 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 28 and 30 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 37 - 41 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 Agency 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. Agency funds account for the assets held for distribution by the State as an agent for other governmental units, organizations or individuals. 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 42 - 43 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. Combining Statement of Net Position and Combining Statement of Activities have been provided for the Component Unit Proprietary Funds and provide detail for each major proprietary 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 45 - 47 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 49 - 103 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 \$10.1 billion deficit at the end of 2020 and \$10.2 billion deficit at the end of 2019.

Net Position as of June 30,							
<i>(Expressed in Millions)</i>							
	Governmental Activities		Business-type Activities		Total		
	2020	2019	2020	2019	2020	2019	
Current and other assets	\$ 11,260	\$ 8,371	\$ 8,971	\$ 8,519	\$ 20,231	\$ 16,890	
Capital assets	26,413	25,236	6,585	6,287	32,998	31,523	
Total assets	37,673	33,607	15,556	14,807	53,229	48,414	
Total deferred outflows of resources	4,645	3,985	79	98	4,724	4,083	
Long-term liabilities	51,064	48,663	5,646	4,935	56,710	53,598	
Other liabilities	7,848	5,602	1,026	777	8,874	6,379	
Total liabilities	58,912	54,265	6,672	5,712	65,584	59,977	
Total deferred inflows of resources	2,417	2,683	80	80	2,497	2,763	
Net position:							
Net invested in capital assets	17,692	16,522	4,357	4,683	22,049	21,205	
Restricted	329	224	3,347	2,168	3,676	2,392	
Unrestricted	(37,032)	(36,102)	1,180	2,262	(35,852)	(33,840)	
Total net position	\$ (19,011)	\$ (19,356)	\$ 8,884	\$ 9,112	\$ (10,127)	\$ (10,244)	

The largest portion of the State's net position, \$22.0 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, \$3.7 billion, represents resources that are subject to external restrictions or enabling legislation on how they may be used. The remaining balance for unrestricted net position, a deficit of \$35.9 billion, reflects the State's expenses over revenues.

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	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 3,706	\$ 3,836	\$ 5,058	\$ 5,641	\$ 8,764	\$ 9,477
Operating grants and contributions	13,646	11,547	4,196	157	17,842	11,704
Capital grants and contributions	1,067	868			1,067	868
General revenues:						
Income taxes	12,370	11,496			12,370	11,496
Sales and use taxes	4,943	4,890			4,943	4,890
Motor vehicle taxes	2,127	2,759			2,127	2,759
Tobacco taxes	363	357			363	357
Insurance company taxes	615	556			615	556
Property taxes	1,159	1,149			1,159	1,149
Estate & inheritance taxes	224	209			224	209
Other taxes	780	325			780	325
Unrestricted investment earnings	343	454	30	28	373	482
Total revenues	41,345	38,446	9,283	5,826	50,628	44,273
Expenses:						
General government	1,096	1,403			1,096	1,403
Health and mental hygiene	15,687	14,699			15,687	14,699
Education	9,090	8,448			9,090	8,448
Aid for higher education	2,506	2,472			2,506	2,472
Human resources	2,880	2,611			2,880	2,611
Public safety	2,505	2,897			2,505	2,897
Transportation	4,219	5,075			4,219	5,075
Judicial	890	1,055			890	1,055
Labor, licensing and regulation	382	427			382	427
Natural resources and recreation	421	501			421	501
Housing and community development	380	370			380	370
Environment	122	151			122	151
Agriculture	106	114			106	114
Commerce	110	100			110	100
Intergovernmental grants	640	613			640	613
Interest	968	611			968	611
Economic development insurance programs			2	1	2	1
Economic development loan programs			393	340	393	340
Unemployment insurance program			5,126	448	5,126	448
Maryland Lottery and Gaming Control Agency			2,386	2,656	2,386	2,656
Maryland Transportation Authority			546	564	546	564
Maryland Correctional Enterprises			56	51	56	51
Total expenses	42,002	41,546	8,509	4,060	50,511	45,604
Increase (decrease) in net position						
before transfers	(657)	(3,100)	774	1,766	117	(1,334)
Transfers	1,002	1,190	(1,002)	(1,190)		
Change in net position	345	(1,910)	(228)	576	117	(1,334)
Net position - beginning	(19,356)	(17,446)	9,112	8,536	(10,244)	(8,909)
Net position - ending	\$ (19,011)	\$ (19,356)	\$ 8,884	\$ 9,112	\$ (10,127)	\$ (10,244)

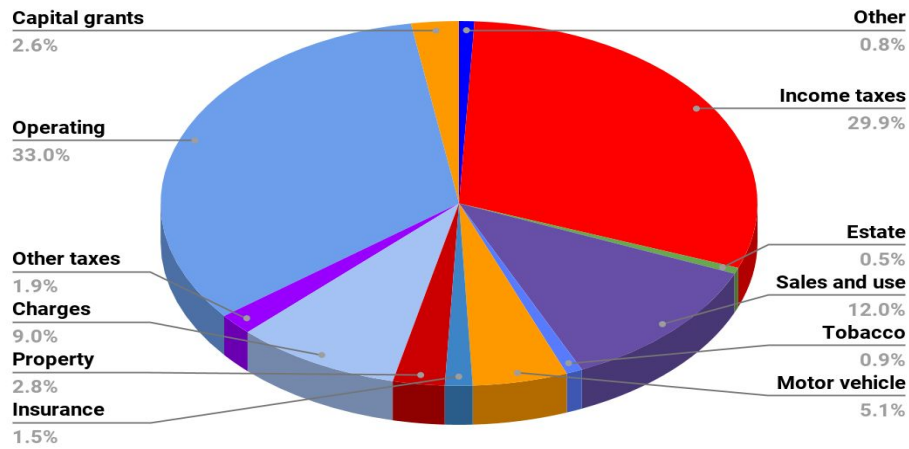
The following table compares financial information from the Government-wide Statement of Activities for this and the prior fiscal year to indicate how the State's revenues and expenses changed from year to year.

Analysis of Changes in Net Position
For the Year Ended June 30, 2020, Compared to June 30, 2019

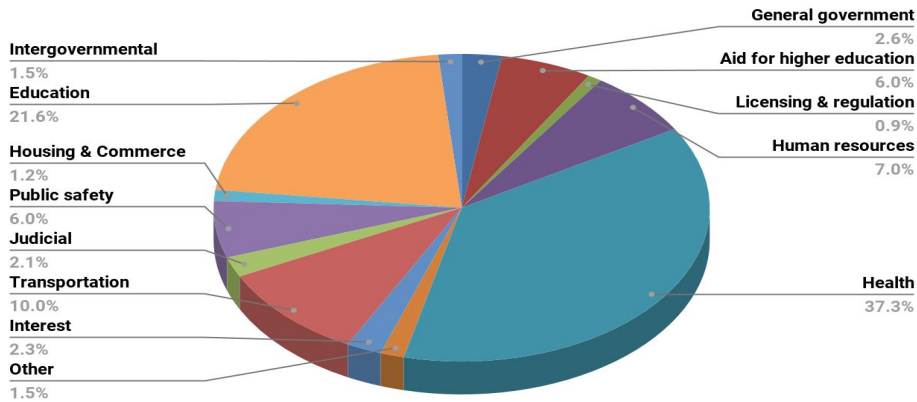
(Expressed in Millions)

	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
Revenues:						
Program revenues:						
Charges for services	\$ (130)	-3.4%	\$ (583)	-10.3%	\$ (713)	-7.5%
Operating grants and contributions	2,099	18.2%	4,039	2573.0%	6,138	52.4%
Capital grants and contributions	199	22.9%			199	22.9%
General revenues:						
Income taxes	875	7.6%			875	7.6%
Sales and use taxes	53	1.1%			53	1.1%
Motor vehicle taxes	(632)	-22.9%			(632)	-22.9%
Tobacco taxes	6	1.7%			6	1.7%
Insurance company taxes	59	10.6%			59	10.6%
Property taxes	10	0.9%			10	0.9%
Estate & inheritance taxes	15	7.0%			15	7.0%
Other taxes	455	140.2%			455	140.2%
Unrestricted investment earnings	(111)	-24.5%	2	8.8%	(109)	-22.4%
Total revenues	2,899	7.5%	3,458	59.4%	6,357	14.4%
Expenses:						
General government	(307)	-21.9%			(307)	-21.9%
Health and mental hygiene	988	6.7%			988	6.7%
Education	642	7.6%			642	7.6%
Aid for higher education	35	1.4%			35	1.4%
Human resources	268	10.3%			268	10.3%
Public safety	(392)	-13.5%			(392)	-13.5%
Transportation	(855)	-16.9%			(855)	-16.9%
Judicial	(165)	-15.6%			(165)	-15.6%
Labor, licensing and regulation	(45)	-10.5%			(45)	-10.5%
Natural resources and recreation	(80)	-16.1%			(80)	-16.0%
Housing and community development	10	2.6%			10	2.6%
Environment	(29)	-19.3%			(29)	-19.3%
Agriculture	(8)	-6.7%			(8)	-6.7%
Commerce	10	9.5%			10	9.5%
Intergovernmental grants	27	4.4%			27	4.4%
Interest	357	58.4%			357	58.4%
Economic development insurance programs			1	125.5%	1	125.5%
Economic development loan programs			53	15.7%	53	15.7%
Unemployment insurance program			4,678	1044.5%	4,678	1044.5%
Maryland Lottery and Gaming Control Agency			(271)	-10.2%	(271)	-10.2%
Transportation Authority			(18)	-3.1%	(18)	-3.1%
Maryland Correctional Enterprises			4	8.4%	4	8.4%
Total expenses	\$ 455	1.1%	\$ 4,449	109.6%	\$ 4,904	10.8%

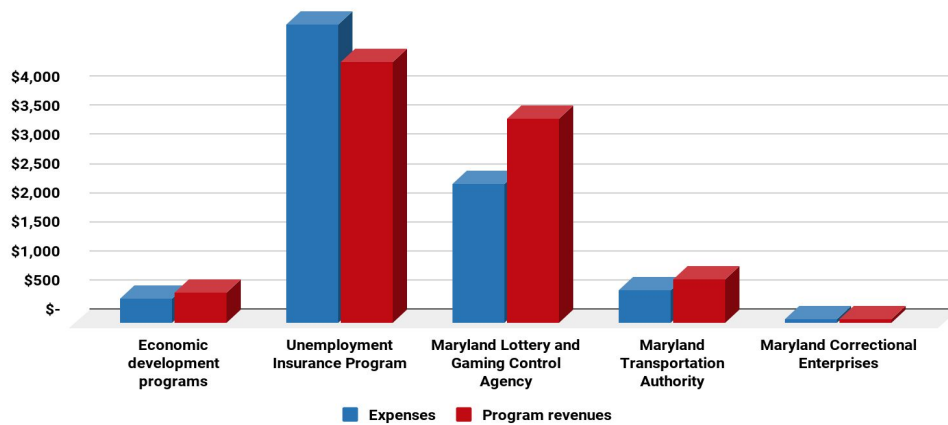
2020 REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



2020 EXPENSES BY FUNCTION - GOVERNMENTAL ACTIVITIES



2020 EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES (Expressed in Millions)



Governmental Activities

- Liabilities and deferred inflows exceeded assets and deferred outflows by \$19.0 billion at the end of fiscal year 2020. For the current year, there was an increase in net position of \$345 million from the previous year.
- Included in the increase in net position, capital assets increased by \$1.2 billion, deferred outflows, net of deferred inflows, increased by \$926 million and long-term liabilities increased by \$2.4 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 (\$538 million); a decrease in the State's net pension liability (NPL) (\$214 million); and the State's net OPEB liability in the current year in excess of the net OPEB liability in the prior year (\$2.2 billion). The increase in bonds and notes payable is discussed in the Long-Term Debt section of this analysis. The decrease in the NPL of \$214 million is offset by the net decrease in deferred outflows over deferred inflows related to pensions of \$529 million. 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 \$774 million before transfer of \$1.0 billion to governmental activities, for a net decrease of \$228 million in net position. The decrease compares to an increase of \$1.8 billion before transfers of \$1.2 billion, for a net increase of \$576 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 \$220 million compared to an increase of \$321 million in the prior year. Net operating income was \$268 million compared to \$374 million in the prior year.
- The Unemployment Insurance Program net position decreased by \$663 million in 2020. Net position increased by \$75 million in 2019. Net operating loss was \$4.7 billion compared to the prior year's income of \$36 million. Charges for services (unemployment taxes) decreased by \$29 million (6.2%) and benefit payments were increased by \$4.7 billion (1044%). Both the amount of taxes paid by Maryland employers and the amount of benefits received by the unemployed are products of the State's Response to Covid-19: the employer taxes paid decreased as a result of significant job loss due to the pandemic and the increase in benefit payments was a result of unprecedented unemployment benefit filings by Maryland residents. Federal payments for extended benefits and other programs increased by \$4.0 billion compared to an increase of \$.8 million in the prior year as a result of the federal expansion and funding of unemployment benefits under the federal CARES Act. .
- Net position for the Economic Development Loan Programs increased by \$224 million compared to an increase of \$170 million in the prior year. Loan Programs increased to \$2.2 billion from last year's \$606 million due to additional funding for Covid-19 Emergency Relief programs. MEDAAF's current assets increased by \$89 million, or 175% over the preceding year primarily due to CRF emergency relief funding received but not spent. The Maryland Water Quality Administration's net income increased by \$116 million compared to an increase of \$97 million in 2019, primarily to an increase in fee revenue of \$14 million and Federal and State contributions of \$13 million, offset by an increase of \$6 million in Chesapeake Bay restoration capital grant disbursements. Net income of the State Funded Loan Programs increased by \$40 million compared to an increase of \$31 million in the prior year for programs related to financing housing opportunities.
- Lottery ticket sales were \$2.2 billion in 2020, a decrease of \$7 million, or .33%, from 2019. In 2020 in Maryland's six casinos, gross video lottery terminal (VLT) and table game revenue was \$1.3 billion, a decrease of \$483 million (27.2%) from the prior year. The decrease was due to the temporary closure of casinos, bars and restaurants and the veteran organizations in the State of Maryland in an effort to contain the spread of Covid-19. Operating expenses, including cost of sales, decreased by \$271 million, or 10.2%, over 2019 largely because the casinos were closed from March 14th through June 19th at which time they reopened at reduced occupancy levels due to Covid-19 restrictions. Transfers to governmental activities by MLGCA were \$1.1 billion in 2020 and \$1.3 billion in 2019.

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 \$3.9 billion, an increase of \$382 million from the prior year. The combined fund balance includes a deficit of \$1.6 billion in unassigned governmental funds, including a deficit of \$1.4 billion for the General Fund, a deficit of \$57 million for the special revenue fund, and a deficit of \$138 million for the other governmental funds. The remainder of the fund balance is nonspendable, restricted, or committed 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 (\$2.1 billion); 2) restricted by outside parties or to pay debt service on general obligation bonds and transportation bonds from specific taxes (\$329 million); or 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 (\$3.0 billion). The committed fund balance includes the \$1.2 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 deficit of the General Fund was \$1.4 billion, while total fund balance was \$3.0 billion. The fund balance of the State's General Fund increased by \$326 million during 2020, compared to an increase of \$960 million for 2019. Revenues increased by \$2.2 billion (6.6%) to \$35.0 billion primarily due to the State's receipt of Federal Coronavirus Relief Funds (CRF). Expenditures increased by 8.1% from the prior year, resulting largely from State agency spending of CRF funds. The General Fund expenditure increase was primarily for expenditures for health and mental hygiene, which increased by \$1.3 billion (8.9%).

Transfers into the General Fund were \$1.2 billion in 2020 and \$1.4 billion in 2019. Transfers consisted primarily of \$1.1 billion transferred from MLGCA in 2020. Transfers out from the general fund were \$771 million this year compared to \$824 million for the prior year. This decrease was mainly due to an decrease of \$54 million to Economic Development Loan programs..

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 \$36 million as of June 30, 2020, a decrease of \$213 million compared to an increase of \$230 million in the prior fiscal year. Revenues increased by \$50 million (1.1%), expenditures increased by \$338 million (7.0%), and other sources of financial resources decreased by \$153 million. 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 \$2.3 billion less than the estimates for the previous six-year program. Total projected revenues amount to \$28.5 billion for the six-year period. This estimate is based on the revenue sources used by the Department and includes bond proceeds and federal funds that will be used for operating, capital, and debt service expenses.

Budgetary Highlights

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

Overall, the change between the original and final amended general fund budget was an increase of \$112 million, or .6%.

The difference between the final budget, \$19.8 billion, and actual expenditures, \$18.9 billion, was \$866 million, or 4.4%. Of this amount, \$500 million was returned to the general fund, and \$366 million was encumbered for future spending. The variance for the State Police (25.70%) is primarily a result of \$74 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 \$1.4 million in encumbrances from FY 2020 in the Office of the Secretary, \$6.8 million in the Neighborhood Revitalization program, \$9 million in the Neighborhood Revitalization (Capital Appropriation) program, and \$2 million in Rental Housing Programs (Capital Appropriation). The general fund variance is also due to \$9.5 million in encumbrances from FY 2019 and prior years, primarily in Rental Housing and Neighborhood Revitalization programs. The difference in the Department of Legislative Services (21.8%) is primarily attributable to current year encumbrances of \$17.6 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 \$41.8 million (25.03%) in Budget and Management (DBM) is mainly due to Cost of Living Adjustments (\$31.3 million) and Correctional Bonus (\$5.9 million) appropriations that were not expended due to FY20 cash flows. 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, 2020 (Expressed in Thousands)**

General Fund

	Original		Original versus Final budget	Percentage Change	Actual Amounts	Final Budget		
	Budget	Final Budget				versus Actual	Percentage Change	
Expenditures and encumbrances by function:								
Payments of revenue to civil divisions of the State	\$ 173,832	\$ 173,832		0.0%	\$ 173,832		0.0%	
Public debt	287,000	287,000		0.0%	287,000		0.0%	
Legislative	120,846	123,041	\$ 2,195	1.8%	91,422	\$ 31,619	25.7%	
Judicial review and legal	685,747	697,378	11,631	1.7%	671,019	26,359	3.8%	
Executive and administrative control	339,911	346,496	6,585	1.9%	278,750	67,746	19.6%	
Financial and revenue administration	236,649	238,839	2,190	0.9%	222,342	16,497	6.9%	
Budget and management	277,831	167,041	(110,790)	-39.9%	125,229	41,812	25.0%	
General services	82,020	85,223	3,203	3.9%	71,975	13,248	15.5%	
Natural resources and recreation	73,189	77,775	4,586	6.3%	63,938	13,837	17.8%	
Agriculture	39,840	40,185	345	0.9%	38,416	1,769	4.4%	
Health, hospitals and mental hygiene	5,118,674	5,286,671	167,997	3.3%	5,111,443	175,228	3.3%	
Human resources	596,528	618,311	21,783	3.7%	612,387	5,924	1.0%	
Labor, licensing and regulation	55,612	56,292	680	1.2%	47,123	9,169	16.3%	
Public safety and correctional services	1,254,390	1,282,160	27,770	2.2%	1,264,221	17,939	1.4%	
Public education	8,938,918	8,983,472	44,554	0.5%	8,825,355	158,117	1.8%	
Housing and community development	59,628	54,640	(4,988)	-8.4%	20,061	34,579	63.3%	
Commerce	106,627	107,107	480	0.5%	89,326	17,781	16.6%	
Maryland technology development corporation	34,704	34,704		0.0%	20,724	13,980	40.3%	
Environment	35,368	36,896	1,528	4.3%	33,858	3,038	8.2%	
Juvenile services	264,163	272,239	8,076	3.1%	261,105	11,134	4.1%	
State police	294,304	315,782	21,478	7.3%	237,429	78,353	24.8%	
State reserve fund	660,621	563,621	(97,000)	-14.7%	405,621	158,000	28.0%	
Reversions	(30,000)	(30,000)		0.0%		(30,000)	100.0%	
Total expenditures and encumbrances	\$ 19,706,402	\$ 19,818,705	\$ 112,303	0.6%	\$ 18,952,576	\$ 866,129	4.4%	

Capital Assets and Debt Administration

Capital assets

As of June 30, 2020, the State had invested \$32.9 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 \$160 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 \$1.4 billion (an increase of \$1.1 billion for governmental activities and an increase of \$298 million for business-type activities).

Capital Assets as of June 30,

(Net of Depreciation, Expressed in Millions)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
	Land and improvements	\$ 3,884	\$ 3,811	\$ 401	\$ 399	\$ 4,285
Art and historical treasures	23	23			23	23
Structures and improvements	3,975	4,046	157	155	4,132	4,201
Equipment	989	997	48	43	1,037	1,040
Infrastructure	10,301	10,144	4,659	4,661	14,960	14,806
Construction in progress	7,241	6,215	1,321	1,030	8,562	7,245
Total	\$ 26,413	\$ 25,236	\$ 6,585	\$ 6,287	\$ 32,998	\$ 31,523

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.

At June 30, 2020, the State had outstanding bonds, net of related premiums, discounts and adjustments, totaling \$20.7 billion. Of this amount, \$11.2 billion were general obligation bonds, backed by the full faith and credit of the State. The remaining \$9.5 billion were secured solely by the specified revenue sources.

Outstanding Bond Debt as of June 30,

(Expressed in Millions)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds (backed by the State),.....	\$ 11,202	\$ 10,961			\$ 11,202	\$ 10,961
Transportation Bonds (backed by specific revenues),.....	3,979	3,681			3,979	3,681
Revenue bonds (backed by specific revenues),.....			\$ 5,520	\$ 4,773	5,520	4,773
Total	\$ 15,181	\$ 14,642	\$ 5,520	\$ 4,773	\$ 20,701	\$ 19,416

The total increase in bonded debt in the current fiscal year was \$1.3 billion (\$241 million increase related to general obligation bonds, \$298 million increase related to transportation bonds, and \$747 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 2020, the State issued general obligation debt totaling \$1.3 billion at a premium of \$278 million.

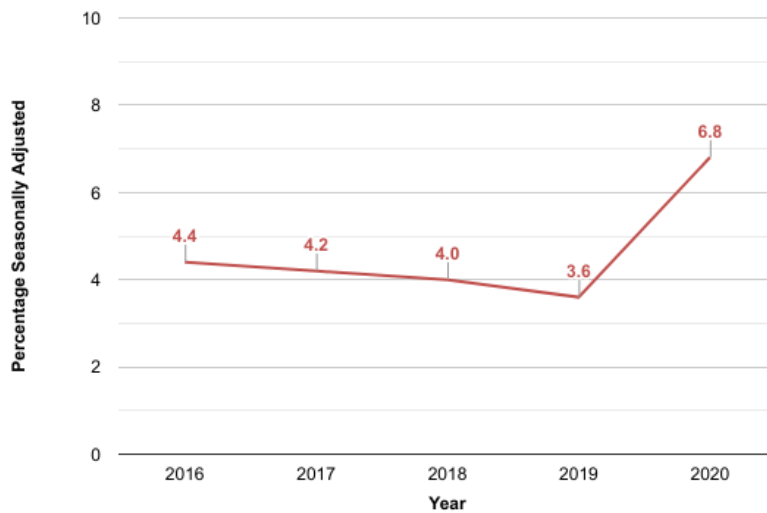
State law limits the amount of Consolidated Transportation Bonds, dedicated revenue debt that may be outstanding as of June 30 to the amount authorized in the budget, and this amount may not exceed \$4.5 billion. The aggregate principal amount of these bonds that was authorized to be outstanding as of June 30, 2020, was \$3.8 billion. The actual par amount in Consolidated Transportation Bonds outstanding was \$3.6 billion.

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

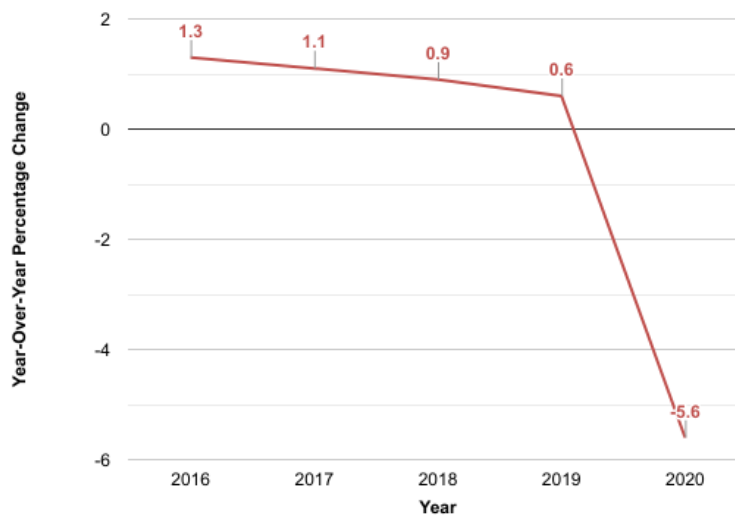
Economic Factors and Next Year’s Budget

The forecast of the Maryland economy by the Board of Revenue Estimates is the basis for Maryland’s revenue outlook. Employment growth of -5.6% is expected in calendar year 2020 and 3.4% in calendar year 2021. The 2020 year-to-date unemployment rate was 6.8%, increasing significantly due to Covid-19 job losses. This follows a steady period of decline in the unemployment rate from 2016 through 2019. Historical employment growth and the unemployment rate for the past five years are depicted below:

Unemployment Rate Prior 5 Years



Employment Growth



Decrease in personal income of 1.9% and growth of .6% in calendar years 2020 and 2021, respectively, is expected. General fund revenues are estimated to increase by .7% in fiscal year 2021.

Maryland's budget in fiscal year 2021 is \$47.8 billion, a 3% increase over 2020. The fiscal year 2021 budget conforms to the legislature's Spending Affordability Committee's guidelines. The general fund budget is \$20.2 billion, a 4.2% increase over 2020, and includes a projected \$108 million fiscal year 2021 surplus. Reserves are projected to total \$1.2 billion at June 30, 2021.

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT, STATE OF MARYLAND



STATE OF MARYLAND
Statement of Net Position
June 30, 2020
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash.....	\$ 628,993	\$ 256,224	\$ 885,217	\$ 255,168
Equity in pooled invested cash.....	377,234	646,193	1,023,427	2,842,612
Investments.....	345,946	380,682	726,628	1,193,665
Endowment investments.....				361,492
Foundation investments.....				1,615,518
Inventories.....	952,472	20,177	972,649	10,731
Prepaid items.....	1,136,836		1,136,836	21,125
Taxes receivable, net.....	4,079,754		4,079,754	
Intergovernmental receivables.....	2,503,634		2,503,634	
Tuition contracts receivable.....				208,944
Due from primary government.....				2,575
Due from component units.....	5,932		5,932	
Other accounts receivable.....	880,786	132,764	1,013,550	533,345
Loans and notes receivable, net.....	25,645	2,094,116	2,119,761	42,126
Investment in direct financing leases.....		345,496	345,496	59,512
Other assets.....	5,399	14,565	19,964	22,789
Restricted assets:				
Cash.....	48,487	1,886,720	1,935,207	65,289
Equity in pooled invested cash.....	226,285	84,649	310,934	
Investments.....	12,938	1,454,000	1,466,938	283,811
Taxes receivable, net.....	28,150		28,150	
Loans and notes receivable.....	1,180	1,441,050	1,442,230	
Other accounts receivable.....	366	213,975	214,341	
Capital assets, net of accumulated depreciation:				
Land.....	3,884,272	400,783	4,285,055	223,777
Art and historical treasures.....	22,639		22,639	
Structures and other improvements.....	3,974,597	157,300	4,131,897	5,952,472
Equipment.....	988,798	47,907	1,036,705	468,406
Infrastructure.....	10,301,413	4,658,809	14,960,222	274,235
Construction in progress.....	7,241,000	1,320,690	8,561,690	818,821
Total capital assets.....	26,412,719	6,585,489	32,998,208	7,737,711
Total assets.....	37,672,756	15,556,100	53,228,856	15,256,413
Deferred outflows of resources.....	4,645,012	79,281	4,724,293	467,858

STATE OF MARYLAND
Statement of Net Position (continued)
June 30, 2020
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Bank overdrafts		\$ 23,249	\$ 23,249	
Salaries payable	\$ 348,110		348,110	\$ 146,193
Vouchers payable	1,020,145		1,020,145	
Accounts payable and accrued liabilities	3,768,498	482,595	4,251,093	381,839
Internal balances	(98,284)	98,284		
Due to primary government				5,932
Due to component units	280		280	
Accounts payable to political subdivisions	154,454		154,454	
Unearned revenue	1,043,997	106,310	1,150,307	379,824
Accrued insurance on loan losses		10,578	10,578	912
Other liabilities				1,996
Bonds and notes payable:				
Due within one year	1,158,768	271,605	1,430,373	138,605
Due in more than one year	14,021,991	5,248,490	19,270,481	2,089,038
Other noncurrent liabilities:				
Due within one year	451,266	33,286	484,552	225,758
Due in more than one year	37,042,370	397,158	37,439,528	2,369,879
Total liabilities	58,911,595	6,671,555	65,583,150	5,739,976
Deferred inflows of resources	2,417,276	80,258	2,497,534	382,565
Net Position				
Net investment in capital assets	17,691,697	4,357,278	22,048,975	6,115,200
Restricted for:				
Debt service	310,451	279,290	589,741	25,802
Capital improvements		37	37	1,751
Higher education-nonexpendable				1,138,465
Higher education-expendable				788,420
Unemployment compensation benefits		744,983	744,983	
Loan programs		2,237,175	2,237,175	41,821
Insurance programs		84,649	84,649	
Other	18,638		18,638	
Unrestricted (deficit)	(37,031,892)	1,180,157	(35,851,735)	1,490,271
Total net position	\$ (19,011,106)	\$ 8,883,569	\$ (10,127,537)	\$ 9,601,730

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, 2020
(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	Governmental Activities	Business-type Activities	Total	
Primary government -								
Governmental activities:								
General government	\$ 1,095,641	\$ 894,555	\$ 148,808	\$ 8,226	\$ (44,051)		\$ (44,051)	
Health and mental hygiene	15,686,858	1,043,917	8,973,793		(5,669,149)		(5,669,149)	
Education	9,089,923	46,926	1,250,279	4,528	(7,788,189)		(7,788,189)	
Aid for higher education	2,506,028	25,535	255		(2,480,238)		(2,480,238)	
Human resources	2,879,690	85,848	2,025,482		(768,360)		(768,360)	
Public safety	2,505,069	110,365	107,099	9,030	(2,278,575)		(2,278,575)	
Transportation	4,219,315	908,130	569,263	1,044,752	(1,697,170)		(1,697,170)	
Judicial	890,411	247,419	6,213		(636,779)		(636,779)	
Labor, licensing and regulation	382,458	39,213	177,665		(165,581)		(165,581)	
Natural resources and recreation	421,749	185,552	26,574	780	(208,842)		(208,842)	
Housing and community development	380,719	28,795	315,461		(36,463)		(36,463)	
Environment	121,926	37,254	27,437		(57,236)		(57,236)	
Agriculture	106,492	27,176	5,022		(74,294)		(74,294)	
Commerce	109,814	24,178	2,498		(83,137)		(83,137)	
Intergovernmental grants and revenue sharing	639,760				(639,760)		(639,760)	
Interest	968,281	1,440	10,385		(956,456)		(956,456)	
Total governmental activities	42,004,134	3,706,301	13,646,235	1,067,316	(23,584,281)		(23,584,281)	
Business-type activities:								
Economic development - insurance programs	2,320	1,951	1,194			\$ 825	825	
Economic development - general loan programs	72,696	60,603				(12,093)	(12,093)	
Economic development - water quality loan programs	117,257	162,887	52,952			98,582	98,582	
Economic development - housing loan programs	203,236	95,702	128,181			20,647	20,647	
Unemployment insurance program	5,126,359	454,267	4,009,075			(663,017)	(663,017)	
Maryland Lottery and Gaming Control Agency	2,385,775	3,484,033	3,700			1,101,958	1,101,958	
Maryland Transportation Authority	545,964	742,654	607			197,297	197,297	
Maryland Correctional Enterprises	55,694	55,772				78	78	
Total business-type activities	8,509,301	5,057,869	4,195,709			744,277	744,277	
Total primary government	50,513,435	8,764,170	17,841,944	1,067,316	(23,584,281)	744,277	(22,840,004)	

STATE OF MARYLAND
Statement of Activities
For the Year Ended June 30, 2020
(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	Governmental Activities	Business-type Activities	Total	
Component Units-								
Higher education.....	\$ 6,078,558	\$ 2,497,586	\$ 1,647,697	\$ 232,014				\$ (1,701,261)
Maryland Prepaid College Trust.....	72,058	40,164						(31,894)
Maryland Stadium Authority.....	333,509	49,142	95,940					(188,427)
Other component units.....	224,617	191,262	27,518					(5,837)
Total component units.....	\$ 6,708,742	\$ 2,778,154	\$ 1,771,155	\$ 232,014				\$ (1,927,419)
General revenues:								
Income taxes.....					12,372,488		12,372,488	
Sales and use taxes.....					4,943,349		4,943,349	
Motor vehicle taxes.....					2,127,096		2,127,096	
Tobacco taxes.....					362,901		362,901	
Insurance company taxes.....					615,196		615,196	
Property taxes.....					1,159,199		1,159,199	
Estate & inheritance taxes.....					224,012		224,012	
Other taxes.....					779,798		779,798	
Grants and contribution not restricted to specific programs								1,680,771
Unrestricted investment earnings.....					342,936	29,714	372,650	202,649
Additions to permanent endowments								88,469
Transfers.....					1,002,170	(1,002,170)		
Total general revenues, additions to permanent endowments, and transfers.....					23,929,145	(972,456)	22,956,689	1,971,889
Changes in net position.....					344,864	(228,179)	116,685	44,470
Net position, beginning of the year.....					(19,355,970)	9,111,748	(10,244,222)	9,557,260
Net position, end of the year.....					\$ (19,011,106)	\$ 8,883,569	\$ (10,127,537)	\$ 9,601,730

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

STATE OF MARYLAND
Balance Sheet
Governmental Funds
June 30, 2020

(Expressed in Thousands)

	General	Special Revenue Maryland Department of Transportation	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash.....	\$ 628,992			\$ 628,992
Equity in pooled invested cash.....	18,965		\$ 358,269	377,234
Investments.....			345,946	345,946
Prepaid items.....	1,136,836			1,136,836
Taxes receivable, net.....	3,901,885	\$ 177,869		4,079,754
Intergovernmental receivables.....	1,613,712	889,921		2,503,634
Other accounts receivable.....	780,857	99,801	128	880,786
Due from other funds.....	526,600	137,436	2,000	666,036
Due from component units.....	5,932			5,932
Inventories.....	859,678	92,796		952,473
Loans and notes receivable, net.....	25,645			25,645
Restricted assets:				
Cash.....		6,157		6,157
Cash with fiscal agent.....			42,330	42,330
Equity in pooled invested cash.....			226,285	226,285
Investments.....	798		12,140	12,938
Taxes receivable, net.....			28,150	28,150
Other accounts receivable.....			366	366
Loans and notes receivable, net.....			1,180	1,180
Total assets.....	\$ 9,499,900	\$ 1,403,980	\$ 1,016,794	\$ 11,920,674
Liabilities:				
Salaries payable.....	\$ 331,674	\$ 16,436		\$ 348,109.69
Vouchers payable.....	939,170		\$ 80,975	1,020,145
Accounts payable and accrued liabilities.....	2,239,011	444,839	24,859	2,708,709
Due to other funds.....	998,507	416,697	22,228	1,437,432
Due to component units.....	280			280
Accounts payable to political subdivisions.....	77,559	63,305	13,590	154,454
Unearned revenue.....	926,112	28,807		954,919
Accrued self-insurance costs.....	90,606			90,606
Total liabilities.....	5,602,919	970,085	141,652	6,714,655
Deferred inflows of resources.....	877,272	397,714		1,274,986
Fund balances:				
Nonspendable.....	2,021,279	92,795		2,114,074
Restricted.....	18,638		310,451	329,089
Committed.....	2,389,927		702,427	3,092,354
Unassigned.....	(1,410,135)	(56,613)	(137,736)	(1,604,484)
Total fund balances.....	3,019,709	36,182	875,142	3,931,033
Total liabilities and fund balances.....	\$ 9,499,900	\$ 1,403,981	\$ 1,016,794	\$ 11,920,674

The accompanying notes to the financial statement 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, 2020

(Expressed in Thousands)

Amounts reported for governmental activities in the Statement of Net Position (pages 27-28)	
differ from the amounts for the governmental funds' fund balances because of:	
Amount in governmental funds, fund balance (page 31).....	\$ 3,931,033
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	26,412,719
Taxes and other receivables that will not be available to pay for current period expenditures and, therefore, are deferred in the funds.....	877,273
Accrued interest payable on bonds and capital leases are not liquidated with current financial resources in the governmental funds.....	(190,116)
Other long-term assets not available to pay for current period expenditures.....	5,399
Deferred outflows of resources not recognized as current period expenditures.....	4,645,012
Deferred inflows of resources not recognized as current period revenues.....	(2,108,637)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds:	
General Obligation Bonds.....	(9,772,469)
Premiums to be amortized over the life of the debt.....	(1,429,438)
Transportation Bonds.....	(3,627,190)
Premiums to be amortized over the life of the debt.....	(351,662)
Accrued self-insurance costs.....	(254,023)
Accrued annual leave.....	(335,144)
Pension liabilities.....	(18,625,159)
Other post-employment benefits liability.....	(17,257,184)
Pollution remediation.....	(160,385)
Obligation under capital leases.....	(710,831)
Obligations under capital leases with component units.....	(59,512)
Other long-term obligations.....	(792)
Net Position of governmental activities (page 27 and 28).....	\$ (19,011,106)

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, 2020
(Expressed in Thousands)

	General	Special Revenue Maryland Department of Transportation	Other Governmental Funds	Total Governmental Funds
Revenues:				
Income taxes	\$ 12,309,248			\$ 12,309,248
Sales and use taxes	4,937,256			4,937,256
Motor vehicle taxes		\$ 2,566,668		2,566,668
Tobacco taxes	362,901			362,901
Insurance company taxes	615,196			615,196
Property taxes	296,293		\$ 862,906	1,159,198
Estate & inheritance taxes	224,012			224,012
Other taxes	340,224			340,224
Other licenses and fees	733,714			733,714
Charges for services	1,515,764	595,276		2,111,040
Interest and other investment income	133,563	1,918	4,692	140,173
Federal revenue	12,936,897	1,319,634	10,385	14,266,916
Other	586,103	83,461	1,440	671,004
Total revenues	34,991,171	4,566,957	879,423	40,437,550
Expenditures:				
Current:				
General government	1,015,053			1,015,053
Health and mental hygiene	15,565,135			15,565,135
Education	8,564,448		373,511	8,937,959
Aid to higher education	2,246,198		259,250	2,505,448
Human resources	2,770,891			2,770,891
Public safety	2,249,138			2,249,138
Transportation		1,676,932		1,676,932
Judicial	801,765			801,765
Labor, licensing and regulation	362,992			362,992
Natural resources and recreation	390,665			390,665
Housing and community development	377,920			377,920
Environment	109,987			109,987
Agriculture	109,899			109,899
Commerce	107,355			107,355
Intergovernmental grants and revenue sharing	375,832	1,163,715	263,928	1,803,475
Capital outlays		2,361,517	134,354	2,495,871
Debt service:				
Principal retirement			1,110,102	1,110,102
Interest			570,016	570,016
Bond issuance costs	666		1,563	2,229
Total expenditures	35,047,944	5,202,164	2,712,724	42,962,832
Excess (deficiency) of revenues over (under) expenditures	(56,773)	(635,207)	(1,833,300)	(2,525,282)
Other financing sources (uses):				
Capital leases	4,463			4,463
Bonds issued		490,000	1,095,000	1,585,000
Refunding bonds issued			232,230	232,230
Bond premium		64,597	277,832	342,429
Advanced lease payments				
Payments to refunded bond escrow agent			(259,433)	(259,433)
Transfers in	1,150,190	225,001	878,788	2,253,979
Transfers out	(771,539)	(356,921)	(123,350)	(1,251,810)
Total other sources (uses) of financial resources	383,114	422,677	2,101,067	2,906,860
Net changes in fund balances	326,341	(212,530)	267,767	381,578
Fund balances, beginning of year	2,693,368	248,712	607,375	3,549,455
Fund balances, end of year	\$ 3,019,709	\$ 36,182	\$ 875,142	\$ 3,931,033

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, 2020

(Expressed in Thousands)

Amounts reported for governmental activities in the Statement of Net Activities (pages 29-30) 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 33).....	\$	381,578
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.....	\$	2,628,627
Depreciation expense.....	(1,350,889)	1,277,738
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.....		(100,823)
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.....		
		69,340
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.....		
		613,536
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.....		
		661,233
		1,344,109
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.....		(1,069,905)
Debt issued, Transportation Bonds.....		(490,000)
Capital lease financing.....		(4,463)
Premiums, discounts and deferred outflows of resources on refundings.....		(145,498)
Principal repayments:		
General Obligation Bonds.....		904,346
Transportation Bonds.....		205,755
Capital leases.....		59,254
		(540,511)
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.....		(6,553)
Compensated absences.....		6,298
Self-insurance.....		5,960
Net pension liability.....		214,100
Other post-employment benefits liability.....		(2,238,333)
Other long-term obligations.....		1,304
		(2,017,224)
Change in net position of governmental activities (page 30)	\$	344,864

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



STATE OF MARYLAND

ENTERPRISE FUND FINANCIAL STATEMENTS

Major Funds

Economic Development Loan Programs

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

Unemployment Insurance Program

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

Maryland Lottery and Gaming Control Agency

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

Maryland Transportation Authority

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

Non-Major Funds

Other Enterprise Funds

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

STATE OF MARYLAND
Statement of Fund Net Position
Enterprise Funds
June 30, 2020

(Expressed in Thousands)

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Other Enterprise Funds	Total
Assets-						
Current assets:						
Cash	\$ 324		\$ 7,469	\$ 248,431	\$	\$ 256,224
Equity in pooled invested cash	444,278		186,669		\$ 15,246	646,193
Investments				351,164		351,164
Other accounts receivable	13,614		62,737	44,162	12,251	132,764
Due from other funds	66,164	\$ 3,366		64,643		134,173
Inventories				5,326	14,851	20,177
Loans and notes receivable, net	90,061					90,061
Investment in direct financing leases				34,325		34,325
Other assets			81		922	1,003
Current restricted assets:						
Cash	675,262	3,738	2,228	486,517		1,167,745
Cash on deposit with U.S. Treasury		718,975				718,975
Equity in pooled invested cash					84,649	84,649
Investments	528,014		3,918			531,932
Loans and notes receivable, net	94,857					94,857
Other accounts receivable	38,198	175,777				213,975
Total current assets	1,950,772	901,856	263,102	1,234,568	127,919	4,478,217
Non-current assets:						
Investments	26,990				2,528	29,518
Loans and notes receivable, net	2,004,055					2,004,055
Investment in direct financing leases				311,171		311,171
Other assets				13,562		13,562
Restricted non-current assets:						
Investments	857,335		33,134	31,599		922,068
Loans and notes receivable, net	1,346,193					1,346,193
Capital assets, net of accumulated depreciation:						
Land				400,783		400,783
Structures and improvements				155,357	1,943	157,300
Equipment	46			41,640	6,221	47,907
Infrastructure				4,658,809		4,658,809
Construction in progress				1,320,690		1,320,690
Total non-current assets	4,234,619		33,134	6,933,611	10,692	11,212,056
Total assets	6,185,391	901,856	296,236	8,168,179	138,611	15,690,273
Deferred outflows of resources			12,640	62,499	4,142	79,281

STATE OF MARYLAND
Statement of Fund Net Position (continued)
Enterprise Funds
June 30, 2020

(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		\$ 23,249				\$ 23,249
Accounts payable and accrued liabilities	\$ 96,858	133,624	\$ 81,648	\$ 168,199	\$ 2,266	482,595
Due to other funds	2,403		172,144	57,910		232,457
Accrued insurance on loan losses	900				9,678	10,578
Other liabilities	11,240		4,936	15,912	1,198	33,286
Unearned revenue	78,793		2,244	24,574	699	106,310
Revenue bonds and notes payable - current	198,980			72,625		271,605
Total current liabilities	389,174	156,873	260,972	339,220	13,841	1,160,080
Non-current liabilities:						
Other liabilities	35,015		60,012	283,527	18,604	397,158
Revenue bonds and notes payable	2,793,348			2,455,142		5,248,490
Total non-current liabilities	2,828,363		60,012	2,738,669	18,604	5,645,648
Total liabilities	3,217,537	156,873	320,984	3,077,889	32,445	6,805,728
Deferred inflows of resources	705		4,768	73,190	1,594	80,257
Net Position-						
Net investment in capital assets	46			4,349,068	8,164	4,357,278
Restricted for:						
Debt service	170,379			108,911		279,290
Capital improvements				37		37
Unemployment compensation benefits		744,983				744,983
Loan programs	2,237,175					2,237,175
Insurance programs					84,649	84,649
Unrestricted	559,550		(16,876)	621,583	15,901	1,180,158
Total net position	\$ 2,967,149	\$ 744,983	\$ (16,876)	\$ 5,079,599	\$ 108,714	\$ 8,883,569

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, 2020
(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			\$ 2,189,768			\$ 2,189,768
Charges for services and sales	\$ 155,108	\$ 454,267	1,287,681	\$ 740,054	\$ 56,676	2,693,786
Loan and grant recoveries	108					108
Unrestricted interest on loan income	25,214				553	25,767
Restricted interest on loan income	68,973					68,973
Other	55,924		6,461	2,600	494	65,479
Total operating revenues	305,327	454,267	3,483,910	742,654	57,723	5,043,881
Operating expenses:						
Prizes and claims			1,369,035			1,369,035
Commissions and bonuses			914,586			914,586
Cost of sales and services			46,621		45,578	92,199
Operation and maintenance of facilities				278,984		278,984
General and administrative	76,905		55,444	37,276	10,341	179,966
Benefit payments		5,126,359				5,126,359
Capital grant distributions	133,148					133,148
Depreciation and amortization	26		89	158,887	1,007	160,009
Provision for insurance on loan losses	27,960				1,090	29,050
Other	62,596					62,596
Total operating expenses	300,635	5,126,359	2,385,775	475,147	58,016	8,345,932
Operating income (loss)	4,692	(4,672,092)	1,098,135	267,507	(293)	(3,302,051)
Non-operating revenues (expenses):						
Unrestricted interest and other investment income	6,680			23,033		29,713
Restricted interest and other investment income	128,273	29,780	3,701	607	1,194	163,555
Interest expense	(92,083)			(65,637)		(157,720)
Federal grants and distributions	52,860	3,979,295				4,032,155
Other	13,393		123	(5,180)	2	8,338
Total non-operating revenues (expenses)	109,123	4,009,075	3,824	(47,177)	1,196	4,076,041
Income before transfers	113,815	(663,017)	1,101,959	220,330	903	773,990
Transfers in	110,146					110,146
Transfers out			(1,112,315)			(1,112,315)
Change in net position	223,961	(663,017)	(10,356)	220,330	903	(228,179)
Total net position - beginning	2,743,188	1,408,000	(6,520)	4,859,269	107,811	9,111,748
Total net position - ending	\$ 2,967,149	\$ 744,983	\$ (16,876)	\$ 5,079,599	\$ 108,714	\$ 8,883,569

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, 2020
(Expressed in Thousands)

	Economic Development Loan Programs	Unemployment Insurance Programs	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Other Enterprise Funds	Total
Cash flows from operating activities:						
Receipts from customers	\$ 45,851	\$ 411,288	\$ 3,489,515	\$ 733,345	\$ 51,695	\$ 4,731,694
Payments to suppliers	(1,584)		(69,605)	(137,379)	(40,596)	(249,164)
Payments to employees	(35,973)		(28,255)	(167,308)	(16,135)	(247,671)
Other receipts	263,532			7,716	1,119	272,367
Other payments	(250,991)	(5,041,259)	(914,613)		(1,285)	(6,208,148)
Lottery prize payments			(1,347,067)			(1,347,067)
Net cash provided by (used in) operating activities	20,835	(4,629,971)	1,129,975	436,374	(5,202)	(3,047,989)
Cash flows from non-capital financing activities:						
Proceeds from the sale of revenue bonds ...	581,484					581,484
Payment on revenue bonds	(207,365)			(29,286)		(236,651)
Interest payments	(95,454)			(21,982)		(117,436)
Proceeds from loans		22,191				22,191
Transfers in	150,088					150,088
Transfers out			(1,106,215)			(1,106,215)
Grants	67,252	3,979,295				4,046,547
Lottery installment payments			(5,403)			(5,403)
Net cash provided by (used in) non- capital financing activities	496,005	4,001,486	(1,111,618)	(51,268)		3,334,605
Cash flows from capital and related financing activities:						
Proceeds from notes payable and revenue bonds				358,826		358,826
Principal paid on notes payable and revenue bonds				(74,744)		(74,744)
Interest payments				24,132		24,132
Acquisition of capital assets				(464,699)	(862)	(465,561)
Net cash provided by (used in) capital & related financing activities				(156,485)	(862)	(157,347)
Cash flows from investing activities:						
Receipts from collections of loans	276,603			106,553		383,156
Receipts from sales of debt instruments- other entities	763,604		5,403	202,747		971,754
Interest received as returns on loans	97,207					97,207
Interest received on debt instruments of other entities	20,043	29,781		22,506	1,194	73,524
Disbursements for loans	(482,685)			(79,804)		(562,489)
Disbursements for debt instruments of other entities	(1,174,305)		(789)	(178,020)		(1,353,114)
Net cash provided by (used in) investing activities	(499,533)	29,781	4,614	73,982	1,194	(389,962)
Net change in cash and cash equivalents ...	17,307	(598,704)	22,971	302,603	(4,870)	(260,693)
Balance - beginning of the year	1,102,557	1,321,417	173,395	432,345	104,765	3,134,479
Balance - end of the year	\$ 1,119,864	\$ 722,713	\$ 196,366	\$ 734,948	\$ 99,895	\$ 2,873,786

STATE OF MARYLAND
Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2020

(Continued)

(Expressed in Thousands)

	Economic Development Loan Programs	Unemployment Insurance Programs	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Other Enterprise Funds	Total
Reconciliation of operating income (loss) to net cash						
from operating activities:						
Operating income (loss).....	\$ 4,692	\$ (4,672,092)	\$ 1,098,135	\$ 267,507	\$ (293)	\$ (3,302,051)
Adjustments to reconcile operating income (loss)						
to net cash from operating activities:						
Depreciation and amortization.....	26		88	158,887	1,007	160,008
Interest received as returns on loans..	(97,748)					(97,748)
Deferred inflows of resources.....			1,265	350	(52)	1,563
Deferred outflows of resources.....			3,571	14,351		17,922
Deferred prize payments.....			2,172			2,172
Effect of changes in non-cssh operating assets and liabilities:						
Other accounts receivable.....	(1,645)	(40,953)	5,165	34,380	(5,344)	(8,397)
Due from other funds.....	(14,547)	(2,025)		(41,173)		(57,745)
Inventories.....				(129)	(2,047)	(2,176)
Loans and notes receivable.....	52,065					52,065
Other assets.....			(28)		306	278
Accounts payable and accrued liabilities.....	77,959	85,099	20,596	(4,997)	669	179,326
Due to other funds.....	(1,155)			18,156		17,001
Accrued insurance on loan losses.....	(87)				97	10
Other liabilities.....	1,081		(1,579)	1,912	602	2,016
Unearned revenue.....	194		590	(12,870)	(147)	(12,233)
Total adjustments.....	16,143	42,121	31,840	168,867	(4,909)	254,062
Net cash provided (used in) by operating activities	\$ 20,835	\$ (4,629,971)	\$ 1,129,975	\$ 436,374	\$ (5,202)	\$ (3,047,989)
Noncash transactions (amounts expressed in thousands):						
Unrealized gain (loss) on investments	\$ 54,685		\$ 3,701			

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

STATE OF MARYLAND
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

(Expressed in Thousands)

	Pension and Other Post-Employment Benefits Trust Funds	Investment Trust Fund	Agency Funds
Assets:			
Cash.....	\$ 1,551,328		\$ 91,177
Equity in pooled invested cash.....			1,573,221
Investments:			
US Treasury and agency obligations.....	6,676,133	\$ 5,130,889	
Repurchase agreements.....		472,082	
Bonds.....	6,531,028		
Corporate equity securities.....	19,980,232		
Commercial paper.....		658,086	
Mortgage related securities.....	1,168,078		
Mutual funds.....	3,495,363	883,478	
Guaranteed investment contracts.....	779,700		
Real estate.....	29,235		
Annuity contracts.....	63,421		
Commingled funds.....	20,073,924		
Investment held by borrowers under.....			
Total investments.....	58,797,115	7,144,535	
Taxes receivable, net.....			213,914
Intergovernmental receivables.....			249,621
Other receivables.....	1,046,068	490	
Accounts receivable from state treasury.....			869,676
Collateral for lent securities.....	4,142,148		
Total assets.....	65,536,659	7,145,025	2,997,610
Liabilities:			
Accounts payable and accrued liabilities.....	1,727,512	4,677	180,776
Accounts payable to political subdivisions.....			2,816,834
Collateral obligation for lent securities.....	4,142,148		
Total liabilities.....	5,869,660	4,677	2,997,610
Net position:			
Restricted for:			
Pension benefits.....	54,921,950		
Deferred compensation benefits.....	4,389,945		
Local Government Investment Pool participants.....		7,140,347	
Postretirement health benefits.....	355,105		
Total net position.....	\$ 59,667,000	\$ 7,140,347	

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, 2020
(Expressed in Thousands)

	Pension and Other Post-Employment Benefits Trust Funds	Investment Trust Fund
Additions:		
Contributions:		
Employers	\$ 2,004,874	
Members	1,037,314	\$ 12,922,126
Sponsors	784,149	
Total contributions	3,826,337	12,922,126
Investment earnings:		
Net increase in fair value of investments	1,096,457	
Interest	507,157	96,453
Dividends	1,379,334	
Total investment earnings	2,982,948	96,453
Less: investment expense	362,006	1,999
Net investment earnings	2,620,942	94,454
Total additions	6,447,280	13,016,580
Deductions:		
Benefit payments	5,030,003	
Distributions to participants		94,454
Redemptions (unit transactions at \$1.00 per unit)		11,270,868
Refunds	68,752	
Administrative expenses	50,774	
Total deductions	5,149,529	11,365,321
Net increase	1,297,750	1,651,259
Net position - beginning	58,369,249	5,489,089
Net position - ending	\$ 59,666,999	\$ 7,140,347

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

STATE OF MARYLAND

COMPONENT UNIT FINANCIAL STATEMENTS

Major Component Units

Higher Education

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

Maryland Prepaid College Trust

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

Maryland Stadium Authority

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

Non-Major Component Units

Other Component Units

Non-major component units, namely, the Maryland Environmental Service, Maryland Industrial Development Financing Authority, Maryland Food Center Authority, 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, 2020

(Expressed in Thousands)

	Higher Education	Maryland Prepaid College Trust	Maryland Stadium Authority	Other Component Units	Total
Assets:					
Cash	\$ 165,980	\$ 12,624	\$ 188	\$ 76,376	\$ 255,168
Equity in pooled invested cash	2,725,226		92,118	25,268	2,842,612
Investments	35,071	1,082,380		76,214	1,193,665
Endowment investments	361,492				361,492
Foundation investments	1,615,518				1,615,518
Tuition contracts receivable	90,171	118,773			208,944
Other accounts receivable	488,798	981	5,289	38,277	533,345
Due from primary government		280	2,295		2,575
Inventories	10,731				10,731
Prepaid items	21,125				21,125
Loans and notes receivable, net	29,291		1,026	11,809	42,126
Investments in direct financing leases			59,512		59,512
Other assets	9,581		196	13,012	22,789
Restricted assets:					
Cash	62,134			3,155	65,289
Investments	5,516		274,888	3,407	283,811
Capital assets (net of accumulated depreciation):					
Land	214,243			9,534	223,777
Structures and improvements	5,861,296		41,235	49,941	5,952,472
Infrastructure	274,041			194	274,235
Equipment	459,424	13	416	8,553	468,406
Construction in progress	810,919			7,902	818,821
Total assets	13,240,557	1,215,051	477,163	323,642	15,256,413
Deferred outflows of resources	450,656	874	14,025	2,303	467,858
Liabilities:					
Salaries payable	146,193				146,193
Accounts payable and accrued liabilities	248,718	363	93,420	39,338	381,839
Due to primary government	1,369			4,563	5,932
Unearned revenue	368,219	8,363	39	3,203	379,824
Accrued insurance on loan losses				912	912
Other liabilities	1,996				1,996
Bonds and notes payable:					
Due within one year	110,204		26,471	1,930	138,605
Due in more than one year	1,144,365		921,550	23,123	2,089,038
Other noncurrent liabilities:					
Due within one year	137,808	62,561	121	25,268	225,758
Due in more than one year	1,720,373	605,688	25,257	18,561	2,369,879
Total liabilities	3,879,245	676,975	1,066,858	116,898	5,739,976
Deferred inflows of resources	378,544	245	2,085	1,691	382,565

STATE OF MARYLAND
Combining Statement of Net Position
Component Units
June 30, 2020

(Expressed in Thousands)

	Higher Education	Maryland Prepaid College Trust	Maryland Stadium Authority	Other Component Units	Total
Net position:					
Net investment in capital assets	\$ 6,098,079	\$ 13	\$ (34,004)	\$ 51,112	\$ 6,115,200
Restricted:					
Debt service			25,802		25,802
Capital improvements and deposits				1,751	1,751
Nonexpendable:					
Scholarships and fellowships	460,501				460,501
Research	19,463				19,463
Other	658,501				658,501
Expendable:					
Debt service	5,514				5,514
Capital projects	9,023				9,023
Loans and notes receivable	41,821				41,821
Scholarships and fellowships	166,980				166,980
Research	125,374				125,374
Other	481,529				481,529
Unrestricted	1,366,639	538,692	(569,553)	154,493	1,490,271
Total net position	\$ 9,433,424	\$ 538,705	\$ (577,755)	\$ 207,356	\$ 9,601,730

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, 2020
(Expressed in Thousands)

	Higher Education	Maryland Prepaid College Trust	Maryland Stadium Authority	Other Component Units	Total
Expenses:					
General and administrative		\$ 3,240	\$ 12,465	\$ 22,059	\$ 37,764
Operation and maintenance of facilities	\$ 441,709		41,667	169,059	652,435
Provision for insurance on loan losses, net				262	262
Instruction	1,515,645				1,515,645
Research	1,076,803				1,076,803
Public service	523,414				523,414
Academic support	562,013				562,013
Student services	344,982				344,982
Institutional support	613,379				613,379
Scholarships and fellowships	161,390				161,390
Tuition benefits		68,802			68,802
Auxiliary	676,706				676,706
Interest on long-term debt	42,668		41,094	1,042	84,804
Depreciation and amortization		16	17,915	4,580	22,511
Foundation expenses	104,836				104,836
Other	15,013		220,368	27,615	262,996
Total expenses	6,078,558	72,058	333,509	224,617	6,708,742
Program revenues:					
Charges for services:					
Student tuition and fees (net of \$396,654) in allowances)	1,481,593				1,481,593
Auxiliary enterprises (net of \$31,901) in allowances)	595,519				595,519
Restricted investment earnings	9,061				9,061
Other	411,413	40,164	49,142	191,262	691,981
Total charges for services	2,497,586	40,164	49,142	191,262	2,778,154
Operating grants and contributions	1,647,697		95,940	27,518	1,771,155
Capital grants and contributions	232,014				232,014
Total program revenues	4,377,297	40,164	145,082	218,780	4,781,323
Net program revenue (expense)	(1,701,261)	(31,894)	(188,427)	(5,837)	(1,927,419)
General revenues:					
Grants and contributions not restricted to specific programs	1,680,771				1,680,771
Unrestricted investment earnings	101,319	100,363		967	202,649
Additions to permanent endowments	88,469				88,469
Total general revenues and additions to permanent endowments	1,870,559	100,363		967	1,971,889
Change in net position	169,298	68,469	(188,427)	(4,870)	44,470
Net position - beginning of the year	9,264,126	470,236	(389,328)	212,226	9,557,260
Net position - end of the year	\$ 9,433,424	\$ 538,705	\$ (577,755)	\$ 207,356	\$ 9,601,730

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

STATE OF MARYLAND
INDEX FOR NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

Table of Contents

Note 1 - Summary of Significant Accounting Policies	49
Note 2 - Summary of Significant Accounting Policies - Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity	52
Note 3 - Deposits with Financial Institutions and the U.S. Treasury, Equity in Pooled Invested Cash and Investments	57
Note 4 - Receivables	69
Note 5 - Deferred Outflows of Resources and Deferred Inflows of Resources	69
Note 6 - Loans and Notes Receivable and Investment in Direct Financing Leases	70
Note 7 - Restricted Assets	71
Note 8 - Interfund Receivables and Payables	72
Note 9 - Interfund Transfers.....	73
Note 10 - Capital Assets.....	73
Note 11 - Long-Term Obligations.....	75
Note 12 - Insurance.....	83
Note 13 - Fund Equity.....	84
Note 14 - Segment Information	85
Note 15 - Retirement Benefits.....	86
Note 16 - Other Postemployment Benefits, Health Benefits (OPEB).....	93
Note 17 - Commitments.....	98
Note 18 - Contingencies.....	99
Note 19 - Tobacco Settlement.....	99
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
<u>Notes to Required Supplementary Information</u>	
Schedule of Employer Contributions for Maryland State Retirement and Pension System.....	108
Schedule of Employer Contributions for Maryland Transit Administration Pension Plan.....	110
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	113
Schedule of Employer Contributions for Maryland Transit Administration Retiree Healthcare Benefits Plan	115
Budgeting and Budgetary Control	117

STATE OF MARYLAND

Notes to the Financial Statements

For the Year Ended June 30, 2020

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.

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) was established as a body corporate and politic, and is an instrumentality of the State. MIDFA consists 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 is subject to the authority of the Secretary and subject to State finance regulations. It provides 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, 2020, the Economic Development Loan Programs, major enterprise funds, had transactions with MEDCO that included loans, investments and grants totaling \$ 6,606,000.

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 (other than the agency funds) financial statements. The agency funds are reported using the accrual basis of accounting, but have no measurement focus. 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, Commerce 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) The 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 agency funds are custodial in nature, and do not present the results of operations or have a measurement focus. The State uses agency 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. 84, *Fiduciary Activities*, issued in January 2017, is effective for fiscal years beginning after December 15, 2019.
- Statement No. 87, *Leases*, issued in June 2017, is effective for fiscal years beginning after June 15, 2021.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued in June 2018, is effective for fiscal years beginning after December 15, 2020.
- Statement No. 90, *Majority Equity Interests--an amendment of GASB Statements No. 14 and No. 61*, issued in August 2018, is effective for fiscal years beginning after December 15, 2019.
- 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.

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 Comprehensive Annual Financial Report (CAFR). Also, note, all amounts in the CAFR 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, agency 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 authorized by Article 95 Section 22G, of the Annotated Code of Maryland to invest in any instrument in which the State Treasurer may invest. 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. Issuances costs are reported as debt service expenditures.

Restricted Resources:

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

Debt Refinancing:

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

Net Position:

Net position is divided into three categories. Net investment in capital assets is the capital assets less accumulated depreciation 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. 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 2020 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, 2020, reconcile to cash deposit and investment disclosures as follows (amounts expressed in thousands):

Government-wide statement of net position:	
Cash	\$ 1,140,385
Equity in pooled invested cash	3,866,039
Investments	3,897,303
Restricted cash	2,000,496
Restricted equity in pooled invested cash	310,934
Restricted investments	1,750,749
Statement of fiduciary net position:	
Cash	1,642,505
Equity in pooled invested cash	1,573,221
Investments	65,941,650
Collateral for lent securities	4,142,148
Total cash and investments per basic financial statements	86,265,430
Less: cash and investments of higher education foundations not subject to disclosure	1,706,283
Total cash and investments per Note 3	\$ 84,559,147
Cash deposit:	
Governmental funds	\$ 635,952
Enterprise funds	777,646
Fiduciary funds	238,986
Component units	165,309
Investments:	
Governmental funds	6,150,608
Enterprise funds	3,199,978
Fiduciary funds	71,487,317
Component units	1,903,351
Total cash deposits and investments	\$ 84,559,147

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, 2020, the carrying value for the bank deposits of the governmental funds, enterprise funds, fiduciary funds and component units were \$635,952,000, \$777,646,000, \$238,986,000, and \$165,309,000, respectively. The bank balances were \$635,952,000, \$769,855,000, \$238,986,000, and \$167,876,000, 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, 2020, \$43,000, and \$40,429,000, 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, 2020, are as follows:

- U.S. agency securities (\$777,925,000) 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 (\$597,557,000) 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 (\$1,309,490,000) are valued based on a model that incorporates market observable pricing information and are categorized as Level 2.
- Investment in the Local Government Investment Pool (\$1,784,588,000) and money market mutual funds (\$1,681,047,000) are valued at amortized cost.

The investments and maturities as of June 30, 2020, 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 ^(a)	\$ 777,925	\$ 284,936	\$ 383,825 ^(a)	\$ 109,164 ^(b)
Supranationals	597,557	75,461	522,096	
Repurchase Agreements	1,309,490	1,267,160	7,384	34,946
Money Market Mutual Funds	1,681,047	1,681,047		
Local Government Investment Pool	1,784,588	1,784,588		
Total Investments	\$ 6,150,607	\$ 5,093,192	\$ 913,305	\$ 144,110

(a) Bonds in the amount of \$272,031,000, mature August 2021 to December 2022, but are callable August 2020 to June 2021.

(b) Bonds in the amount of \$100,113,000, mature April 2024, but are callable April 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, 2020, 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	\$ 111,585	\$ 12,766	\$ 30,684	\$ 7,519		
U.S. Government agency obligations	1,605,184	9,503	223,431	4,252	\$ 3,197	\$ 1,364,801
Repurchase agreements	2,408			1,232	1,176	
Guaranteed investment contracts	2,823			2,823		
Money market mutual funds	1,369,846	1,369,846				
Municipal bonds	65,721		56,919			
Supranationals	45,964	21,953	24,011			
Total	\$ 3,203,531	\$ 1,422,870	\$ 335,045	\$ 15,826	\$ 4,373	\$ 1,364,801

In addition to the investments scheduled above, as of June 30, 2020, the enterprise funds' investments also include the fair value of direct equity investments, \$20,011,000.

The MLGCA, a major enterprise fund, invests in U.S. Treasury obligations and annuity contracts that provide for guaranteed payouts to jackpot prize winners, and therefore have no interest rate risk to the MLGCA. As of June 30, 2020, the fair value of these investments was \$37,007,000, and \$45,000 respectively.

The enterprise funds have the following fair value measurements as of June 30, 2020 (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)
Debt securities				
U.S. Treasury Obligations	\$ 87,976	\$ 87,976		
U.S. Government agency obligations	1,605,184	1,491,036	\$ 114,148	
Guaranteed investment contracts	2,823		2,823	
Municipal bonds	65,721	65,721		
Supranationals	45,964	45,964		
Total debt securities	1,807,668	1,690,697	116,971	
Equity securities				
Direct equity investments	20,011			\$ 20,011
Total equity securities	20,011			20,011
Total investments by fair value level	1,827,679	\$ 1,690,697	\$ 116,971	\$ 20,011
Investments measured at contract value				
Annuity contracts	45			
Investment agreements	2,408			
Investments measured at amortized cost				
Money market mutual funds	1,369,846			
Total investments	\$ 3,199,978			

- 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 (\$45,964,000) 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 (\$114,148,000) 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, 2020, were Aa by Moody's and AA by Fitch, or higher.

As of June 30, 2020, the enterprise funds had the following investments and quality ratings (amounts expressed in thousands):

Investment Type	Fair Value	Quality Rating	Rating		Percentage of Total Investments
			Organization		
U.S. government agency obligations	\$ 550,727	Aaa	Moody's		17.21%
U.S. government agency obligation	296,339	AA	S&P		9.26
Money market mutual funds	1,369,846	AAAm/Aaa	S&P/Moody's		42.81
Money market mutual funds		Unrated			0.00
Guaranteed investment contracts	2,824	Aaa	Moody's		0.09
Municipal bonds	65,721	AAA	S&P		2.05
Supranationals	45,964	AAA	S&P		1.44
Total	\$ 2,331,421				72.86%

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 3.3% and 16.6%, 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, 2020, for the fiduciary funds of the primary government were as follows (amounts expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More than 10
U.S. Treasury notes and bonds	\$ 7,317,191	\$ 1,071,777	\$ 1,161,993	\$ 1,211,339	\$ 3,872,082
U.S. Treasury strips	78,763				78,763
U.S. Government agency obligations	4,270,866	3,819,408	276,504	25,605	149,349
Repurchase agreements	472,082	472,082			
Commercial paper	658,086	658,086			
Guaranteed investment contracts	779,700		779,700		
Corporate bonds	4,113,512	58,399	1,541,947	1,903,667	609,499
International bonds	786,556	12,475	296,573	266,508	211,000
Other government bonds	1,349,844	22,062	379,529	591,141	357,112
Mortgage-backed securities	1,158,210	942	16,763	50,247	1,090,258
Asset-backed securities	171,979	229	31,479	27,201	113,070
Bond mutual funds	512,540	35,271	249,205	182,354	45,710
Swaps	(25,613)	(8,715)	3,230	(19,687)	(441)
Money market mutual funds	2,206,126	1,152,212	1,053,914		
Total investments	23,849,842	7,294,228	5,790,837	4,238,374	6,526,402
Collateral for lent securities	4,142,148	4,142,148			
Total investments and collateral for lent securities	\$ 27,991,990	\$ 11,436,376	\$ 5,790,837	\$ 4,238,374	\$ 6,526,402

In addition to the investments scheduled above, as of June 30, 2020, the fiduciary funds' investments also include the fair value of corporate equity securities of \$19,980,231,000, commingled investments of \$7,693,133,000, private equity of \$7,801,942,000, real estate of \$4,608,084,000, stock mutual funds of \$3,345,796,000, annuity contracts of \$63,421,000 and insurance contracts of \$2,720,000.

The fiduciary funds have the following fair value measurements as of June 30, 2020 (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)
Debt securities				
U.S. Treasury notes and bonds	\$ 6,247,374	\$ 6,247,374		
U.S. Treasury strips	78,763	78,763		
U.S. Government agency obligations	209,794	209,794		
Repurchase agreements	472,082		\$ 472,082	
Corporate bonds	4,113,512		4,113,512	
International bonds	786,556		786,556	
Other government bonds	1,349,844		1,349,844	
Mortgage-backed securities	1,158,210		8,496	\$ 1,149,714
Bond mutual funds	149,569	149,569		
Money market mutual fund	1,322,648	1,322,648		
Collateral for lent securities	4,142,148		4,142,148	
Total debt securities	20,030,500	8,008,148	10,872,638	1,149,714
Equity securities				
Corporate equities	19,980,231	19,980,231		
Stock mutual funds	3,345,796	3,345,796		
Total equity securities	23,326,027	23,326,027		
Real estate	29,235			29,235
Total investments by fair value level	43,385,762	\$ 31,334,175	\$ 10,872,638	\$ 1,178,949
Investments measured at net asset value				
Asset-backed securities funds	171,979			
Bond mutual funds	362,971			
Real estate funds	4,578,849			
Private equity funds	7,801,942			
Commingled investments	7,667,520			
Total investments measured at net asset value	20,583,261			
Investments measured at amortized cost				
U S Treasury notes and bonds	1,069,817			
U S Government agency obligations	4,061,072			
Commercial paper	658,086			
Money market mutual funds	883,478			
Total investments measured at amortized cost	6,672,453			
Investments measured at contract value				
Guaranteed investment contracts	779,700			
Annuity contracts	63,421			
Total investments measured at contract value	843,121			
Investments measured at cash surrender value				
Insurance contracts	2,720			
Total investments	\$ 71,487,317			

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

Level 2 investments include the following:

- Debt securities valued using a combination of prevailing market prices and interest payments that are discounted at prevailing interest rates for similar instruments.
- Mortgage-backed securities issued as U.S. agency securities categorized as mortgage pass-through. Mortgage pass-through includes to-be-announced (TBA) securities and mortgage pass-through certificates. TBA securities and mortgage pass-throughs are generally valued on the basis of their fortune principal and interest payments discounted at prevailing interest rates for similar investments.
- Collateral for lent securities invested in the lending agent's short term investment pool operating as an open-end money market mutual fund, together with the related obligation.

- Commingled investments whose valuation methodology and valuation frequency of the pooled investment vehicles may not be able to appraise whether the net asset value represents the exit value of the fund.

Level 3 investments include the following:

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

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

June 30, 2020				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private funds (includes equity, credit, energy, infrastructure, and timber).....	\$ 10,225	\$ 7,445		
Real estate-open ended.....	4,035		Quarterly	45-90 days
Equity open-end fund.....	3,738		Daily	1 day
	1,553		Monthly	7 - 30 days
	532		Triennially	150 days
Multi-asset.....	238		Monthly	30-45 days
Hedge Funds				
Equity long/short.....	597		Monthly	30-45 days
	6		N/A	Liquidating
Event-driven.....	188		Monthly	15 days
	485		Quarterly	60-65 days
	147		Quarterly	90 days
	158		Quarterly	120+ days
	63		N/A	Liquidating
Global macro.....	1,186		Monthly	5-30 days
Relative value.....	1,950		Monthly	30 days
Opportunistic.....	317		Quarterly	90 days
	95		Semi Annual	90-120 days
	<u>\$ 25,513</u>	<u>\$ 7,445</u>		

Information included in the MSRPS financial statements:

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

Interest Rate Risk. As of June 30, 2020, the System had \$678,917,000 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, 2020, the carrying value of these investments was \$63,421,000, and \$2,720,000, 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, 2020, 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	4,228,758	AA	6.28
U.S. Government agency obligations	134	A	0.00
U.S. Government agency obligations	41,973	Unrated	0.06
Money market mutual funds	883,541	AAA	1.31
Commercial paper	658,086	AAA	0.98
Guaranteed investment contracts	776,537	AA	1.15
Guaranteed investment contracts	3,163	Unrated	0.00
Corporate bonds	14,778	AAA	0.02
Corporate bonds	82,812	AA	0.12
Corporate bonds	495,107	A	0.74
Corporate bonds	4,219	BAA	0.01
Corporate bonds	996,163	BBB	1.48
Corporate bonds	1,197,464	BB	1.78
Corporate bonds	650,938	B	0.97
Corporate bonds	194,054	CCC	0.29
Corporate bonds	288	CC	0.00
Corporate bonds	452,079	Unrated	0.67
International bonds	60	AAA	0.00
International bonds	16,999	AA	0.03
International bonds	11,460	A	0.02
International bonds	2,695	BAA	0.00
International bonds	1,310	BA	0.00
International bonds	46,847	BBB	0.07
International bonds	32,012	BB	0.05
International bonds	23,044	B	0.00
International bonds	3,397	CCC	0.00
International bonds	23,687	Unrated	0.04
Other government bonds	4,923	AAA	0.01
Other government bonds	156,991	AA	0.23
Other government bonds	135,459	A	0.20
Other government bonds	464,869	BBB	0.69
Other government bonds	272,343	BB	0.40
Other government bonds	217,718	B	0.32
Other government bonds	55,882	CCC	0.08
Other government bonds	5,553	CC	0.01
Other government bonds	8,191	D	0.01
Other government bonds	652,958	Unrated	0.97
Mortgage-backed securities	21,251	AAA	0.03
Mortgage-backed securities	9,457	AA	0.01
Mortgage-backed securities	18,100	A	0.03
Mortgage-backed securities	6,858	BBB	0.01
Mortgage-backed securities	882	BB	0.00
Mortgage-backed securities	2,190	B	0.00
Mortgage-backed securities	2,243	CCC	0.00
Mortgage-backed securities	1,344	AA	0.00
Mortgage-backed securities	7,509	D	0.01
Mortgage-backed securities	1,079,881	Unrated	1.60
Asset-backed securities-Other	29,451	AAA	0.04
Asset-backed securities-Other	30,837	AA	0.05
Asset-backed securities-Other	6,193	A	0.01
Asset-backed securities-Other	7	BAA	0.00
Asset-backed securities-Other	9,972	BBB	0.01
Asset-backed securities-Other	386	BB	0.00
Asset-backed securities-Other	880	B	0.00
Asset-backed securities-Other	1,275	CCC	0.00
Asset-backed securities-Other	1,709	CC	0.00
Asset-backed securities-Other	732	D	0.00
Asset-backed securities-Other	90,538	Unrated	0.13
Repurchase agreements	472,082	A	0.70
Bond mutual funds	149,569	Unrated	0.22
Total	\$ 14,759,836		21.92%

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, 2020, was as follows (amounts expressed in thousands):

Currency	Equity	Fixed Income	Cash	Alternative Investments	Total
Australian Dollar	\$ 158,891		\$ 652	\$ 139,550	\$ 299,093
Brazilian Real	93,993	34,914	879		129,786
Canadian Dollar	232,584	726	7,015	107,067	347,392
Chilean Peso		4,289	113		4,402
Colombian Peso		9,720	124		9,844
Czech koruna		9,138	106		9,244
Danish krone	136,369		171		136,540
Egyptian pound	16,135				16,135
Euro Currency	1,410,413	92,641	7,882	876,331	2,387,267
Hong Kong Dollar	482,559		1,006	30,179	513,744
Hungarian forint	153	6,633	199		6,985
Indonesian rupiah	7,868	37,479	404		45,751
Japanese Yen	764,565	-1,667	6,830	14,322	784,050
Malaysian Ringgit	2,911	28,050	612		31,573
Mexican Peso	65,663	35,633	2,441		103,737
New Israeli Sheqel	20,775	11,874	149	1,069	33,867
New Taiwan Dollar	145,572		1,366		146,938
New Zealand Dollar	7,730		194	3,156	11,080
Norwegian Krone	47,160		194	5,381	52,735
Philippine peso	847	11,926	272		13,045
Polish zloty	2,078	18,587	537		21,202
Pound Sterling	524,100	44,523	3,330	233,094	805,047
Qatari Rial	542		26		568
Romanian an Leu		5,928	207		6,135
Russian Ruble		27,731	481		28,212
Singapore Dollar	30,474		199	4,671	35,344
Sol		17,496	191		17,687
South African Rand	79,429	15,223	437		95,089
South Korean Won	243,133	91,458	925		335,516
Swedish Krona	108,215		180	3,774	112,169
Swiss Franc	421,244		344	1,185	422,773
Thailand Baht	17,347	30,171	487		48,005
Turkish Lira	20,816	6,512	244		27,572
Uae Dirham	12,584		30		12,614
Yuan Renminbi	7,839	208,291	979		217,109
Other holdings with potential exposure to foreign currency risk	4,688,061	1,916,331		1,582,450	8,186,842
Total	\$ 9,750,050	\$ 2,663,607	\$ 39,206	\$ 3,002,229	\$ 15,455,092

(1) This line includes American Depositary 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*
Credit default swaps bought	Investment revenue	\$ 4	Swaps		
Credit default swaps written	Investment revenue	(24,222)	Swaps	\$ 2,513	\$ 347,185
Fixed income futures long	Investment revenue	335,828	Futures		1,038,037
Fixed income futures short	Investment revenue	(12,924)	Futures		(288,107)
Fixed income options bought	Investment revenue	(2,611)	Options	7,990	298,416
Fixed income options written	Investment revenue	(18,744)	Options	(35,448)	(1,242,655)
Foreign currency futures long	Investment revenue		Futures		
Foreign currency futures short	Investment revenue		Futures		
Foreign currency futures written	Investment revenue	150	Options		
Foreign currency options written	Investment revenue		Options		
Futures options bought	Investment revenue	(35)	Options		
Futures options written	Investment revenue	1,000	Options	(198)	(649)
FX forwards	Investment revenue	36,740	Long term instruments	14,628	13,762,989
Index futures long	Investment revenue	(88,046)	Futures		1,538
Index futures short	Investment revenue	22,933	Futures		(367)
Pay fixed interest rate swaps	Investment revenue	(38,934)	Swaps	(21,393)	234,251
Receive fixed interest rate swaps	Investment revenue	25,062	Swaps	23,114	882,275
Rights	Investment revenue	462	Common stock	340	710
Total return swaps bond	Investment revenue	3,415	Swaps	(716)	(30,000)
Warrants	Investment revenue	(8,971)	Common stock	118,747	\$ 35,373
Grand Totals		\$ 231,107		\$ 109,577	

*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, 2020, was \$155,937,000. 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
\$ 35,420	AA-	\$ 24,139	Aa2	\$ 36,108	AA
30,522	A+	29,182	Aa3	45,289	AA-
47,288	A	47,288	A1	73,992	A+
42,159	A-	54,780	A2	548	A
548	BBB+	548	A3	-	NR
\$ 155,937		\$ 155,937		\$ 155,937	

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	22.8	A	AA-	A1
Westpac Banking Corporation	3.9	AA-	A+	Aa3
Standard Chartered Bank	5.2	A	A+	A1
HSBC Bank Plc	12.7	A-	A+	A2
Royal Bank of Canada ^(UK)	7.7	AA-	AA	A2
Citibank N.A.	3.8	A+	A+	Aa3
Toronto Dominion Bank	1.4	AA-	AA-	Aa3
Morgan Stanley Capital Services Inc.	0.1	BBB+	A	A3
JP Morgan Chase Bank NA London	6	A+	AA	Aa2
Wells Fargo LCH	14.1	A-	A+	A2
Barclays Bank ICE	2.3	A	A+	A1
Bank of New York Mellon	9.4	AA-	AA	Aa2
UBS AG	4.5	A+	AA-	Aa3
Northern Trust Company, THE	0.4	AA-	AA-	A2
BNP Paribas SA	5.2	A+	A+	Aa3
Goldman Sachs Bank USA	0.3	BBB+	A	A3
Wells Fargo Securities LLC	0.1	A-	A+	A2
Wells Fargo ICE	0.1	A-	A+	A2

4. Investments – Component Units:

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

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, 2020, 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	\$ 506	\$ 5	\$ 258	\$ 71		\$ 172
U.S. government agency obligations	11,069	7,408	2,937	605	\$ 26	93
Bond mutual funds	215,569	215,569				
Corporate debt securities	166,479	8,045	96,194	38,905	23,038	297
Money market mutual funds	348,348	348,348				
Total	\$ 741,971	\$ 579,375	\$ 99,389	\$ 39,581	\$ 23,064	\$ 562

In addition to the investments scheduled above, as of June 30, 2020, the component units' investments include the fair value of stock mutual funds of \$20,463,000, corporate equity securities of \$606,018,000, real estate of \$180,422,000, and the share of assets invested with the foundation of \$354,477,000.

The component units had the following fair value measurements as of June 30, 2020 (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)
Debt securities				
U.S. Treasury obligations	\$ 506	\$ 506		
U.S. Government agency obligations	11,069	11,069		
Bond mutual funds	215,569	215,569		
Corporate debt securities	117,552	117,545	\$ 7	
Money market mutual funds	346,098	346,098		
Total debt securities	690,794	690,787	7	
Equity securities				
Corporate equities - publicly held	507,144	452,097	55,047	
Equity investments in privately-held companies and venture capital partnerships:				
Not publicly traded	98,874			\$ 98,874
Stock mutual funds	20,463	20,463		
Total equity securities	626,481	472,560	55,047	98,874
Real estate	14,542			14,542
The share of the USM's investment in the open-end mutual fund investment of the University System of Maryland Foundations, Inc	354,477		354,477	
Total investments by fair value level	1,686,294	\$ 1,163,347	\$ 409,531	\$ 113,416
Investments measured at net asset value				
Corporate debt securities	48,927			
Real estate	165,880			
Total investments measured at NAV	214,807			
Investments measured at amortized cost				
Money market mutual funds	2,250			
Total investments	\$ 1,903,351			

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, 2020, 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	\$ 6,415	AAA/Aaa	S&P & Moody's	0.34%
U.S. agencies	4,654	AA/Aaa	S&P & Moody's	0.24
Money market mutual funds	346,098	Aaa	Moody's	18.18
Money market mutual funds	2,250	Not rated		0.12
Corporate debt securities	46	AAA	S&P	0.00
Corporate debt securities	3,613	AA	S&P	0.19
Corporate debt securities	19,012	A	S&P	1.00
Corporate debt securities	25,850	BBB	S&P	1.36
Corporate debt securities	1,439	Not rated		0.08
Total	\$ 409,377			21.17%

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, 2020, the Plan has \$6,737,423,000, 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, 2020, 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	\$ 2,103,127	\$ 2,134,138	101.47%
U.S. corporate bond and equity securities	1,919,267	1,964,444	102.35
International fixed income securities	7,955	8,132	102.23
International equities	33,449	35,434	105.93
Lent for noncash collateral:			
U.S. corporate bond and equity securities			
International equities			
Total securities lent	\$ 4,063,798	\$ 4,142,148	101.93%

During fiscal year 2020, 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). At June 30, 2020, such repos had average days to maturity of 11.77 days.

4. Receivables:

Taxes receivable, as of June 30, 2020, consisted of the following (amounts expressed in thousands):

	Major Governmental Funds		Non-Major Governmental Funds	Total Governmental Funds
	General	Special Revenue		
Income taxes	\$ 3,181,379			\$ 3,181,379
Sales and use taxes	759,461			759,461
Transportation taxes, primarily motor vehicle fuel and excise		\$ 177,869		177,869
Other taxes, principally alcohol, tobacco and property	10,474		\$ 28,150	38,625
Less: Allowance for uncollectibles	49,429			49,429
Taxes receivable, net	\$ 3,901,885	\$ 177,869	\$ 28,150	\$ 4,107,904

Tax revenues are reported net of uncollectible amounts. Total uncollectible amounts related to tax revenues of the current period were \$6,494,000.

Other accounts receivable in the governmental funds of \$881,152,000, including \$102,921,000, 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 \$346,739,000, primarily consisted of \$175,777,000, due to the Unemployment Insurance Program from employers and for benefit overpayments, \$33,775,000, due to the Community Development Administration from accrued interest and claims receivable on foreclosed and other loans and \$62,737,000, due to the Maryland Lottery and Gaming Control Agency from lottery retailers for ticket sale proceeds and from casino operators for gross terminal revenue and table game revenue.

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

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

As of June 30, 2020, the State's deferred outflows of resources and deferred inflows of resources consist of the following components (amounts expressed in thousands):

	Governmental Funds		Governmental Activities	Business- Type Activities	Component Units
	General Fund	Special Revenue Fund			
Deferred Outflows of Resources:					
Loss on refunding of debt – Refunding of some previously outstanding general obligation bonds and revenue bonds resulted in losses			\$ 193,270	\$ 796	\$ 13,728
Interest Rate Exchange Agreements (Swaps) - with a variable rate bond issue					6,465
Pension-related deferred outflows (see Note 15)			2,090,147	78,485	433,801
Other post-employment benefit-related deferred outflows (see Note 16)			2,361,595		1,062
Asset retirement obligations					12,802
Total for Deferred Outflows of Resources			\$ 4,645,012	\$ 79,281	\$ 467,858
Deferred Inflows of Resources:					
Governmental fund receivables for revenues that are not considered to be available to liquidate liabilities of the current period	\$ 877,273	\$ 397,714			
Gain on refunding of debt – Refunding of some previously outstanding residential revenue bonds - deferred bond premiums				\$ 705	\$ 682
Service Concession Arrangement receipts of the: Maryland Department of Transportation			\$ 145,151		
Maryland Transportation Authority				46,149	
University System of Maryland					252,219
Pension-related deferred inflows (see Note 15)			1,539,900	33,404	128,714
Other post-employment benefit-related deferred inflows (see Note 16)			732,225		950
Total for Deferred Inflows of Resources	\$ 877,273	\$ 397,714	\$ 2,417,276	\$ 80,258	\$ 382,565

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

A. Loans and Notes Receivable:

Loans and notes receivable, as of June 30, 2020, 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		\$ 1,180	\$ 1,591,283			
Public school construction						
Other			185,798			
Volunteer fire & rescue companies	\$ 19,635					
Permanent mortgage loans			2,141,344			
Student and health profession loans				\$ 42,213		
Shore erosion loans	5,978					
Other	33			5,695	\$ 1,026	\$ 16,497
Total	25,645	1,180	3,918,425	47,908	1,026	16,497
Less: Allowance for possible loan losses			383,259	18,617		4,689
Loans and notes receivable, net	25,645	1,180	3,535,166	29,291	1,026	11,809
Due within one year	2,791	67	184,918	3,955	456	1,213
Due in more than one year	\$ 22,854	\$ 1,113	\$ 3,350,248	\$ 25,336	\$ 570	\$ 10,596

Certain notes receivable for advances of general obligation bond proceeds bear interest at rates ranging from 4.4% to 5.8% and mature within 13 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, 2020, 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, 2020, was \$345,496,000. As of June 30, 2020, the Authority held \$168,948,000, 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):

2021	\$ 34,325
2022	35,323
2023	36,504
2024	38,185
2025	39,905
2026-2030	171,348
2031-2035	96,644
2036-2040	30,815
Total	483,049
Unearned interest income	31,395
Total lease payments	514,444
Restricted investments related to unexpended bond proceeds	168,948
Net investment in direct financing leases	\$ 345,496

Component Units:

As of June 30, 2020, the Maryland Stadium Authority (Authority) has direct financing leases with the State. The present value of the direct financing leases as of June 30, 2020, is \$59,512,000. As of June 30, 2020, the Authority held \$58,313,000, 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):

2021	\$	16,099
2022		16,112
2023		15,275
2024		15,284
2025		13,944
2026-2030		32,976
2031-2035		25,053
2036-2040		21,686
Total		156,429
Less: unearned interest income		38,604
Net lease payments		117,825
Less: restricted investments related to unexpended bond proceeds		58,313
Net investment in direct financing leases	\$	59,512

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, 2020, are as follows (amounts expressed in thousands):

Amount	Purpose
Governmental Activities:	
\$ 6,157	Represents money restricted for construction retainages related to highway and airport projects
310,451	Represents State property taxes restricted to pay debt service on general obligation debt
798	Represents certificates of deposit linked to funds loaned under the State's housing loan program (\$5) and certificates of deposit restricted for Agricultural Land Preservation easement purchases (\$793)
<u>\$ 317,406</u>	
Business-type Activities:	
\$ 3,390,715	Assets of the Community Development Administration and State Funded Loan programs are restricted for various mortgage loans for low-income housing and loans for local governments' public facilities
149,144	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
898,490	Restricted assets represent deposits with the U.S. Treasury and amounts due from employers to pay unemployment compensation benefits in accordance with Federal statute
39,280	Restricted assets in the Maryland Lottery and Gaming Control Agency 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.
518,116	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
84,649	Assets have been restricted by the Maryland Housing Fund to pay possible future claims under insurance for losses on mortgage loans
<u>\$ 5,080,394</u>	
Component Units:	
\$ 67,650	Restricted assets of higher education include funds held by the trustee for future construction projects and to pay debt service and cash restricted for endowment purposes
274,888	Restricted assets of Maryland Stadium Authority include cash and investments that relate to revenue bond indentures
3,517	Restricted assets include cash and investments that relate to revenue bond indentures and to restricted project funds for the provision of water supply, waste-water treatment and solid waste management by the Maryland Environmental Service
3,045	Cash has been restricted to fulfill funding commitments of certain investments of Maryland Technology Development Corporation
<u>\$ 349,100</u>	

8. Interfund Receivables and Payables:

Interfund balances, as of June 30, 2020 consisted of the following (amounts expressed in thousands):

Receivable Fund	Payable Fund	Amount	
General Fund	Special Revenue Fund	\$ 352,054 ^(a)	
	Enterprise Funds –		
	Economic Development Loan Programs	2,403 ^(b)	
	Maryland Lottery and Gaming Control Agency	172,144 ^(c)	
		<u>\$ 526,600</u>	
Special Revenue Fund	General Fund	\$ 79,527 ^(d)	
	Enterprise Funds -		
	Maryland Transportation Authority	57,910 ^(e)	
		<u>\$ 137,436</u>	
Non-major governmental funds	General Fund	<u>\$ 2,000 ^(f)</u>	
Enterprise Funds -	Economic Development Loan Programs	General Fund	\$ 43,937 ^(f)
		Non-major governmental funds	22,228 ^(g)
	Unemployment Insurance Program	General Fund	3,367 ^(f)
		Maryland Transportation Authority	64,643 ^(h)
			<u>\$ 134,173</u>
Agency Fund -	General Fund	\$ 869,676 ⁽ⁱ⁾	
Local Income Taxes			

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 agency fund and the general fund are reported as accounts receivable from the State treasury by the agency 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, 2020, consist of the following (amounts expressed in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Higher Education Fund	\$ 1,369
	Non-major component units	4,563
		<u>\$ 5,932</u>
Component Units –	Agency Fund –	
		Local Transportation Funds and Other Taxes
	Maryland Prepaid College Trust	General Fund
		<u>\$ 2,575</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 agency fund are reported as due from primary government by the component unit and accounts payable and accrued liabilities by the agency fund.

- (a) The amount represents Transportation Trust Fund revenues transferred back to the general fund in July and August, 2020.
- (b) This amount represents payable balances for economic development loan program transfers.
- (c) This amount represents monies collected by the Maryland Lottery and Gaming Control Agency in June, 2020, and paid to the general fund in July, 2020.
- (d) The amount represents income and sales tax subsidies and return of health insurance costs from the general fund.
- (e) 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.
- (f) These amounts represent receivable balances from general fund subsidies.
- (g) Bond funds collected by the capital projects fund on behalf of the economic development loan programs.
- (h) The Maryland Transportation Authority receives rent, interest income and fees for services from the special revenue fund.
- (i) The loans 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 (i) above, are expected to be repaid by June 30, 2021. For (i) 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, 2020, consisted of the following (amounts expressed in thousands):

Transfers In	Transfers Out	Amount
General Fund	Non-major Governmental Funds	\$ 37,875
	Enterprise Funds –	
	Maryland Lottery and Gaming Control Agency	1,112,315
		<u>\$ 1,150,190</u>
Special Revenue Fund	General Fund	<u>225,001</u>
Non-major Governmental Funds	General Fund	\$ 521,867
	Special Revenue Fund	356,921
		<u>\$ 878,788</u>
Enterprise Funds -		
Loan Programs	General Fund	\$ 24,671
	Non-major Governmental Funds	85,475
		<u>\$ 110,146</u>

Transfers are primarily used to 1) transfer revenues from the fund required by statute or budget to collect the revenue to the fund required by statute or budget to expend them, 2) transfer receipts restricted to debt service from the funds collecting the receipts to the non-major governmental funds as debt service payments become due, and 3) provide unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In addition, the non-major governmental funds transferred \$33,221,000, of Program Open Space funds, \$3,875,000, of interest earned on bonds and \$779,000, 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 \$1,112,315,000, to the general fund. The general fund transferred \$24,671,000, to support the operations of Enterprise Funds – Loan Programs. Expenditures for capital projects of \$85,475,000, were transferred to Enterprise Funds – Loan Programs.

During the year, the general fund and other governmental funds had expenditures of \$1,665,850,000, and \$216,983,000, 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 \$40,000,000, that were for funds provided to supplement revenues of the Maryland Stadium Authority. The general fund transferred \$21,077,000, to the non-major component unit, the Maryland Technology Development Corporation, TEDCO, for Maryland Stem Cell Research and other operating grants. TEDCO transferred to the general fund \$4,563,000, 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, 2020, was as follows (amounts expressed in thousands):

Governmental activities:					
Classification	Balance July 1, 2019	Additions	Deletions	Transfers in (out)	Balance June 30, 2020
Capital assets, not depreciated					
Land and improvements	\$ 3,810,544	\$ 55,994	\$ 9,410	\$ 27,144	\$ 3,884,272
Art and historical treasures	22,632	7			22,639
Construction in progress	6,215,283	1,553,588	63,251	(464,621)	7,240,999
Total capital assets, not depreciated	10,048,459	1,609,589	72,661	(437,477)	11,147,910
Capital assets, being depreciated					
Structures and improvements	8,231,325	92,155	9,676	42,737	8,356,541
Equipment	3,697,130	95,210	72,067	85,563	3,805,836
Infrastructure	26,841,990	831,672	9,936	309,177	27,972,903
Total capital assets, being depreciated	38,770,445	1,019,037	91,679	437,477	40,135,280
Less: accumulated depreciation					
Structures and improvements	4,185,031	197,335	422		4,381,944
Equipment	2,700,517	179,209	62,687		2,817,039
Infrastructure	16,697,552	974,345	407		17,671,490
Total accumulated depreciation	23,583,100	1,350,889	63,516		24,870,473
Total capital assets, net	\$ 25,235,804	\$ 1,277,737	\$ 100,824		\$ 26,412,717

Business-type activities:

Classification	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, not depreciated				
Land and land improvements	\$ 398,559	\$ 2,224		\$ 400,783
Construction in progress	1,030,054	453,405	\$ 162,769	1,320,690
Total capital assets, not depreciated	1,428,613	455,629	162,769	1,721,473
Capital assets, being depreciated				
Structures and improvements	188,704	9,561	3,258	195,007
Equipment	108,314	9,942	7,535	110,721
Infrastructure	6,528,345	153,274	16,304	6,665,315
Total-Capital assets, being depreciated	6,825,363	172,777	27,097	6,971,043
Less: accumulated depreciation,				
Structures and improvements	34,166	3,579	39	37,706
Equipment	65,349	8,090	10,625	62,814
Infrastructure	1,867,102	148,339	8,935	2,006,506
Total accumulated depreciation	1,966,617	160,008	19,599	2,107,026
Total capital assets, net	\$ 6,287,359	\$ 468,398	\$ 170,267	\$ 6,585,490

B. Depreciation Expense, Primary Government:

The depreciation expense for the year ended June 30, 2020, for the primary government was charged as follows (amounts expressed in thousands):

Governmental activities:

Function	Amount
General government	\$ 27,300
Education	3,489
Human resources	24,710
Health and mental hygiene	11,481
Environment	448
Public safety	49,366
Natural resources and recreation	20,346
Transportation	1,187,598
Agriculture	23,244
Labor, licensing and regulation	455
Judicial	2,452
Total depreciation expense – governmental activities	\$ 1,350,890

Business-type activities:

Function	Amount
MLGCA	\$ 87
Transportation Authority	158,887
Maryland Correctional Enterprises	1,008
Economic Development Loan Programs	26
Total depreciation expense – business-type activities	\$ 160,008

11. Long-Term Obligations:

A. Governmental Activities:

Changes in governmental activities' long term debt, for the year ended June 30, 2020, which do not include direct borrowings or direct placements, were as follows (amounts expressed in thousands):

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Bonds and Notes Payable:					
General Obligation Bonds	\$ 9,606,909	\$ 1,327,230	\$ 1,161,671	\$ 9,772,468	\$ 903,908
Transportation Bonds	3,342,945	490,000	205,755	3,627,190	254,860
Add: Issuance premiums	1,692,376	342,429	253,704	1,781,101	
Total bonds and notes payable	14,642,230	2,159,659	1,621,130	15,180,759	1,158,768
Other Liabilities:					
Compensated absences	340,964	205,726	211,545	335,145	219,550
Self insurance costs	382,593	1,673,334	1,711,298	344,629	107,039
Net pension liability	18,839,258	152,880	366,981	18,625,157	
Net other post employment benefits liability	15,018,851	2,238,333		17,257,184	
Obligations under capital leases	756,732	4,463	50,364	710,831	100,754
Obligations under capital leases with component units	68,403		8,891	59,512	22,850
Pollution remediation	160,967	178	760	160,385	697
Other long-term liabilities	1,515		722	793	376
Total other liabilities	35,569,283	4,274,914	2,350,561	37,493,636	451,266
Total long-term liabilities - governmental activities	\$ 50,211,513	\$ 6,434,573	\$ 3,971,691	\$ 52,674,395	\$ 1,610,034

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, 2020. 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 2020, the State issued \$1,327,230,000, of general obligations at a premium of \$277,832,000, with related issuance costs of \$2,229,000.

Included in bond issuances were \$232,230,000, to refund certain outstanding general obligation bonds issued between 2009 and 2012. From the refunding bonds and related premium of \$27,454,000, \$259,433,000, 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 \$24,714,000. The economic gain on the transaction, that is, the difference between the present value of the debt service service streams for the refunding debt and refunded debt, was \$23,474,000.

Previously refunded bonds of \$1,110,010,000, maturing in fiscal years 2021-2028 and callable in fiscal years 2021-2024 were considered defeased as of June 30, 2020. 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, 2020, were as follows (amounts expressed in thousands):

Issue	Maturity	Interest Rates		Annual Principal Installments	Principal Issued	Principal Outstanding
12/20/06 ^(b)	2022	-	%	\$ 4,378	\$ 4,378	\$ 4,378
12/18/07 ^(b)	2023	-		4,986	4,986	4,986
12/16/08 ^(b)	2010-2021	1.6		464	5,563	463
12/16/09 ^(d)	2025	-		50,320	50,320	50,320
12/17/09 ^(b)	2011-2025	1.6		371	5,563	1,854
12/18/09 ^(a)	2016-2021	2.0-5.0		29,560	602,765	29,560
03/09/10 ^(c)	2019-2025	4.0-4.6		55,430-62,170	400,000	293,640
08/10/10 ^(c)	2023-2026	4.2-4.3		17,960-19,575	75,000	75,000
08/10/10 ^(d)	2026	4.4		45,175	45,175	45,175
12/08/10 ^(b)	2026	5.0		4,543	4,543	4,543
08/05/11 ^(b)	2027	4.2		15,900	15,900	15,900
08/05/11 ⁽ⁱ⁾	2027	4.2		6,500	6,500	6,500
03/20/12 ^(a)	2023	1.7		38,295-40,005	138,380	78,300
08/14/12 ^(g)	2016-2028	2.5		120-1,765	26,340	4,400
08/14/12 ^(h)	2016-2028	2.2		27,335-46,700	478,660	157,885
08/14/12 ^(b)	2028	2.8		15,230	15,230	15,230
08/14/12 ^(a)	2019-2021	1.3		105,425	183,795	105,425
03/15/13 ^(b)	2016-2028	2.4		36,265-49,105	500,000	222,965
03/15/13 ^(a)	2018-2022	1.1		4,215-33,480	165,135	37,695
08/06/13 ^(h)	2018-2029	3.2		32,795-46,770	435,000	200,455
12/19/13 ^(b)	2015-2029	-		303	4,549	2,730
03/18/14 ^(h)	2018-2029	2.8		35,430-46,695	450,000	207,285
03/18/14 ^(a)	2015-2022	1.2		15,440-68,925	236,855	84,365
08/05/14 ^(g)	2017-2020	2.0-5.0		4,870	50,385	4,870
08/05/14 ^(b)	2017-2029	3.0-5.0		22,490-48,920	449,615	240,240
08/05/14 ^(a)	2020-2024	5.0-5.3		35,500-201,915	649,715	649,715
12/18/14 ^(b)	2016-2030	-		308	4,625	3,084
03/17/15 ^(b)	2018-2030	3.0-5.0		31,545-52,520	518,000	252,900
03/17/15 ^(a)	2020-2026	4.0		1,135-170,850	365,360	365,360
08/03/15 ^(b)	2020-2031	2.8-5.0		31,090-49,495	450,000	402,795
12/17/15 ^(b)	2017-2031	-		308	4,625	3,392
06/22/16 ^(h)	2019-2031	3.0-5.0		64,485-105,035	1,036,000	916,100
12/15/16 ^(b)	2018-2032	-		312	4,680	3,744
03/22/17 ^(h)	2022-2032	3.3-5.0		25,345-65,980	575,000	575,000
03/22/17 ^(c)	2020-2022	1.8-2.3		17,190-41,750	100,000	58,940
03/22/17 ^(a)	2018-2028	5.0		4,475-123,030	465,685	456,685
08/30/17 ^(h)	2021-2033	3.0-5.0		30,945-54,850	550,000	550,000
08/30/17 ^(a)	2020-2027	5.0		5,250-232,180	785,340	784,180
12/15/17 ^(b)	2019-2033	-		322	4,823	4,179
03/21/18 ^(b)	2022-2033	3.1-5.0		12,335-51,985	475,000	475,000
03/21/18 ^(c)	2021-2022	2.5-2.7		19,215-30,785	50,000	50,000
08/15/18 ⁽ⁱ⁾	2021-2028	5.0		28,695-40,725	275,295	275,295
08/15/18 ⁽ⁱ⁾	2029-2033	4.0-5.0		42,815-50,805	234,705	234,705
04/09/19 ⁽ⁱ⁾	2022-2029	5.0		27,755-39,055	265,040	265,040
04/09/19 ⁽ⁱ⁾	2030-2033	3.0-5.0		41,005-48,665	224,960	224,960
08/28/19 ⁽ⁱ⁾	2023-2029	5.0		14,890-43,995	248,675	248,675
08/28/19 ⁽ⁱ⁾	2030-2034	2.0-5.0		46,250-53,725	251,325	251,325
08/28/19 ^(c)	2022-2023	1.6		17,975-32,025	50,000	50,000
03/18/20 ⁽ⁱ⁾	2024-2030	5.0		14,985-43,170	245,055	245,055
03/18/20 ⁽ⁱ⁾	2031-2035	4.0-5.0		45,330-54,570	249,945	249,945
03/18/20 ^(c)	2023-2024	0.9-1.0		17,780-32,220	50,000	50,000
03/18/20 ^(b)	2020-2026	3.0-5.0	%	14,360-67,075	232,230	232,230
					<u>\$ 12,720,720</u>	<u>\$ 9,772,468</u>

^(a) Includes refunding debt

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

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

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

^(e) Taxable bond sale

^(f) Institutional bond sale

^(g) Negotiated bond sale

^(h) Competitive bond sale

⁽ⁱ⁾ Qualified Energy Construction bond sale

General obligation bonds authorized, but unissued, as of June 30, 2020, totaled \$2,482,652,000.

As of June 30, 2020, 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
2021.....	\$ 903,908	\$ 414,237
2022.....	944,177	373,038
2023.....	980,555	328,292
2024.....	940,594	284,241
2025.....	946,644	243,583
2026-2030.....	3,584,667	681,413
2031-2035.....	1,471,922	115,034
Total	\$ 9,772,468	\$ 2,439,839

Subsequent to June 30, 2020, on August 5, 2020, general obligation bonds aggregating \$1,011,390,000, 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, 2020, were as follows (amount expressed in thousands):

	Outstanding
Consolidated Transportation Bonds – 2.0% to 5.5%, due serially through 2033 for	
State transportation activity.....	\$ 3,263,810
Consolidated Transportation Bonds, Refunding – 4.0% to 5.0%, due serially through 2027 for	
State transportation activity.....	363,380
Total	\$ 3,627,190

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, 2020, and thereafter. The aggregate principal amount of those bonds that was allowed to be outstanding as of June 30, 2020, was \$3,773,000,000. The aggregate principal amount of Consolidated Transportation Bonds outstanding as of June 30, 2020, was \$3,627,190,000. 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 2019 session of the General Assembly established a maximum outstanding principal amount of \$951,000,000, as of June 30, 2020, 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, 2020, the Department’s nontraditional debt outstanding was \$612,900,000, 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, 2020.

During the year, the Department issued Consolidated Transportation Bonds in the amount of \$490,000,000, with net premiums of \$64,597,000, with maturities ranging from October 2022 to October 2034, and with interest rates ranging from 2.1% to 5.0%. As of June 30, 2020, the Department has \$112,440,000, of defeased debt outstanding.

As of June 30, 2020, 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
2021	\$ 254,860	\$ 150,955
2022	296,750	137,680
2023	333,310	123,770
2024	282,305	107,476
2025	282,185	94,237
2026-2030	1,413,395	280,652
2031-2035	764,385	46,592
Total	\$ 3,627,190	\$ 941,362

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 \$13,629,000, and certain debt service sinking fund amounts aggregating \$17,757,000, were invested in money market accounts as of June 30, 2020. These funds are restricted for project funds and county bond debt service, respectively, and are reported as cash and cash equivalents in the agency funds. As of year end, \$113,350,000, in County Transportation Revenue Bonds were outstanding.

Subsequent to June 30, 2020, on October 22, 2020, the Department issued \$300,000,000, of Consolidated Transportation Bonds to fund transportation projects.

Obligations Under Capital Leases –

Obligations under capital leases as of June 30, 2020, bore interest at annual rates ranging from 0.1% to 6.7%. Capital lease obligations with third parties in fiscal year 2020 increased by \$4,463,000, for master equipment leases 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, 2020, (amounts expressed in thousands):

Years Ending June 30,	Capital Lease Obligations with	
	Third Parties	Component Units
2021	\$ 111,226	\$ 16,099
2022	110,354	16,112
2023	103,546	15,275
2024	99,548	15,284
2025	94,795	13,944
2026-2030	383,080	32,976
2031-2035	136,794	25,053
2036-2040	33,880	21,686
Total future minimum payments	1,073,223	156,429
Less: Amount representing interest	229,434	38,604
Less: Restricted cash and investments	132,958	58,313
Present value of net minimum payments	\$ 710,831	\$ 59,512

The reduction shown for restricted cash and investments in the amounts of \$132,959,000, and \$58,313,000, 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	\$	98,068
Land and improvements		19,041
Buildings and improvements		1,453,862
Machinery and equipment		284,445
Infrastructure		335,141
Total acquired assets		2,190,557
Less: Accumulated depreciation		1,045,909
Total capital assets - net	\$	1,144,648

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 \$160,385,000, 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 \$157,585,000. 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 \$2,800,000, 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, 2020 is as follows (amounts expressed in thousands):

Years Ending June 30,	Principal	Interest
2021.....	\$ 376	\$ 9
2022.....	283	5
2023.....	67	
2024.....	67	
Total	\$ 793	\$ 14

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, 2020, were as follows (amounts expressed in thousands):

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Bonds Payable:					
Revenue bonds payable	\$ 4,773,362	\$ 1,049,549	\$ 302,815	\$ 5,520,096	\$ 271,605
Other Liabilities:					
Lottery prizes	34,947	2,171	5,403	31,715	3,836
Escrow deposits	66,551	20,648	13,771	73,428	22,930
Compensated absences	16,148	8,004	6,153	17,999	3,554
Self-insurance costs	15,962	7,362	3,560	19,764	2,966
Pension liability	298,096		10,557	287,539	
Total other liabilities	431,704	38,185	39,444	430,445	33,286
Total long-term liabilities – business type activities	\$ 5,205,066	\$ 1,087,734	\$ 342,259	\$ 5,950,541	\$ 304,891

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
2021	\$ 170,449	\$ 83,832	\$ 25,130	\$ 10,140	\$ 72,625	\$ 95,623
2022	87,677	79,783	26,375	8,886	77,868	100,986
2023	73,033	77,889	27,605	7,659	87,472	97,332
2024	72,028	76,109	24,355	6,298	91,254	93,355
2025	74,054	74,240	25,725	5,080	95,144	89,266
2026-2030	437,724	334,837	118,055	10,919	480,596	379,793
2031-2035	489,317	257,558			468,384	274,114
2036-2040	444,731	182,457			477,520	167,711
2041-2045	382,858	115,569			353,856	64,199
2046-2050	344,239	51,694			167,184	16,970
2051-2055	65,391	15,041			21,565	431
2056-2060	37,063	4,671				
2061-2065	6,300	255				
Subtotals	2,684,864	1,353,935	247,245	48,982	2,393,468	1,379,780
Discounts and premiums	48,198		10,437		134,299	
Totals	\$ 2,733,062	\$ 1,353,935	\$ 257,682	\$ 48,982	\$ 2,527,767	\$ 1,379,780

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 \$3,390,322,000, and revenues of each mortgage loan program are pledged as collateral for the revenue bonds. Interest rates range from 0.6% to 6.8%, with the bonds maturing serially through 2060. The principal amount outstanding as of June 30, 2020, was \$2,733,062,000. 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 2020, the Administration issued \$556,600,000, of revenue bonds with interest rates ranging from 0.6% to 5.0% and maturing serially through 2060.

There were no economic refundings for the year ended June 30, 2020. 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 \$705,000, as of June 30, 2020.

Subsequent to June 30, 2020, the Administration issued a total of \$203,560,000, and redeemed a total of \$89,445,000, 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 \$2,770,000, to \$24,640,000, to March 1, 2030. The principal amount outstanding as of June 30, 2020, was \$257,682,000. These bonds are payable solely from the revenue, money or property of the Administration.

Maryland Transportation Authority Bonds:

Bonds outstanding as of June 30, 2020, are as follows (amounts expressed in thousands):

BWI Consolidated Car Rental Facility Revenue Bonds, Series 2002, maturing in annual installments ranging from \$3,945 to \$8,505 from July 1, 2020, to July 1, 2032, with interest rates ranging from 2.7% to 6.7%, payable semiannually	\$ 77,375
BWI Airport Parking Revenue Refunding Bonds, Series 2012A and 2012B, maturing in annual installments ranging from \$13,115 to \$16,455 from March 1, 2021, to March 1, 2027, with interest rates ranging from 4.0% to 5.0% payable semiannually	101,135
Lease Revenue Refunding Bonds, Series 2015, maturing in annual installments ranging from \$1,085 to \$1,422 from July 1, 2020, to July 1, 2032, with an interest rate of 2.6% payable semiannually	15,689
Series 2017 Revenue Refunding Bonds maturing in annual installments of \$4,780 to \$11,030, from July 1, 2020 to July 1, 2040, with interest rates ranging from 3.0% to 5.0% payable semiannually	161,250
Series 2008 A Revolving loan under the Transportation Infrastructure Finance and Innovation Act (TIFIA), for the Intercounty Connector Project maturing to July 1, 2047 with a fixed interest rate at 2.6% and an accreted amount	494,444
Series 2009 Revenue Bonds, for construction and improvements of Authority's Transportation Facilities projects, maturing from July 1, 2020 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, 2020 to July 1, 2041, with interest rates ranging from 3.0% to 5.8% payable semiannually	302,160
Passenger Facility Charge Revenue Bonds, Series 2012A, maturing in annual installments of \$2,255 to \$3,780 from June 1, 2021 to June 1, 2032, with interest rates ranging from 0.7% to 4.3% payable semiannually	35,260
Series 2012 Revenue Refunding Bonds maturing in annual installments of \$4,230 to \$6,225, from July 1, 2020 to July 1, 2029, with interest rates ranging from 3.0% to 5.0% payable semiannually	52,335
Passenger Facility Charge Revenue Bonds, Series 2012B, maturing in annual installments of \$6,780 to \$7,765 from June 1, 2021 to June 1, 2027, with interest rates ranging from 0.6% to 2.7% payable semiannually	50,705
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 0.2%	43,400
Passenger Facility Charge Revenue Bonds BWI Thurgood Marshall Airport, Series 2014, maturing in annual installments of \$1,745 to \$2,535 from June 1, 2021 to June 1, 2034, with interest rates ranging from 0.4% to 3.8% payable semiannually	31,790
Lease Revenue Refunding Bonds Metrorail Parking Projects, Series 2014, maturing in annual installments ranging from \$1,780 to \$2,395 from July 1, 2020, to July 1, 2028, with interest rates ranging from 2.0% to 5.0%, payable semiannually	18,990
Series 2019 Revenue Refunding Bonds maturing in annual installments of \$11,475 to \$13,375, from July 1, 2020 to July 1, 2023, with an interest rate of 5.0% payable semiannually	49,715
Passenger Facility Charge Revenue Bonds, Series 2019, maturing in annual installments of \$3,620 to \$8,145 from June 1, 2021 to June 1, 2039, with interest rates ranging from 1.5% to 2.8% payable semiannually	108,705
Series 2020 Revenue Refunding 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
Unamortized premium	134,299
Total	<u>\$ 2,527,767</u>

Revenue bonds are payable solely from the revenues of the transportation facilities projects. Capital assets constructed for BWI facilities, WMATA Metrorail 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, 2020, 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
2021	\$ 6,512	\$ 422	\$ 101,835	\$ 45,907
2022	7,606	358	88,480	41,311
2023	4,354	274	89,460	37,331
2024	3,134	208	86,350	33,319
2025	526	159	76,735	29,728
2026-2030	1,515	719	371,100	98,678
2031-2035	1,332	578	214,245	34,352
2036-2040	1,490	418	76,170	5,062
2041-2045	1,669	237		
2046-2050	1,287	45		
Total	29,425	3,418	1,104,375	325,688
Accumulated accreted interest, premiums and discounts			118,913	
Total	\$ 29,425	\$ 3,418	\$ 1,223,288	\$ 325,688

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, 2020, higher education institutions have defeased debt outstanding of \$47,510,000, 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, 2020, cash and investments were held by the trustees for the higher education institutions in the amount of \$62,087,000, for the University System of Maryland (System), \$2,000, for St. Mary's College of Maryland, and \$5,514,000, for Morgan State University.

On September 18, 2019, University System of Maryland issued \$107,965,000, of 2019 Series C Bonds at interest rates ranging from 3.0% to 5.0% maturing from 2022 to 2030 for refinancing \$127,000,000, 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 \$14,852,000. The economic gain on the transaction was \$13,417,000.

Obligations under capital leases of \$17,654,000, existed as of June 30, 2020, 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):

Years Ending June 30,	Principal	Interest
2021	\$26,471	\$40,935
2022	27,730	39,684
2023	27,672	38,309
2024	28,565	36,936
2025	27,445	35,732
2026-2030	114,390	159,254
2031-2035	135,314	130,406
2036-2040	167,860	94,498
2041-2045	189,021	51,649
2046-2048	89,500	6,767
Total	833,968	634,170
Unamortized premium net of unamortized discount	114,053	
Total	\$948,021	\$634,170

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, 2020, 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.

In October 2019, the Authority issued the Maryland Stadium Authority Ocean City Convention Facility Expansion Lease Revenue Bonds, Tax-Exempt, Series 2019C for \$20,915,000. The proceeds will be used for issuance costs, capitalized interest, and to fund a portion of the expansion of the Ocean City Convention Center. The first two years are interest only and will be funded with the capitalized interest. Interest is payable semiannually at the rate of 3.0% to 5.0% per annum. This bond will mature on December 15, 2039.

As of June 30, 2020, 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	\$5,568	1.0% to 6.1%	December 15, 2023
Football Stadium	53,138	Variable	March 1, 2026
Hippodrome Performing Arts Center	3,050	0.7% to 2.5%	June 15, 2022
Montgomery County Conference Center	5,967	4.0% to 5.0%	June 15, 2024
Camden Station	3,480	3.0% to 5.2%	December 15, 2024
Camden Yards Complex	39,535	2.8% to 3.7%	March 1, 2039
Baltimore City Public Schools Construction	812,788	5%	May 1, 2047
Ocean City Convention Facility	24,494	3.0% to 5.0%	December 15, 2039
Total	\$948,020		

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 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.

Changes in the self-insurance liabilities during fiscal year 2019 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	\$ 17,607	\$ 12,301	\$ 10,298	\$ 19,610	\$ 8,669
Employee health benefits	103,000	1,565,596	1,565,596	103,000	103,000
Workers' compensation	252,288	69,568	61,873	259,983	28,570
Governmental activities self-insurance costs	372,895	1,647,465	1,637,767	382,593	140,239
Business-type activities workers' compensation	14,509	5,447	3,994	15,962	2,394
Component units workers' compensation	38,326	5,683	6,607	37,402	5,610
Total self-insurance costs	\$ 425,730	\$ 1,658,595	\$ 1,648,368	\$ 435,957	\$ 148,243

As of June 30, 2019, the Program held \$212,390,000, 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 \$37,031,892,000. 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, 2020, the State had reported outstanding general obligation bonds and capital leases applicable to these non-State projects of \$6,750,216,000. Without State financing for these capital assets, the State would have reported an unrestricted deficit for governmental activities in the amount of \$30,281,676,000.

The statement of net position for the primary government reported \$3,675,223,000, of restricted net position, including \$310,451,000, 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 Maryland Department of Transportation	Other Governmental Funds	Total Governmental Funds
Fund balances:				
Nonspendable - Prepaid items, inventories and long-term loans and notes receivable	\$ 2,021,279	\$ 92,795		\$ 2,114,074
Restricted:				
Debt service			\$ 310,451	310,451
Other purposes	18,638			18,638
Committed:				
State Reserve Fund	1,232,107			1,232,107
Hospital Uncompensated Care	9,809			9,809
Other health and mental hygiene	167,301			167,301
Education	315,581			315,581
Aid for higher education	19,853			19,853
Human resources	16,902			16,902
Public safety	86,527			86,527
Mortgage Services Settlement Fund	15,821			15,821
Public Utility Customer Investment Fund	256			256
Other judicial	39,442			39,442
Labor, licensing and regulation	38,379			38,379
Waterway improvements	7,714			7,714
Ocean beach replenishment	7,008			7,008
Other natural resources and recreation	116,618			116,618
Housing and community development	13,454			13,454
Environment	23,487			23,487
Agriculture	65,908			65,908
Commerce	50,605			50,605
Capital projects	29,000		702,427	731,427
Other purposes	134,154			134,154
Unassigned	(1,410,135)	(56,613)	(137,736)	(1,604,484)
Total fund balances	\$ 3,019,709	\$ 36,182	\$ 875,142	\$ 3,931,033

A portion of the general fund's committed fund balance, in the amount of \$1,232,107,000 as of June 30, 2020, includes the State Reserve Fund, which consists primarily of the Revenue Stabilization Account with a balance of \$1,177,242,000. 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:

Condensed Statement of Net Position		
As of June 30, 2020		
<i>(Expressed in Thousands)</i>		
	Community Development Administration	Maryland Water Quality Administration
Assets:		
Current restricted assets	\$ 1,303,096	\$ 32,842
Non-current restricted assets	2,087,226	116,302
Total assets	<u>3,390,322</u>	<u>149,144</u>
Liabilities:		
Current liabilities	276,711	30,778
Non-current liabilities	2,597,332	229,150
Total liabilities	<u>2,874,043</u>	<u>259,928</u>
Net position:		
Restricted	515,574	(110,784)
Total net position	<u>\$ 515,574</u>	<u>\$ (110,784)</u>

Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020
(Expressed in Thousands)

	Community Development Administration	Maryland Water Quality Administration
Operating income (expenses):		
Interest on loan income	\$ 67,244	\$ 1,729
Other operating revenues	9,527	
Other operating expenses	(47,320)	
Operating income (loss)	29,451	1,729
Non-operating revenues (expenses)	42,666	(6,881)
Change in net position	72,117	(5,152)
Total net position - beginning	443,457	(105,632)
Total net position - ending	\$ 515,574	\$ (110,784)

Condensed Statement of Cash Flows
For the Year Ended June 30, 2020
(Expressed in Thousands)

	Community Development Administration	Maryland Water Quality Administration
Net cash from:		
Operating activities	\$ (17,653)	
Non-capital financing activities	313,930	\$ (35,199)
Investing activities	(259,584)	35,199
Beginning cash and cash equivalents	638,569	
Ending cash and cash equivalents	\$ 675,262	

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 State employees (other than employees covered by the Maryland Transit Administration Pension Plan described below) and employees of 153 participating political subdivision or other entities within the State.

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 Comprehensive Annual 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/CAFR/>.

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 2020, for the State Pool, the State paid \$2,008,467,000, of the required contribution totaling \$2,008,467,000, which was 18.0% of covered payroll and 100.0% of the required payment. The State makes non-employer contributions to the System for local school system teachers for retirement costs other than normal costs. The covered payroll amount includes amounts for employees for whom the State pays retirement benefits, but does not pay the payroll. As of June 30, 2020, the State's membership includes 360,350 active members, 42,565 vested former members, and 148,098 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, 2020:

Valuation method	Individual Entry Age Normal Cost Method
Salary increases	0 to 8.50% per year (excludes wage inflation), varies by plan
Inflation	2.60% price; 3.10% wage
Rate of return on investments	7.40%
Discount rate	7.40%
Post-retirement benefit increase	2.19% - 3.10% for service prior to July 1, 2011 1.42% - 3.10% 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, 2020, the outstanding balance was \$6,773,000. These payments are due over various time periods, based on the date of the employer's withdrawal.

Discount rate:

A single discount rate of 7.40% 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 7.45%. 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, 2020, the State reported a liability of \$19,285,251,000, (\$17,567,880,000, for Governmental Activities, \$287,538,000, for Business-Type Activities and \$1,429,833,000, for Component Units), for its proportionate share of the net pension liability (NPL). The NPL was measured as of June 30, 2020, and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020. The State's proportion of the NPL was based on adjusted contributions to the System in fiscal year 2019 relative to adjusted contributions of the State and all participating local governments, actuarially determined. As of June 30, 2020, the State's proportion was 93.50%, 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 \$10,671,243,000, and for the other State systems is \$8,614,008,000, as of June 30, 2020.

The State recognized pension expense of \$2,454,534,000 consisting of \$1,358,184,000, applicable to the TRS and \$1,096,350,000, applicable to the other State systems, for the year ended June 30, 2020, (\$2,159,352,000 for Governmental Activities, \$37,179,000 for Business-Type Activities and \$258,003,000 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		\$ 197,017
Difference between projected and actual earnings on pension plan investment	\$ 390,291	
Contributions made subsequent to the measurement date	2,008,467	
Difference between expected and actual experience		1,342,123
Total	\$ 2,398,758	\$ 1,539,140
TRS	\$ 1,327,322	\$ 851,663
Other State Systems	1,071,436	687,477
Total	\$ 2,398,758	\$ 1,539,140

	Year ending June 30,	
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):	2021	\$ 25,290
	2022	\$ (620,793)
	2023	\$ (333,130)
	2024	\$ (115,528)
	2025	\$ (104,688)
	Total	\$ (1,148,849)

Contributions:

Deferred outflows of resources related to MSRPS of \$2,008,467,000, resulting from State contributions subsequent to the measurement date, will be recognized as a reduction of the NPL in the year ended June 30, 2021.

Rate of Return on Investments:

For the year ended June 30, 2020, 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	Discount Rate	1% Increase
	6.40%	7.40%	8.40%
State's proportionate share of the NPL	\$27,913,470	\$19,285,251	\$12,099,032

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, 2020, membership in the Plan includes 2,615 active members, 518 vested former members, and 2,005 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, 2020, the Administration's covered and total payroll was \$149,768,000.

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 2020, the Administration paid \$43,250,000, of the required contribution totaling \$55,213,341, which was 28.9% of covered payroll and 78.3% 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, 2020:

Method of funding.....	Level Dollar Entry Age Normal
Discount rate.....	4.05%
Post-retirement benefit increase.....	2.1% COLAs
Salary increase.....	Varies by participant service
Inflation.....	3.10%
Investment rate of return.....	7.45% net of investment expenses, including inflation for funded benefits
Mortality.....	RP 2014 Blue collar Tables with MP-2018.
Cost of living adjustments.....	2.1% 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 7/1/2020 and 4% of pay effective 7/1/2021. 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, 2020, are as follows (amounts expressed in thousands):

Total pension liability.....	\$ 1,393,190
Less Plan fiduciary net position.....	(335,912)
Employer net pension liability.....	\$ 1,057,278
Plan fiduciary net position as a percentage of the total pension liability.....	24.1%

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, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity.....	37%	5.2%
Credit/Debt Related Strategies.....	13%	6.5%
Rate sensitive.....	19%	-0.3%
Absolute return.....	9%	2.8%
Private equity.....	14%	4.3%
Real Assets.....	8%	1.8%
Total	100%	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2020.

For the year ended June 30, 2020, 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, 2020. 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 4.05% as well as what the MTA's net pension liability would be if it were calculated using a discount rate that is 1% lower (3.05%) or 1% higher (5.05%) than the current rate, is as follows (amount express in thousands):

	1% Decrease 3.05%	Discount Rate 4.05%	1% Increase 5.05%
<u>Net pension liability</u>	<u>\$1,273,463</u>	<u>\$1,057,277</u>	<u>\$880,615</u>

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, 2020, are as follows (amounts expressed in thousands):

	Amount
Service cost.....	\$ 42,307
Interest on the total pension liability.....	55,831
Projected investment earnings.....	(26,138)
Employee contributions.....	(4,609)
Administrative expenses and other.....	2,651
Subtotal.....	70,042
Amortization - changes of assumptions.....	33,938
Amortization- actual investment earnings different than assumed.....	(802)
Amortization-differences between actual and expected experience.....	(9,292)
Subtotal.....	23,844
<u>Total components recorded as pension expense</u>	<u>\$ 93,886</u>

For the year ended June 30, 2020, the MTA recognized pension expense \$94,094,000. As of June 30, 2020, 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.....	\$ 8,692	\$ 35,953
Changes of assumptions.....	189,246	126,923
Net difference between projected and actual earnings on pension plan investments.....	5,734	
Total	\$ 203,672	\$ 162,876

	Year ending June 30,	
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):.....	2021	\$ 24,785
	2022	21,478
	2023	(25,203)
	2024	5,640
	2025	14,096
Total		\$ 40,796

The changes in employer's net pension liability as of June 30, 2020 are as follows (amounts expressed in thousands):

Total pension liability		
Service cost.....	\$	42,308
Interest.....		55,831
Differences between expected and actual experience.....		(17,140)
Change of assumptions or other inputs.....		101,922
Benefit payments, including refunds of member contributions.....		(51,151)
Net changes in total pension liability.....		131,770
Total pension liability- beginning.....		1,261,419
Total pension liability- ending ^(a)		1,393,189
Plan fiduciary net position		
Contributions-employer.....	\$	43,250
Contributions-member.....		4,610
Net investment income.....		12,832
Benefit payments, including refunds of member contributions.....		(51,152)
Administrative expenses.....		(2,652)
Net change in plan fiduciary net position.....		6,888
Plan fiduciary net position-beginning.....		329,024
Plan fiduciary net position-ending ^(b)		335,912
Net pension liability-ending (a)-(b)	\$	1,057,277

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, 2020, the State’s Plan membership includes 81,922 active employees, 2,510 vested former employees, and 52,758 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 2020, 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, 2020:

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-2014 for healthy retirees. RP-2014 Disability Mortality Rates with Generational Projection Using Scale MP-2014 for disabled retirees. RP-2014 Pre-Retirement Mortality Rates with Generational Projection Using Scale MP-2014 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 - 8.50% graded to 4.50% over 16 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, 2020. 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, 2020.

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

Total OPEB liability	\$	16,779,614
Less: Plan fiduciary net position		355,105
Employer net OPEB liability	\$	16,424,509
Plan fiduciary net position as a percentage of the total OPEB liability		2.12%

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, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	37%	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
Total	100%	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2020.

The annual money-weighted rate of return, net of investment expenses, on Plan investments for the year ended June 30, 2020, 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, 2020. 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	\$13,638,540	\$16,424,509	\$20,068,009

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	\$19,604,491	\$16,424,509	\$13,933,409

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, 2020, are as follows (amounts expressed in thousands):

Service Cost	\$ 427,003
Interest on the total OPEB liability	516,935
Current period benefit changes	97,221
Expensed portion of current-period difference between expected and actual experience in the Total OPEB liability	24,153
Sub Total	1,065,312
Expensed portion of current-period changes of assumptions or other inputs	229,085
Projected earnings on plan investments	(26,130)
Expensed portion of current-period differences between actual and projected earnings on plan investments	4,351
Recognition of beginning of year deferred inflows of resources as OPEB expense	184,127
Recognition of beginning of year deferred outflows of resources as OPEB expense	(392,638)
Sub Total	(1,205)
Total components recorded as OPEB expense	\$ 1,064,107

The State recognized OPEB expense of \$1,064,107,000, for the year ended June 30,2020. 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	\$ 1,642,189	\$ 540,509
Difference between projected and actual earnings on OPEB plan investments	19,408	
Difference between expected and actual experience in the Total OPEB liability	643,808	
Total	\$ 2,305,405	\$ 540,509

	Year ending June 30,	
The net amount reported as deferred outflows of resources related to OPEB	2021	\$ 298,722
will be recognized in OPEB expense as shown to the right (amounts expressed in thousands):	2022	298,722
	2023	298,643
	2024	319,002
	2025	370,007
	2026	179,799
	Total	\$ 1,764,895

The changes in employer's net OPEB liability at June 30, 2020 are as follows (amounts expressed in thousands):

Total OPEB liability	
Service cost	\$ 427,003
Interest	516,935
Change of benefit terms	97,221
Differences between expected and actual experience	162,068
Changes of assumptions	1,537,159
Benefit payments, including refunds of member contributions	(601,487)
Net change in total OPEB liability	2,138,899
Total OPEB liability-beginning	14,640,716
Total OPEB liability-ending ^(a)	16,779,615
Plan fiduciary net position	
Net investment income	4,373
Net change in plan fiduciary net position	4,373
Plan fiduciary net position-beginning	350,732
Plan fiduciary net position-ending ^(b)	355,105
Net OPEB liability-ending (a)-(b)	\$ 16,424,510

A part of the increase in the net OPEB liability in the amount of \$2,138,999,000, was due to (1) extending the Employer Group Waiver Program (EGWP) prescription drug program for Medicare eligible retirees through December 31, 2020, (the EGWP was scheduled to terminate on December 31, 2018) and (2) adoption of Senate Bill 946 which provides continued drug benefits for certain Medicare retirees as of January 1, 2021. The existing EGWP program will be eliminated at that date. The State passed legislation to eliminate the prescription drug coverage of Medicare eligible retirees effective December 31, 2018. The retirees filed suit in September 2018 alleging violations of contract clauses and contract claims. The State has been enjoined from discontinuing the current prescription drug program since October 2018. Senate Bill 946 was passed after the commencement of the suit. A preliminary injunction hearing is scheduled for December 2019. An injunction in favor of State retirees could result in the future increase in net OPEB liability and the mandated expenditure.

Contributions:

For the fiscal year ended June 30, 2020, retiree plan members contributed \$ 100,174,000 , or approximately 14.3% of total retiree premiums, and the State contributed \$ 601,487,000 , or approximately 85.7%. 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, 2020, 2,350 active employees and 1,411 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, 2020:

Method of funding	Entry Age Normal, Level Percentage of Payroll
Aggregate salary growth	3.20%
Inflation	3.20%
Healthcare cost trend rate	Medical and Prescription: 5.40% in FY 2019 decreasing to 5.30% Pre-Medicare and 4.90% Post-Medicare in FY 2050 The ultimate rate 3.90%.
Mortality	RP2014 Blue Collar Fully Generational projected from 2014 using Scale MP-2018 Experience, Plan, and Assumption changes are amortized over the expected future working lifetime.
Amortization method	lifetime.
Amortization period	8 years for experience, plan and assumption changes

Net OPEB Liability of the Plan:

The Net MTA OPEB liability was measured as of June 30, 2020, 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	\$ 832,674
Less: Plan fiduciary net position	
Employer net OPEB liability	\$ 832,674
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

Discount rate:

The discount rate used to determine the total OPEB liability is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate used for the MTA OPEB to measure the total OPEB liability was 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	Current Healthcare Cost	1% Increase
	2.90%	3.90%	4.90%
Net OPEB Liability	\$684,072	\$832,674	\$1,029,264

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	Discount Rate	1% Increase
	2.13%	3.13%	4.13%
Net OPEB Liability	\$988,797	\$832,674	\$708,760

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 at June 30, 2020, are as follows (amounts expressed in thousands):

Service Cost	\$ 31,898
Interest on the total OPEB liability	26,053
Changes in assumptions	(24,375)
Difference between expected and actual experience	(1,899)
Sub Total	
Total components recorded as OPEB expense	\$ 31,677

The MTA OPEB recognized OPEB expense of \$31,677,000, for the year ended June 30, 2020. 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	\$ 56,190	\$ 180,181
Difference between expected and actual experience		11,535
Total	\$ 56,190	\$ 191,716

	Year ending June 30,	
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):	2021	\$ (26,274)
	2022	(26,274)
	2023	(26,274)
	2024	(26,274)
	2025	(26,274)
	Thereafter	(4,155)
	Total	\$ (135,525)

The changes in employer's net OPEB liability as of June 30, 2020 are as follows (amounts expressed in thousands):

Total OPEB liability	
Service Cost	\$ 31,898
Interest	26,053
Differences between expected and actual experience	(1,121)
Changes of assumptions	64,217
Benefit payments, including refunds of member contributions	(17,240)
Net change in total OPEB liability	103,807
Total OPEB liability-beginning	728,867
Total OPEB liability-ending ^(a)	832,674
Plan fiduciary net position	
Contributions-employer	17,240
Benefit payments, including refunds of member contributions	(17,240)
Net change in plan fiduciary net position	
Plan fiduciary net position-beginning	
Plan fiduciary net position-ending ^(b)	
Net OPEB liability-ending (a)-(b)	\$ 832,674

17. Commitments:

As noted in Note 2, encumbrance accounting is used to account for outstanding commitments for open purchase orders and unfulfilled contracts in some governmental funds. Amounts related to encumbrances are reported in the general fund, \$578,134,000, and the capital projects fund, \$702,427,000, as of June 30, 2020.

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, 2020, were approximately \$95,640,000.

As of June 30, 2020, the governmental funds, other than the Department of Transportation, had commitments of approximately \$70,831,000, for service contracts.

As of June 30, 2020, the Department of Transportation and Maryland Transportation Authority had commitments of approximately \$5.8 billion and \$1.1 billion, respectively, for construction of highways and mass transit facilities.

Approximately 31.7% 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
2021.....	101,150
2022.....	95,942
2023.....	82,123
2024.....	76,621
2025.....	67,699
2026-2030.....	106,370
2031-2035.....	2,539
Total	\$ 532,444

The cost and accumulated depreciation of the assets as of June 30, 2020, were \$2,018,717,000 and \$590,994,000 , 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 \$133,965,000 , for the year ended June 30, 2020.

As of June 30, 2020, the enterprise fund loan programs had committed to lend a total of \$362,154,000 , in additional loans and had committed \$2,600,000, for service contracts. The Community Development Administration, also an enterprise fund loan program, had \$481,385,000 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, 2020, the higher education fund had commitments of approximately \$562,819,000 for the completion of projects under construction.

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, 2020, economic development loan programs were contingently liable to financial institutions for \$2,987,000, for the repayment of loans for small businesses. Non-major enterprise funds were contingently liable as insurers of \$407,024,000, of \$463,549,000, mortgage loans made by public and private lenders.

Non-major component units were contingently liable as insurers of \$3,249,000, of \$14,956,000, economic development and growth bonds issued by financial institutions.

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, 2020, 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 \$141,921,000, were made from the proceeds in the Cigarette Restitution account for fiscal year 2020 expenditure of appropriations.

As part of the Master Settlement Agreement between the states and the tobacco companies, Maryland’s share during fiscal year 2020 was \$133,803,000, including the award from the arbitration panel for attorney fees. This amount does not include \$22,066,000, 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 2025 will total \$3.49 billion. The actual amount received each year, however, will reflect adjustments for inflation and cigarette shipment volume. In addition, the State expects to receive \$118,723,000, during that same period 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, 2020. The landfill stopped accepting waste on December 31, 2010, was capped, and is now in the post closure monitoring and maintenance period. Total closure and post closure care costs for the landfill are currently estimated to be \$3,028,000, as determined through engineering studies, and \$1,666,000, has been recognized as a liability on the June 30, 2020, 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 27% filled as of June 30, 2020. Total closure and postclosure care costs for the landfill are currently estimated to be \$19,956,000, as determined through engineering studies, and \$4,567,000, has been recognized as a liability as of June 30, 2020. 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, 2019. The Service expects to satisfy these requirements as of June 30, 2020, 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, 2020, the capital assets, net of accumulated depreciation, and deferred concession arrangement receipts were \$45,097,000.

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, 2020, the capital assets and deferred service concession arrangement receipts were \$100,054,000.

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, 2020, is \$46,149,000, 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, 2020, the Statement of Net Position reflects net capital assets of \$292,405,000, and deferred service concession arrangement receipts of \$252,219,000, 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 2020. There was one tax abatement program in 2020 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 2020 ⁽¹⁾	Tax Filings - FY 2020 ⁽²⁾	Program Description
Economic Development Programs:			
One Maryland Tax Credit	\$ 10,990,000	52	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	\$ 10,994,000	190	The purpose of the program is to increase investment in Maryland Biotechnology Companies. Investors may receive a credit on their corporate or personal Maryland State income tax equal to 50% of investment not to exceed \$250,000 and for investment in companies in certain counties, 75% of investment not to exceed \$500,000. Taxes being abated are State of Maryland corporate or personal income tax. Authority under which abatements are entered into is the Annotated Code of Maryland, Tax General, Section 10-725. Taxes are reduced as an allowance of credit against income taxes. The amount in excess of the state income tax liability may be refunded (refundable). Amount is limited to the amount in the Biotechnology Investment Incentive Tax Credit Fund. If within 2 years after the close of the tax year for which the credit was claimed the investor sells, transfers or disposes or its ownership interest or if the company ceases to have its headquarters and base of operations in Maryland, the credit must be recaptured on the investors' Maryland income tax return.

Name of Program	Tax Abatements - FY 2020 ⁽¹⁾	Tax Filings - FY 2020 ⁽²⁾	Program Description
-----------------	---	--------------------------------------	---------------------

Economic Development Programs (continued):

Cybersecurity Investment Incentive Tax Credit	\$ 663,000	13	The purpose of the program is to promote investment in cybersecurity companies in Maryland. The company may receive a tax credit equal to 33% of amount invested per investor up to \$250,000 for each investor each fiscal year. The company may receive a tax credit equal to 50% of the investment per investor up to \$500,000 per investor if the company is located in certain counties. Companies are limited to a 2 year participation in the program. Taxes being abated are the Maryland Corporate income tax or personal income tax for the company receiving the investment. Authority under which abatements are entered into is the Annotated Code of Maryland Tax General Article Section 10-733. The company may take an allowance of credit against income taxes. If the credit allowed exceeds the State of Maryland income tax, an individual or a corporation may claim a refund in the amount of the excess (refundable). The provision for recapturing abated taxes requires the cybersecurity company to repay a prorated share of the credit claimed if within 2 years it ceases to operate as an active business with its headquarters and base of operations in Maryland. The prorated share is 100% if the event occurs during the taxable year the credit was claimed, 67% if the event occurs the first year after the close of the taxable year for which the credit was claimed and 33% if within 2 years after the tax year for which the tax credit was claimed.
---	------------	----	---

Housing and Community Development Program:

Sustainable Communities Tax Credit	\$ 3,417,000	152	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.
Total tax credits administered by State	\$ 33,564,000	408	

The State's tax revenues were reduced by \$697,000 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 2020 ⁽¹⁾	Tax Filings - FY 2020 ⁽²⁾	Program Description
Enterprise Zone Tax Credit	\$ 697,000	122	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.
Total tax credits administered by counties and municipalities	\$ 697,000	122	

- (1) Gross dollar amount the government's tax revenues were reduced for fiscal year 2020 as a result of tax abatement agreements
(2) Number of income tax returns filing for credit in fiscal year 2020

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 \$14,166,000, as of June 30, 2020, 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, 2020.

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, 2020.

Asset retirement obligations were estimated based upon the historical decommissioning costs of similar assets, stated in current dollars using the Implicit Price Deflator issued by the U.S. Department of Commerce, with current personnel costs and a contingency factor of 25%. Total asset retirement obligations, included in accounts payable and accrued liabilities, of \$16,166,000, and deferred outflows of resources of \$12,802,000, are included on the statement of net position as of June 30, 2020. USM is financially prepared to fund and satisfy all asset retirement obligations when required.

Required Supplementary Information

COMPREHENSIVE ANNUAL FINANCIAL REPORT, STATE OF MARYLAND



STATE OF MARYLAND
Schedule of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual -
Budgetary General, Special, and Federal Funds
For the Year Ended June 30, 2020
(Expressed in Thousands)

	General Fund			
	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Income taxes	\$ 11,339,828	\$ 11,339,828	\$ 11,750,683	\$ 410,855
Sales and use taxes	5,026,412	5,026,412	4,634,874	(391,538)
Other taxes	1,100,408	1,100,408	1,152,862	52,454
Licenses and fees	146,374	146,374	142,894	(3,480)
Charges for services	280,181	280,181	176,666	(103,515)
Interest and other investment income	50,000	50,000	61,641	11,641
Other	664,229	664,666	1,096,559	431,893
Total revenues	18,607,432	18,607,869	19,016,179	408,310
Expenditures and encumbrances by major function:				
Payments of revenue to civil divisions of the State	173,832	173,832	173,832	
Public debt	287,000	287,000	287,000	
Legislative	120,846	123,041	91,422	31,619
Judicial review and legal	685,747	697,378	671,019	26,359
Executive and administrative control	339,911	346,496	278,750	67,746
Financial and revenue administration	236,649	238,839	222,342	16,497
Budget and management	277,831	167,041	125,229	41,812
Retirement and pension				
General services	82,020	85,223	71,975	13,248
Transportation and highways				
Natural resources and recreation	73,189	77,775	63,938	13,837
Agriculture	39,840	40,185	38,416	1,769
Health, hospitals and mental hygiene	5,118,674	5,286,671	5,111,443	175,228
Human resources	596,528	618,311	612,387	5,924
Labor, licensing and regulation	55,612	56,292	47,123	9,169
Public safety and correctional services	1,254,390	1,282,160	1,264,221	17,939
Public education	8,938,918	8,983,472	8,825,355	158,117
Housing and community development	59,628	54,640	20,061	34,579
Commerce	106,627	107,107	89,326	17,781
Maryland technology development corporation	34,704	34,704	20,724	13,980
Environment	35,368	36,896	33,858	3,038
Juvenile services	264,163	272,239	261,105	11,134
State police	294,304	315,782	237,429	78,353
State reserve fund	660,621	563,621	405,621	158,000
Reversions	(30,000)	(30,000)		(30,000)
Total expenditures and encumbrances	19,706,402	19,818,705	18,952,576	866,129
Excess of revenues over (under) expenditures	(1,098,970)	(1,210,836)	63,603	(457,819)
Other sources (uses) of financial resources:				
Transfers in (out)			(15,783)	(15,783)
Excess of revenues over (under) expenditures and other sources (uses) of financial resources	(1,098,970)	(1,210,836)	47,820	(473,602)
Fund balances - beginning of the year	(7,541,038)	(7,299,460)	2,182,294	9,481,754
Fund balances - end of the year	\$ (8,640,008)	\$ (8,510,296)	\$ 2,230,114	\$ 9,008,152

See accompanying Notes to Required Supplementary Information.

STATE OF MARYLAND
Schedule of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual -
Budgetary General, Special, and Federal Funds
For the Year Ended June 30, 2020

(Expressed in Thousands)

	Special Fund				Federal Fund			
	Budget Amounts		Actual Amounts	Variance Positive (Negative)	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original Budget	Final Budget			Original Budget	Final Budget		
Revenues:								
Income taxes	\$ 253,978	\$ 253,978	\$ 276,345	\$ 22,367				
Sales and use taxes	200,000	350,000	301,786	(48,214)				
Other taxes	3,215,872	3,416,013	3,561,976	145,963				
Licenses and fees	833,693	837,407	795,622	(41,785)				
Charges for services	2,757,317	2,691,645	2,054,114	(637,531)				
Interest and other investment income	22,300	22,300	24,827	2,527			\$ 274	\$ 274
Other	1,864,502	1,950,250	1,604,105	(346,145)				
Federal revenue					\$ 13,145,667	\$ 15,516,253	14,302,145	(1,214,108)
Total revenues	9,147,662	9,521,593	8,618,775	(902,818)	13,145,667	15,516,253	14,302,419	(1,213,834)
Expenditures and encumbrances by major function:								
Payments of revenue to civil divisions of the State	1,250	1,250	1,133	117				
Public debt	1,033,970	1,033,970	1,024,442	9,528	11,533	11,533	10,385	1,148
Judicial review and legal	129,406	138,070	105,765	32,305	4,654	7,189	6,212	977
Executive and administrative control	298,070	322,453	207,773	114,680	316,881	414,619	274,859	139,760
Financial and revenue administration	165,876	172,705	151,180	21,525				
Budget and management	75,738	45,649	28,870	16,779	16,319			
Retirement and pension	25,661	26,126	21,658	4,468				
General services	4,533	5,770	3,558	2,212	1,410	1,427	1,367	60
Transportation and highways	4,086,810	4,032,962	3,905,801	127,161	1,317,909	1,676,554	1,475,032	201,522
Natural resources and recreation	397,247	401,185	305,517	95,668	41,237	43,631	28,573	15,058
Agriculture	75,617	84,324	62,126	22,198	7,232	7,721	5,289	2,432
Health, hospitals and mental hygiene	1,301,075	1,440,561	1,358,520	82,041	7,934,318	8,957,997	8,750,005	207,992
Human resources	87,493	103,823	98,131	5,692	1,701,082	2,077,959	2,007,363	70,596
Labor, licensing and regulation	225,071	233,178	156,413	76,765	202,040	226,466	160,503	65,963
Public safety and correctional services	136,634	185,731	164,850	20,881	30,523	39,142	30,953	8,189
Public education	725,946	904,322	800,428	103,894	1,562,426	1,863,448	1,230,346	633,102
Housing and community development	183,278	189,185	114,909	74,276	324,532	363,507	315,461	48,046
Commerce	102,389	102,564	37,264	65,300	4,213	101,667	97,692	3,975
Maryland technology development corporation	8,185	8,185	5,261	2,924				
Environment	637,680	638,402	416,943	221,459	93,605	147,564	83,628	63,936
Juvenile services	3,040	3,040	2,782	258	4,485	4,562	3,126	1,436
State police	108,863	114,438	105,633	8,805	7,503	7,503	6,698	805
Total expenditures and encumbrances	9,813,832	10,187,893	9,078,957	1,108,936	13,581,902	15,952,489	14,487,492	1,464,997
Excess of revenues over (under) expenditures	(666,170)	(666,300)	(460,182)	206,118	(436,235)	(436,236)	(185,073)	251,163
Other sources (uses) of financial resources:								
Transfers in (out)			507,771	507,771			185,073	185,073
Excess of revenues over (under) expenditures and other sources (uses) of financial resources	(666,170)	(666,300)	47,589	713,889	(436,235)	(436,236)		436,236
Fund balances - beginning of the year	(8,680,939)	(8,534,120)	2,608,381	11,142,501	(5,704,577)	(5,712,471)		5,712,471
Fund balances - end of the year	\$ (9,347,109)	\$ (9,200,420)	\$ 2,655,970	\$ 11,856,390	\$ (6,140,812)	\$ (6,148,707)		\$ 6,148,707

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, 2020

(Expressed in Thousands)

	General	Special
Amount in budgetary funds, fund balance (page 107-108)	\$ 2,230,114	\$ 2,655,970
Budgetary special funds reclassified to the general fund	1,708,163	(1,708,163)
Budgetary special funds reclassified to other funds		(687,827)
Other non-budgetary funds reclassified to governmental funds	712,885	(8,780)
Total of budgetary fund balances reclassified into the governmental funds' fund structure	4,651,162	251,200
Accounting principle differences:		
Assets recognized in the governmental funds financial statements not recognized for budgetary purposes:		
Cash	42,228	
Investments	20,259	
Taxes receivable	47,808	13,480
Intergovernmental receivables	(110,784)	
Other accounts receivable	(1,032,051)	
Inventories	859,677	92,795
Loans and notes receivable	(13)	
Due from other funds	2,403	15,991
Due from component units	5,932	
Liabilities and deferred inflows of resources recognized in the governmental funds financial statements not recognized for budgetary purposes:		
Salaries payable	(253,888)	
Accounts payable and accrued liabilities	(934,752)	
Due to other funds	(754,899)	
Accounts payable to political subdivisions		
Unearned revenue	547,623	(337,284)
Accrued self-insurance costs	(70,996)	
Financial statement governmental funds' fund balances, June 30, 2020 (page 31)	\$ 3,019,709	\$ 36,182

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)

	2020	2019	2018	2017	2016
Governmental Activities' Special Funding					
Situation:					
Actuarially determined contribution	\$ 1,170,248	\$ 1,143,586	\$ 1,122,986	\$ 1,137,472	\$ 1,112,989
Less: Contributions in relation to the actuarially determined contribution	1,170,248	1,143,586	1,122,986	1,137,472	1,084,049
Contribution deficiency					28,940
Covered payroll	\$ 7,492,465	\$ 7,153,063	\$ 6,941,097	\$ 6,780,838	\$ 6,611,038
Actual contributions as a percentage of covered payroll	15.6%	16.0%	16.2%	16.8%	16.4%
Other Governmental Activities:					
Actuarially determined contribution	\$ 653,760	\$ 613,280	\$ 588,649	\$ 615,316	\$ 566,475
Less: Contributions in relation to the actuarially determined contribution	653,760	613,280	588,847	615,316	528,575
Contribution deficiency			(198)		\$ 37,900
Covered payroll	\$ 2,856,830	\$ 2,642,155	\$ 2,576,216	\$ 2,638,040	\$ 2,428,412
Actual contributions as a percentage of covered payroll	22.9%	23.2%	22.9%	23.3%	21.8%
Business-Type Activities:					
Actuarially determined contribution	\$ 26,830	\$ 28,590	\$ 24,952	\$ 28,648	\$ 27,761
Less: Contributions in relation to the actuarially determined contribution	26,830	28,590	24,754	28,648	25,904
Contribution deficiency			\$ 198		\$ 1,857
Covered payroll	\$ 106,028	\$ 114,620	\$ 118,291	\$ 114,453	\$ 148,035
Actual contributions as a percentage of covered payroll	25.3%	24.9%	20.9%	25.0%	17.5%
Component Units:					
Actuarially determined contribution	\$ 157,629	\$ 143,043	\$ 142,554	\$ 142,767	\$ 130,497
Less: Contributions in relation to the actuarially determined contribution	157,629	143,043	142,554	142,767	121,766
Contribution deficiency					\$ 8,731
Covered payroll	\$ 727,484	\$ 745,147	\$ 726,634	\$ 720,191	\$ 835,211
Actual contributions as a percentage of covered payroll	21.7%	19.2%	19.6%	19.8%	14.6%

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

Notes to Schedule of Employer Contributions

Valuation Date:	June 30 Actuarially determined contribution rates are calculated as of June 30, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.*
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	18 years
Asset Valuation Method	5-year smoothed market (max. 120% and min. 80% of market value)
Inflation	2.60% general, 3.10% wage.
Salary Increases	3.10% to 11.60%
Investment Rate of Return	7.40%
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)

	2020	2019	2018	2017	2016
State of Maryland's proportion of the collective NPL:					
Governmental Activities' proportion of the System's NPL	33.59%	33.92%	33.31%	31.18%	32.01%
Governmental Activities' special funding proportion of the System's NPL	51.73	51.42	53.95	55.79	55.50
Business-Type Activities proportion of the System's NPL	1.25	1.42	1.18	1.23	1.23
Component Units' proportion of the System's NPL	6.93	7.00	5.86	5.78	5.27
Total	<u>93.50%</u>	<u>93.77%</u>	<u>94.30%</u>	<u>93.98%</u>	<u>94.01%</u>
State of Maryland's proportionate share of the collective NPL:					
Governmental Activities' proportionate share of the System's NPL	\$ 6,927,888	\$ 7,117,624	\$ 7,203,243	\$ 7,357,073	\$ 6,650,561
Governmental Activities' special funding proportionate share of the System's NPL	10,670,529	10,789,240	11,665,236	13,163,108	11,534,251
Business-Type Activities proportionate share of the System's NPL	257,001	298,096	254,227	290,202	256,231
Component Units' proportionate share of the System's NPL	1,429,833	1,469,074	1,267,498	1,363,073	1,095,290
Total	<u>\$ 19,285,251</u>	<u>\$ 19,674,034</u>	<u>\$ 20,390,204</u>	<u>\$ 22,173,456</u>	<u>\$ 19,536,333</u>
State of Maryland's covered payroll:					
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
Proportionate share of the collective NPL as a percentage of covered payroll:					
Governmental Activities' proportionate share of NPL as a % of covered payroll	242.50%	269.39%	279.61%	278.88%	273.86%
Governmental Activities' special funding proportionate share of NPL as a % of covered payroll	142.42%	150.83%	168.06%	194.12%	174.47%
Business-Type Activities proportionate share of NPL as % of covered payroll	242.39%	260.07%	214.92%	253.56%	173.09%
Component Units' proportionate share of NPL as % of covered payroll	196.54%	197.15%	174.43%	189.27%	131.14%
Plan fiduciary net position as a percentage of total pension liability - All					
	72.34%	71.18%	69.38%	65.79%	68.78%

* 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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution.....	\$ 55,213	\$ 64,649	\$ 66,495	\$ 62,217	\$ 44,736	\$ 40,807	\$ 39,749	\$ 34,582	\$ 32,859	\$ 33,928
Less: Contributions in relation to the actuarially determined contribution.....	43,250	41,597	40,997	40,997	38,037	38,361	39,749	29,519	37,859	42,528
Contribution deficiency/(excess).....	\$ 11,963	\$ 23,052	\$ 25,498	\$ 21,220	\$ 6,699	\$ 2,446	\$ 0	\$ 5,063	\$ (5,000)	\$ (8,600)
Covered payroll.....	\$ 149,768	\$ 148,445	\$ 145,834	\$ 137,154	\$ 137,427	\$ 137,680	\$ 135,545	\$ 137,596	\$ 152,276	\$ 147,474
Actual contributions as a percentage of covered payroll	28.9%	28.0%	28.1%	29.9%	27.7%	27.9%	29.3%	21.5%	24.9%	28.8%

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)
Remaining amortization period	Remaining payments range from 3 to 25 years
Asset valuation method	5-year smoothed market
Inflation	3.10%
Salary increases	Rates vary by participant service
Investment rate of return	7.45% net of investment expenses, including inflation for funded benefits
Retirement age	Rates vary by participant age
Mortality	RP-2014 Blue Collar tables with MP-2014. 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)

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost.....	\$ 42,308	\$ 36,027	\$ 37,194	\$ 36,334	\$ 45,868	\$ 24,718	\$ 19,438
Interest.....	55,831	56,520	54,904	57,881	31,181	39,236	43,472
Changes of benefit terms.....	208	(203)	3,106	2,133	\$ 82,510		
Differences between expected and actual experience.....	(17,140)	(8,528)	17,385	(20,741)	(15,024)	(19,621)	4,025
Changes of assumptions.....	101,716	(51,455)	(45,637)	(151,242)	338,950	53,480	38,643
Benefit payments, including refunds of member contributions.....	(51,151)	(42,724)	(37,203)	(39,062)	(35,283)	(30,636)	(32,598)
Net changes in total pension liability.....	131,772	(10,363)	29,749	(114,697)	448,202	67,177	72,980
Total pension liability-beginning.....	1,261,419	1,271,782	1,575,538	1,804,932	908,528	841,351	768,371
Total pension liability-ending ^(a)	\$ 1,393,191	\$ 1,261,419	\$ 1,605,287	\$ 1,690,235	\$ 1,356,730	\$ 908,528	\$ 841,351
Plan fiduciary net position							
Net investment income.....	\$ 12,832	\$ 31,023	\$ 20,550	\$ 27,739	\$ 3,513	\$ 8,279	\$ 28,742
Contributions-employer.....	43,250	41,597	40,997	40,997	38,037	38,361	39,749
Benefit payments, including refunds of member contributions.....	(51,152)	(42,724)	(37,203)	(35,967)	(35,283)	(30,636)	(32,598)
Administrative expenses.....	(2,652)	(2,325)	(2,213)	(1,914)	(1,967)	(1,851)	(2,057)
Net change in plan fiduciary net position.....	6,888	30,577	25,447	30,855	4,300	14,153	33,836
Plan fiduciary net position-beginning.....	329,024	298,447	308,155	246,445	237,845	223,692	189,856
Plan fiduciary net position-ending ^(b)	\$ 335,912	\$ 329,024	\$ 333,602	\$ 277,300	\$ 242,145	\$ 237,845	\$ 223,692
Net pension liability-ending (a)-(b).....	\$ 1,057,279	\$ 932,395	\$ 1,271,685	\$ 1,412,935	\$ 1,114,585	\$ 670,683	\$ 617,659
Plan fiduciary net position as a percentage of as a percentage of the total pension liability.....	24.1%	26.1%	20.8%	16.4%	17.8%	26.2%	26.6%
Covered payroll.....	\$ 149,768	\$ 148,445	\$ 145,834	\$ 137,154	\$ 137,427	\$ 137,680	\$ 135,545
Employer net pension liability as a percent of covered payroll.....	705.9%	628.1%	872.0%	1030.2%	811.0%	487.1%	455.7%

Notes to Schedule

Changes of Assumptions: Fiscal year 2020 Local 2 Union active employees went from contributing 2% of pay to 3% of pay effective 7/1/2020 and 4% of pay effective 7/1/2021, Local 2 Union inactive participants are now assumed to receive a 2.1% COLA in 2020, 2021, and 2022, and the discount rate was lowered from 7.45% to 7.40%

* 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)

	2020	2019	2018	2017	2016	2015	2014
Total pension liability.....	\$ 1,393,190	\$ 1,261,419	\$ 1,271,782	\$ 1,242,033	\$ 1,356,730	\$ 908,528	\$ 841,351
Less: Plan fiduciary net position.....	335,912	329,024	298,447	273,000	242,145	237,845	223,692
Employer net pension liability.....	\$ 1,057,278	\$ 932,395	\$ 973,335	\$ 969,033	\$ 1,114,585	\$ 670,683	\$ 617,659
Plan fiduciary net position as a percentage of the total pension liability.....	24.1%	26.1%	23.5%	22.0%	17.8%	26.2%	26.6%
Covered payroll.....	\$ 149,768	\$ 148,445	\$ 145,834	\$ 137,154	\$ 137,427	\$ 137,680	\$ 135,545
Employer net pension liability as a percent of covered payroll	705.9%	628.1%	667.4%	706.5%	811.0%	487.1%	455.7%

* 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
Maryland State Transit Administration Pension Plan*
Year Ending June 30,
(Expressed in Thousands)

Fiscal Year Ended	Annual money-weighted rate of return, net of investment expenses
2020	3.5%
2019	6.4%
2018	8.1%
2017	10.0%
2016	1.5%
2015	3.7%
2014	14.4%

* 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
Other Post-Employment Benefit Plan
Year Ending June 30,

(Expressed in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 611,709	\$ 644,919	\$ 532,287	\$ 779,316	\$ 634,552	\$ 574,359	\$ 576,050	\$ 634,465	\$ 704,382	\$ 1,225,206
Less: Contributions in relation to the actuarially determined contribution	601,487	499,502	562,479	526,535	490,765	449,750	402,794	393,078	385,913	368,844
Contribution deficiency/(excess)	\$ 10,222	\$ 145,417	(30,192)	\$ 252,781	\$ 143,787	\$ 124,609	\$ 173,256	\$ 241,387	\$ 318,469	\$ 856,362
Covered payroll	\$ 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	\$ 4,633,653
Actual contributions as a percentage of covered payroll	10.6%	9.3%	11.0%	10.3%	9.8%	9.1%	8.4%	8.8%	9.3%	8.0%

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 Level percent of payroll
Remaining amortization period 30 years
Asset valuation method Fair value of asset

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

	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 427,003	\$ 337,320	\$ 306,642	\$ 476,243
Interest	516,935	426,193	410,862	370,188
Change of benefit terms	97,221	2,544,752		
Differences between expected and actual experience	162,068	459,791	323,130	(82,171)
Changes of assumptions	1,537,159	471,611	(969,487)	(1,621,932)
Benefit payments, including refunds of member contributions	(601,487)	(499,502)	(562,479)	(526,535)
Net changes in total OPEB liability	2,138,899	3,740,165	(491,332)	(1,384,207)
Total OPEB liability-beginning	14,640,716	10,900,551	11,391,883	12,776,090
Total OPEB liability-ending ^(a)	\$ 16,779,615	\$ 14,640,716	\$ 10,900,551	\$ 11,391,883
Plan fiduciary net position				
Net investment income	\$ 4,373	\$ 21,460	\$ 22,599	\$ 30,624
Net change in plan fiduciary net position	4,373	21,460	22,599	30,624
Plan fiduciary net position-beginning	350,732	329,272	306,673	276,049
Plan fiduciary net position-ending ^(b)	\$ 355,105	\$ 350,732	\$ 329,272	\$ 306,673
Net OPEB liability-ending (a)-(b)	\$ 16,424,510	\$ 14,289,984	\$ 10,571,279	\$ 11,085,210
Plan fiduciary net position as a percentage of the total OPEB liability	2.1%	2.4%	3.0%	2.7%
Covered payroll	\$ 5,669,650	\$ 5,380,192	\$ 5,115,140	\$ 5,111,236
Plan net OPEB liability as a percent of covered payroll	289.7%	265.6%	206.7%	216.9%

* 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)

	2020	2019	2018	2017
Total OPEB liability	\$ 16,779,614	\$ 14,640,716	\$ 10,900,551	\$ 11,391,883
Less: Plan fiduciary net position	355,105	350,732	329,272	306,673
Employer net OPEB liability	\$ 16,424,509	\$ 14,289,984	\$ 10,571,279	\$ 11,085,210
Plan fiduciary net position as a percentage of the total OPEB liability	2.12%	2.40%	3.02%	2.69%
Covered payroll	\$ 5,669,650	\$ 5,380,192	\$ 5,115,140	\$ 5,111,236
Employer net OPEB liability as a percent of covered payroll	289.7%	265.6%	206.7%	216.9%

* 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
2020	1.3%
2019	6.5%
2018	7.4%
2017	11.1%

* 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 Benefit Plan*
Year Ending June 30,

(Expressed in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution.....	\$ 31,899	\$ 41,137	\$ 47,907	\$ 90,004	\$ 72,624	\$ 67,496	\$ 70,512	\$ 70,512	\$ 55,852	\$ 53,015
Less: Contributions in relation to the actuarially determined contribution.....	17,240	15,617	12,422	16,887	15,296	13,905	18,383	14,147	15,103	14,230
Contribution deficiency/(excess).....	\$ 14,659	\$ 25,520	\$ 35,485	\$ 73,117	\$ 57,328	\$ 53,591	\$ 52,129	\$ 56,365	\$ 40,749	\$ 38,785
Covered payroll.....	\$ 149,768	\$ 148,445	\$ 145,834	\$ 137,154	\$ 137,427	\$ 137,680	\$ 135,545	\$ 137,596	\$ 152,276	\$ 147,474
Actual contributions as a percentage of covered payroll.....	11.5%	10.5%	8.5%	12.3%	11.1%	10.1%	13.6%	10.3%	9.9%	9.6%

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)

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 31,898	\$ 41,137	\$ 47,907
Interest	26,053	29,487	25,090
Differences between expected and actual experience	(1,121)	(14,073)	
Changes of assumptions	64,217	(145,356)	(113,863)
Benefit payments, including refunds of member contributions	(17,240)	(15,617)	(12,422)
Net changes in total OPEB liability	103,807	(104,422)	(53,288)
Total OPEB liability-beginning	728,867	833,289	886,577
Total OPEB liability-ending ^(a)	\$ 832,674	\$ 728,867	\$ 833,289
Plan fiduciary net position			
Contributions-employer	\$ 17,240	\$ 15,617	\$ 13,208
Benefit payments, including refunds	(17,240)	(15,617)	(12,422)
Administrative expenses			(786)
Net OPEB liability-ending (a)-(b)	\$ 832,674	\$ 728,867	\$ 833,289
Covered payroll	\$ 149,768	\$ 148,445	\$ 145,834
Employer net OPEB liability as a percent of covered payroll	556.0%	491.0%	571.4%

* 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)

	2020	2019	2018
Total OPEB liability	\$ 832,674	\$ 728,867	\$ 833,289
Less: Plan fiduciary net position			
Employer net OPEB liability	\$ 832,674	\$ 728,867	\$ 833,289
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%
Covered payroll	\$ 149,768	\$ 148,445	\$ 145,834
Employer net OPEB liability as a percent of covered payroll	556.0%	491.0%	571.4%

* 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, 2020

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. Increases in total general fund appropriations must be approved by the General Assembly. For the fiscal year ended June 30, 2020, the General Assembly approved a net increase in General Fund appropriations of \$239,359,000. 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, 2020. 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, 2020, 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

COMPREHENSIVE ANNUAL 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.

STATE OF MARYLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2020

(Expressed in Thousands)

	Debt Service Funds			Total Non- major Governmental Funds
	General Obligation Bonds	Transportation Bonds	Capital Projects Fund	
Assets:				
Equity in pooled invested cash			\$ 358,269	\$ 358,269
Investments			345,946	345,946
Other accounts receivable			128	128
Due from other funds			2,000	2,000
Restricted Assets:				
Cash with fiscal agent	\$ 42,330			42,330
Equity in pooled invested cash	226,285			226,285
Investments	12,140			12,140
Taxes receivable, net	28,150			28,150
Other accounts receivable	366			366
Loans and notes receivable, net	1,180			1,180
Total assets	\$ 310,451		\$ 706,343	\$ 1,016,794
Liabilities:				
Vouchers payable			\$ 80,975	\$ 80,975
Accounts payable and accrued liabilities			24,858	24,858
Due to other funds			22,228	22,228
Accounts payable to political subdivisions			13,590	13,590
Total liabilities		0	141,652	141,652
Fund balances:				
Restricted	\$ 310,451			310,451
Committed			702,427	702,427
Unassigned		0	(137,736)	(137,736)
Total fund balance	310,451		564,691	875,142
Total liabilities and fund balances	\$ 310,451		\$ 706,343	\$ 1,016,794

STATE OF MARYLAND
Combining Statement of Revenues, Expenditures, Other Sources and Uses of
Financial Resources and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2020
(Expressed in Thousands)

	Debt Service Funds			Total Non- major Governmental Funds
	General Obligation Bonds	Transportation Bonds	Capital Projects Fund	
Revenues:				
Property taxes	\$ 862,907			\$ 862,907
Interest and other investment income	793		\$ 3,899	4,692
Federal revenue	10,385			10,385
Other	1,440			1,440
Total revenue	875,525		3,899	879,424
Expenditures:				
Education			373,511	373,511
Aid to higher education			259,250	259,250
Intergovernmental grants and revenue sharing			263,928	263,928
Capital outlays			134,354	134,354
Debt service:				
Principal retirement	904,347	\$ 205,755		1,110,102
Interest	418,850	151,166		570,016
Bond issuance costs			1,563	1,563
Total expenditures	1,323,197	356,921	1,032,606	2,712,724
Deficiency of revenues under expenditures	(447,672)	(356,921)	(1,028,707)	(1,833,300)
Other sources (uses) of financial resources:				
Bonds issued			1,095,000	1,095,000
Refunding bonds issued			232,230	232,230
Bond premium	248,363		29,469	277,832
Payments to refunded bond escrow agent			(259,433)	(259,433)
Transfers in	293,964	356,921	227,903	878,788
Transfers out			(123,350)	(123,350)
Total other sources of financial resources	542,327	356,921	1,201,819	2,101,067
Net changes in fund balances	94,655		173,112	267,767
Fund balances, beginning of year	215,796		391,579	607,375
Fund balances, end of year	\$ 310,451		\$ 564,691	\$ 875,142

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, 2020

(Expressed in Thousands)

	Economic Development Insurance Programs	Maryland Correctional Enterprises	Total Non-Major Enterprise Funds
Assets-			
Current assets:			
Equity in pooled invested cash	\$ 2,543	\$ 12,703	\$ 15,246
Other accounts receivable		12,251	12,251
Inventories		14,851	14,851
Other assets	786	136	922
Restricted equity in pooled invested cash	84,649		84,649
Total current assets	87,978	39,941	127,919
Non-current assets:			
Investments	2,528		2,528
Capital assets, net of accumulated depreciation:			
Structures and improvements		1,943	1,943
Equipment		6,221	6,221
Total non-current assets	2,528	8,164	10,692
Total assets	90,506	48,105	138,611
Deferred outflows of resources		4,142	4,142
Liabilities-			
Current liabilities:			
Accounts payable and accrued liabilities	204	2,062	2,266
Accrued insurance on loan losses	9,678		9,678
Other liabilities	331	867	1,198
Unearned revenue	397	302	699
Total current liabilities	10,610	3,231	13,841
Non-current liabilities:			
Other liabilities	2,593	16,011	18,604
Total non-current liabilities	2,593	16,011	18,604
Total liabilities	13,203	19,242	32,445
Deferred inflows of resources		1,594	1,594
Net Position-			
Net investment in capital assets		8,164	8,164
Restricted for insurance programs	84,649		84,649
Unrestricted (deficit)	(7,346)	23,247	15,901
Total net position	\$ 77,303	\$ 31,411	\$ 108,714

STATE OF MARYLAND
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Non-major Enterprise Funds
For the Year Ended June 30, 2020
(Expressed in Thousands)

	Economic Development Insurance Programs	Maryland Correctional Enterprises	Total Non-Major Enterprise Funds
Operating revenues:			
Charges for services and sales	\$ 904	\$ 55,772	\$ 56,676
Unrestricted interest on loan income	553		553
Other	494		494
Total operating revenues	1,951	55,772	57,723
Operating expenses:			
Cost of sales and services		45,578	45,578
General and administrative	1,230	9,111	10,341
Depreciation and amortization		1,007	1,007
Provision for insurance on loan losses	1,090		1,090
Total operating expenses	2,320	55,696	58,016
Operating income (loss)	(369)	76	(293)
Non-operating revenues (expenses):			
Restricted investment income	1,194		1,194
Other		2	2
Total non-operating revenues (expenses)	1,194	2	1,196
Changes in net position	825	78	903
Total net position - beginning of the year	76,478	31,333	107,811
Total net position - end of the year	\$ 77,303	\$ 31,411	\$ 108,714

STATE OF MARYLAND
Combining Statement of Cash Flows
Non-major Enterprise Funds
For the Year Ended June 30, 2020
(Expressed in Thousands)

	Economic Development Insurance Programs	Maryland Correctional Enterprises	Total Non-Major Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	\$ 1,266	\$ 50,429	\$ 51,695
Payments to suppliers		(40,596)	(40,596)
Payments to employees	(978)	(15,157)	(16,135)
Other receipts	1,119		1,119
Other payments	(1,285)		(1,285)
Net cash provided by (used in) operating activities	122	(5,324)	(5,202)
Cash flows from capital and related financing activities:			
Acquisition of capital assets		(862)	(862)
Net cash provided by (used in) capital and related financing activities		(862)	(862)
Cash flows from investing activities:			
Interest received on debt instruments of other entities	1,194		1,194
Net cash provided by (used in) investing activities	1,194		1,194
Net change in cash and cash equivalents	1,316	(6,186)	(4,870)
Balance - beginning of the year	85,876	18,889	104,765
Balance - end of the year	\$ 87,192	\$ 12,703	\$ 99,895
Reconciliation of operating income to net cash			
from operating activities:			
Operating income (loss)	\$ (369)	\$ 76	\$ (293)
Adjustments to reconcile operating income to net cash			
from operating activities:			
Depreciation and amortization		1,007	1,007
Deferred inflows of resources		(52)	(52)
Deferred outflows of resources			
Effect of changes in non-cash operating assets and liabilities:			
Other accounts receivable		(5,344)	(5,344)
Inventories		(2,047)	(2,047)
Other assets	387	(81)	306
Accounts payable and accrued liabilities	154	515	669
Accrued insurance and loan losses	97		97
Unearned revenue	(147)		(147)
Other liabilities		602	602
Net cash from operating activities	\$ 122	\$ (5,324)	\$ (5,202)

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 agency funds are custodial in nature and do not present the results of operations or have a measurement focus. The State uses agency 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, 2020

(Expressed in Thousands)

	Maryland State Retirement and Pension System	Maryland Transit Administration Pension Plan	Postretirement Health Benefits Trust Fund	Deferred Compensation Plan December 31, 2019	Total
Assets:					
Cash	\$ 1,539,742	\$ 7,865	\$ 62	\$ 3,659	\$ 1,551,329
Receivables:					
Accrued investment income	208,963				208,963
Total receivables	208,963				208,963
Investments:					
US Treasury and agency obligations	6,578,005	40,688	57,440		6,676,133
Bonds	6,449,451	39,893	41,684		6,531,028
Corporate equity securities	19,647,957	121,531	210,744		19,980,232
Mortgage related securities	1,152,454	7,128	8,496		1,168,078
Mutual funds				3,495,363	3,495,363
Guaranteed investment contracts				779,700	779,700
Real estate			29,235		29,235
Annuity contracts				63,421	63,421
Commingled funds	19,943,124	123,357	7,443		20,073,924
Investment held by borrowers under					
Total investments	53,770,991	332,597	355,042	4,338,485	58,797,115
Other receivables	784,744	4,560		47,801	837,105
Collateral for lent securities	4,142,148				4,142,148
Total assets	60,446,588	345,022	355,105	4,389,945	65,536,660
Liabilities:					
Accounts payable and accrued liabilities	64,565	9,109			73,675
Collateral obligation for lent securities	4,142,148				4,142,148
Other liabilities	1,653,838				1,653,838
Total liabilities	5,860,551	9,109			5,869,660
Net position restricted for :					
Pension benefits	54,586,037	335,913			54,921,950
Deferred compensation benefits				4,389,945	4,389,945
Postretirement health benefits			355,105		355,105
Total net position	\$ 54,586,037	\$ 335,913	\$ 355,105	\$ 4,389,945	\$ 59,667,000

STATE OF MARYLAND
Combining Statement of Changes in Plan Net Position
Pension and Other Employee Benefits Trust Funds
For the Year Ended June 30, 2020
(Expressed in Thousands)

	Maryland State Retirement and Pension System	Maryland Transit Administration Pension Plan	Postretirement Health Benefits Trust Fund	Deferred Compensation Plan December 31, 2019	Total
Additions:					
Contributions:					
Employers	\$ 1,360,121	\$ 43,250	\$ 601,487	\$ 16	\$ 2,004,874
Members	850,298	4,610		182,407	1,037,315
Sponsors	784,149				784,149
Total contributions	2,994,568	47,860	601,487	182,423	3,826,338
Investment earnings:					
Net appreciation (depreciation) in fair value of investments	392,259	(7,293)	(286)	711,778	1,096,458
Interest	456,813	20,125	4,897	25,322	507,157
Dividends	1,379,334				1,379,334
Total investment income	2,228,406	12,832	4,611	737,100	2,982,949
Less: investment expense	361,767		239		362,006
Net investment income	1,866,639	12,832	4,372	737,100	2,620,943
Total additions	4,861,207	60,692	605,859	919,524	6,447,282
Deductions:					
Benefit payments	4,108,492	51,152	601,487	268,874	5,030,005
Refunds	68,752				68,752
Administrative expenses	41,346	2,652		6,776	50,774
Total deductions	4,218,590	53,804	601,487	275,650	5,149,531
Net increase/(decrease)	642,617	6,888	4,372	643,873	1,297,751
Net position-beginning	53,943,420	329,025	350,732	3,746,072	58,369,249
Net position-ending	\$ 54,586,037	\$ 335,913	\$ 355,105	\$ 4,389,946	\$ 59,667,000

STATE OF MARYLAND
Combining Schedule of Fiduciary Net Position
Maryland State Retirement and Pension System
June 30, 2020

(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
Assets:								
Cash.....	\$ 923,471	\$ 525,757	\$ 44,736	\$ 17,075	\$ 28,703	\$ 1,539,742		\$ 1,539,742
Investments, at fair value.....	32,719,726	17,990,679	1,509,788	486,872	1,063,926	53,770,991		53,770,991
Other receivables.....	585,581	349,980	29,592	8,369	20,185	993,707		993,707
Due from other systems.....	72,223	46,938	101		4,703	123,965	\$ (123,965)	
Collateral for lent securities.....	2,516,678	1,394,575	115,805	37,329	77,761	4,142,148		4,142,148
Total assets.....	36,817,679	20,307,929	1,700,022	549,645	1,195,278	60,570,553	(123,965)	60,446,588
Liabilities:								
Accounts payable and accrued liabilities.....	1,041,714	582,805	48,123	15,465	30,296	1,718,403		1,718,403
Due to other system.....	44,276	79,714	(27)	2		123,965	(123,965)	
Collateral obligation for lent securities.....	2,516,678	1,394,575	115,805	37,329	77,761	4,142,148		4,142,148
Total liabilities.....	3,602,668	2,057,094	163,901	52,796	108,057	5,984,516	(123,965)	5,860,551
Net Position:								
Restricted for pension benefits.....	\$ 33,215,011	\$ 18,250,835	\$ 1,536,121	\$ 496,849	\$ 1,087,221	\$ 54,586,037		\$ 54,586,037

* 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, 2020

(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	\$ 386,100	\$ 788,853	\$ 91,390	\$ 22,708	\$ 71,070	\$ 1,360,121		\$ 1,360,121
Members	499,884	324,162	9,277	3,453	13,522	850,298		850,298
Sponsors	784,149					784,149		784,149
Total contributions	1,670,133	1,113,015	100,667	26,161	84,592	2,994,568		2,994,568
Investment earnings:								
Net increase in fair value of investments	238,745	131,380	11,352	3,616	7,166	392,259		392,259
Interest	265,120	146,972	12,344	4,057	8,581	437,074		437,074
Dividends	837,275	463,861	38,719	12,499	26,980	1,379,334		1,379,334
Income from securities lending	11,979	6,638	555	180	387	19,739		19,739
Total investment income	1,353,119	748,851	62,970	20,352	43,114	2,228,406		2,228,406
Less: investment expense	219,442	121,747	10,169	3,281	7,128	361,767		361,767
Net investment income	1,133,677	627,104	52,801	17,071	35,986	1,866,639		1,866,639
Total additions	2,803,810	1,740,119	153,468	43,232	120,578	4,861,207		4,861,207
Deductions:								
Benefit payments	2,359,572	1,508,547	127,108	36,332	76,933	4,108,492		4,108,492
Refunds	34,038	33,125	336		1,253	68,752		68,752
Administrative expenses	22,856	17,482	294	69	645	41,346		41,346
Total deductions	2,416,466	1,559,154	127,738	36,401	78,831	4,218,590		4,218,590
Net system transfers	24,740	(25,530)	63		727			
Changes in net position	412,084	155,435	25,793	6,831	42,474	642,617		642,617
Net position restricted for pension benefits:								
Beginning of the year	32,802,927	18,095,400	1,510,328	490,018	1,044,747	53,943,420		53,943,420
End of the year	\$ 33,215,011	\$ 18,250,835	\$ 1,536,121	\$ 496,849	\$ 1,087,221	\$ 54,586,037	\$ -	\$ 54,586,037

*Intersystem transfers have been eliminated in the financial statements.

STATE OF MARYLAND
Combining Schedule of Fiduciary Net Position
Deferred Compensation Plan
December 31, 2019
(Expressed in Thousands)

	Deferred Compensation Plan Section 457	Savings and Investment Plan Section 401(k) Plan	Match Plan and Trust 401(a) Plan	Tax Sheltered Annuity Plan 403(b) Plan	Total
Assets:					
Cash	\$ 3,659				\$ 3,659
Investments, at fair value	1,885,318	\$ 2,142,849	\$ 207,508	\$ 102,809	4,338,485
Other receivables	24,603	22,682		516	47,802
Total assets	1,913,580	2,165,531	207,508	103,326	4,389,945
Net position:					
Restricted for deferred compensation benefits	\$ 1,913,580	\$ 2,165,531	\$ 207,508	\$ 103,326	\$ 4,389,945

STATE OF MARYLAND
Combining Schedule of Changes in Plan Net Position
Deferred Compensation Plan
For the Year Ended December 31, 2019
(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:					
Employers			\$ 16		\$ 16
Members	\$ 83,004	\$ 96,379		\$ 3,024	\$ 182,407
Total contributions	83,004	96,379	\$ 16	3,024	182,423
Investment earnings:					
Net increase (decrease) in fair value of investments	288,178	364,876	\$ 38,674	20,049	711,779
Interest	14,104	10,222	774	221	25,322
Net investment income	302,282	375,098	39,448	20,271	737,101
Total additions	385,286	471,477	39,464	23,295	919,523
Deductions:					
Benefit payments	118,689	129,393	9,935	10,856	268,874
Administrative expenses	2,731	3,583	310	152	6,777
Total deductions	121,420	132,976	10,245	11,008	275,651
Changes in net position	263,866	338,501	29,219	12,287	643,873
Net position restricted for pension and other employee benefits:					
Beginning of the year	1,649,715	1,827,030	178,289	91,038	3,746,072
End of the year	\$ 1,913,580	\$ 2,165,531	\$ 207,509	\$ 103,325	\$ 4,389,946

STATE OF MARYLAND
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2020
(Expressed in Thousands)

	Agency Funds						Total Agency Funds
	Local Income Taxes	Insurance Premium Taxes	Local Transportation Funds and Other Taxes	Payroll Taxes and Fringe Benefits	Litigant, Patient and Prisoner Accounts		
Assets:							
Cash		\$ 10	\$ 31,388		\$ 59,779	\$ 91,177	
Equity in pooled invested cash	\$ 1,448,471	113,557	1,451	\$ 603	9,139	1,573,221	
Taxes receivable, net	213,914					213,914	
Intergovernmental receivables	249,622					249,622	
Accounts receivable from state treasury	869,676					869,676	
Total assets	\$ 2,781,683	\$ 113,567	\$ 32,839	\$ 603	\$ 68,918	\$ 2,997,610	
Liabilities:							
Accounts payable and accrued liabilities		\$ 113,567	\$ 2,295	\$ 603	\$ 64,311	\$ 180,776	
Accounts payable to political subdivisions	\$ 2,781,683		30,544		4,607	2,816,834	
Total liabilities	\$ 2,781,683	\$ 113,567	\$ 32,839	\$ 603	\$ 68,918	\$ 2,997,610	

STATE OF MARYLAND
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2020
(Expressed in Thousands)

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
<i>Litigant, Patient and Prisoner Accounts</i>				
Assets:				
Cash.....	\$ 65,187	\$ 59,500	\$ 64,908	\$ 59,779
Equity in pooled invested cash.....	9,566	28,003	28,430	9,139
Total assets.....	<u>\$ 74,753</u>	<u>\$ 87,503</u>	<u>\$ 93,338</u>	<u>\$ 68,918</u>
Liabilities:				
Accounts payable and accrued liabilities.....	\$ 69,753	\$ 86,612	\$ 92,054	\$ 64,311
Accounts payable to political subdivisions.....	5,000	891	1,284	4,607
Total liabilities.....	<u>\$ 74,753</u>	<u>\$ 87,503</u>	<u>\$ 93,338</u>	<u>\$ 68,918</u>
<i>Insurance Premium Taxes</i>				
Assets:				
Cash.....	\$ 10			\$ 10
Equity in pooled invested cash.....	107,071	\$ 38,876	\$ 32,390	113,557
Total assets.....	<u>\$ 107,081</u>	<u>\$ 38,876</u>	<u>\$ 32,390</u>	<u>\$ 113,567</u>
Liabilities:				
Accounts payable and accrued liabilities.....	\$ 107,081	\$ 38,876	\$ 32,390	\$ 113,567
<i>Local Income Taxes</i>				
Assets:				
Equity in pooled invested cash.....	\$ 1,226,735	\$ 6,540,027	\$ 6,318,290	\$ 1,448,471
Taxes receivable.....	170,237	213,914	170,237	213,914
Intergovernmental receivables.....	249,642		21	249,622
Accounts receivable from state treasury.....	883,698	619,676	633,698	869,676
Total assets.....	<u>\$ 2,530,312</u>	<u>\$ 7,373,617</u>	<u>\$ 7,122,246</u>	<u>\$ 2,781,683</u>
Liabilities:				
Accounts payable to political subdivisions.....	\$ 2,530,312	\$ 7,373,617	\$ 7,122,246	\$ 2,781,683
<i>Local Transportation Funds and Other Taxes</i>				
Assets:				
Cash.....	\$ 54,162		\$ 22,774	\$ 31,388
Equity in pooled invested cash.....	15,837	\$ 132,135	146,521	1,451
Total assets.....	<u>\$ 69,999</u>	<u>\$ 132,135</u>	<u>\$ 169,295</u>	<u>\$ 32,839</u>
Liabilities:				
Accounts payable and accrued liabilities.....	\$ 3,951	\$ 2,295	\$ 3,951	\$ 2,295
Accounts payable to political subdivisions.....	66,048	129,840	165,344	30,544
Total liabilities.....	<u>\$ 69,999</u>	<u>\$ 132,135</u>	<u>\$ 169,295</u>	<u>\$ 32,839</u>
<i>Payroll Taxes and Fringe Benefits</i>				
Assets:				
Equity in pooled invested cash.....	\$ 453	\$ 1,782,786	\$ 1,782,636	\$ 603
Intergovernmental receivables.....				
Total assets.....	<u>\$ 453</u>	<u>\$ 1,782,786</u>	<u>\$ 1,782,636</u>	<u>\$ 603</u>
Liabilities:				
Accounts payable and accrued liabilities.....	\$ 453	\$ 1,782,786	\$ 1,782,636	\$ 603
<i>Totals - All Agency Funds</i>				
Assets:				
Cash.....	\$ 119,359	\$ 59,500	\$ 87,682	\$ 91,177
Equity in pooled invested cash.....	1,359,662	8,521,827	8,308,267	1,573,221
Taxes receivable.....	170,237	213,914	170,237	213,914
Intergovernmental receivables.....	249,642		21	249,622
Accounts receivable from state treasury.....	883,698	619,676	633,698	869,676
Total assets.....	<u>\$ 2,782,598</u>	<u>\$ 9,414,917</u>	<u>\$ 9,199,905</u>	<u>\$ 2,997,610</u>
Liabilities:				
Accounts payable and accrued liabilities.....	\$ 181,238	\$ 1,910,569	\$ 1,911,031	\$ 180,776
Accounts payable to political subdivisions.....	2,601,360	7,504,348	7,288,874	2,816,834
Total liabilities.....	<u>\$ 2,782,598</u>	<u>\$ 9,414,917</u>	<u>\$ 9,199,905</u>	<u>\$ 2,997,610</u>

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, 2020

(Expressed in Thousands)

	Maryland Environmental Service	Maryland Industrial Development Financing Authority	Maryland Food Center Authority	Maryland Technology Development Corporation	Total Non-major Component Units
Assets:					
Cash	\$ 27,663		\$ 5	\$ 48,708	\$ 76,376
Equity in pooled invested cash		\$ 19,866	5,260	142	25,268
Investments	6,052			70,162	76,214
Other accounts receivable	35,906		654	1,717	38,277
Loans and notes receivable, net				11,809	11,809
Other assets	12,845		2	165	13,012
Restricted assets:					
Cash	110			3,045	3,155
Investments	3,407				3,407
Capital assets, net of accumulated depreciation:					
Land	5,952		3,582		9,534
Structures and improvements	34,155		15,786		49,941
Infrastructure	194				194
Equipment	8,007		532	14	8,553
Construction in progress	698		7,204		7,902
Total assets	134,989	19,866	33,025	135,762	323,642
Deferred outflows of resources	1,374		929		2,303
Liabilities:					
Accounts payable and accrued liabilities	24,042		217	15,079	39,338
Due to Primary Government				4,563	4,563
Unearned revenue		7	95	3,101	3,203
Accrued insurance on loan losses		912			912
Bonds and notes payable:					
Due within one year	1,930				1,930
Due in more than one year	23,123				23,123
Other noncurrent liabilities:					
Due within one year	25,060		208		25,268
Due in more than one year	16,009		2,552		18,561
Total liabilities	90,164	919	3,072	22,743	116,898
Deferred inflows of resources	1,496		195		1,691
Net position:					
Net investment in capital assets	23,994		27,104	14	51,112
Restricted:					
Capital improvements and deposits	1,751				1,751
Unrestricted	18,958	18,947	3,583	113,005	154,493
Total net position	\$ 44,703	\$ 18,947	\$ 30,687	\$ 113,019	\$ 207,356

STATE OF MARYLAND
Combining Statement of Activities
Non-major Component Units
For the Year Ended June 30, 2020
(Expressed in Thousands)

	Maryland Environmental Service	Maryland Industrial Development Financing Authority	Maryland Food Center Authority	Maryland Technology Development Corporation	Total Non-major Component Units
Expenses:					
General and administrative	\$ 16,885	\$ 2,465	\$ 1,672	\$ 1,037	\$ 22,059
Operation and maintenance of facilities	167,146		1,913		169,059
Provision for insurance on loan losses, net		262			262
Interest on long-term debt	1,042				1,042
Depreciation and amortization	3,487		1,084	9	4,580
Other	1,481		46	26,088	27,615
Total expenses	190,041	2,727	4,715	27,134	224,617
Program revenues:					
Charges for services and sales	185,510	141	4,715	896	191,262
Total charges for services	185,510	141	4,715	896	191,262
Operating grants and contributions	5,123			22,395	27,518
Total program revenues	190,633	141	4,715	23,291	218,780
Net program revenue (expense)	592	(2,586)		(3,843)	(5,837)
General revenues:					
Unrestricted investment income	403	297		267	967
Total general revenues	403	297		267	967
Change in net position	995	(2,289)		(3,576)	(4,870)
Net position - beginning of the year	43,708	21,236	30,687	116,595	212,226
Net position - end of the year	\$ 44,703	\$ 18,947	\$ 30,687	\$ 113,019	\$ 207,356



Statistical Section

COMPREHENSIVE ANNUAL FINANCIAL REPORT, STATE OF MARYLAND



STATISTICAL SECTION

This part of the State’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State’s economic condition.

Table of Contents

Financial Trends

These schedules contain trend information to help the reader understand how the State’s financial position and well-being have changed over time 140

Revenue Capacity

These schedules contain information to help the reader assess the State’s most significant own-source revenues 148

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 152

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 156

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 159

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual 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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 13,669,573
Restricted	329,089	223,982	255,515	248,519	299,288	233,403	214,000	241,446	229,448	200,791
Unrestricted (deficit)	(37,031,889)	(36,101,866)	(34,404,356)	(27,010,946)	(25,671,817)	(25,444,098)	(12,086,503)	(10,915,188)	(10,023,466)	(8,238,126)
Total governmental activities net position	\$ (19,011,106)	\$ (19,355,970)	\$ (17,446,255)	\$ (10,598,346)	\$ (10,061,478)	\$ (10,472,779)	\$ 2,440,392	\$ 3,529,761	\$ 3,977,320	\$ 5,632,238
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 2,117,369
Restricted	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	2,002,872
Unrestricted	1,180,157	2,261,575	1,989,288	2,442,849	2,457,957	2,213,139	2,208,475	2,112,651	1,855,353	1,602,600
Total business-type activities net position	\$ 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
Primary government:										
Net investment in capital assets	\$ 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	\$ 16,085,720
Restricted	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	2,448,922
Unrestricted (deficit)	(35,851,732)	(33,840,291)	(32,415,068)	(24,568,097)	(23,213,860)	(23,230,959)	(9,878,028)	(9,878,028)	(8,802,537)	(8,168,113)
Total primary government net position	\$ (10,127,537)	\$ (10,244,222)	\$ (8,910,364)	\$ (2,507,351)	\$ (2,423,696)	\$ (3,207,411)	\$ 9,503,571	\$ 9,503,571	\$ 10,305,841	\$ 10,366,529

STATE OF MARYLAND
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Expressed in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities: ⁽¹⁾										
Expenses	\$ 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	\$ 31,067,223
Program revenues	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	13,002,556
Net (expense)/revenue, governmental activities	(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)	(18,064,667)
General revenues and other changes, governmental activities	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	16,411,363
Change in net position, governmental activities	344,864	(1,909,714)	127,907	(536,868)	411,301	137,028	(1,058,746)	(447,559)	(1,654,918)	(1,653,304)
Net position, beginning	(19,355,968)	(17,446,254)	(10,598,346)	(10,061,478)	(10,472,779)	2,440,392	3,529,761	3,977,320	5,632,238	7,285,542
Restatement ⁽²⁾			(6,975,816)			(13,050,199)	(30,623)			
Net position, ending, governmental activities	\$ (19,011,106)	\$ (19,355,968)	\$ (17,446,255)	\$ (10,598,346)	\$ (10,061,478)	\$ (10,472,779)	\$ 2,440,392	\$ 3,529,761	\$ 3,977,320	\$ 5,632,238
Business-type activities: ⁽¹⁾										
Expenses	\$ 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	\$ 3,666,971
Program revenues	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	4,622,076
Net (expense)/revenue, business- type activities	744,277	1,737,601	1,605,415	1,485,498	1,449,013	1,327,922	1,207,125	1,164,926	1,165,517	955,105
General revenues and other changes, business-type activities	(972,456)	(1,161,744)	(1,160,519)	(1,032,276)	(973,165)	(935,046)	(879,484)	(778,055)	(499,149)	(522,173)
Special item -Transfer of operations				(103,434)	(103,434)					
Change in net position, business- type activities	(228,179)	575,857	444,896	453,213	372,414	392,876	327,641	386,871	666,368	432,932
Net position, beginning	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	5,289,909
Restatement ⁽²⁾					(190,687)	(190,687)	(40,542)			(15,306)
Net position, ending, business- type activities	\$ 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
Primary government:										
Expenses	\$ 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	\$ 34,734,194
Program revenues	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	17,624,632
Net (expense)/revenue, primary government	(22,840,004)	(23,556,788)	(20,231,177)	(19,874,256)	(18,724,525)	(18,388,098)	(18,550,822)	(17,289,951)	(17,523,871)	(17,109,562)
General revenues and other changes, primary government	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	15,889,190

STATE OF MARYLAND
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(Expressed in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Special item -Transfer of operations				\$ (103,434)	\$ (103,434)					
Change in net position, primary government	\$ 116,685	\$ (1,333,857)	\$ 572,803	(83,655)	783,715	\$ 529,904	\$ (731,105)	\$ (60,688)	\$ (988,550)	\$ (1,220,372)
Net position, beginning	(10,244,221)	(8,910,364)	(2,507,351)	(2,423,696)	(3,207,411)	9,503,571	10,305,841	10,366,529	11,355,079	12,575,451
Restatement			(6,975,816)			(13,240,886)	(71,165)			(15,306)
Net position ending, primary government	\$ (10,127,537)	\$ (10,244,221)	\$ (8,910,364)	\$ (2,507,351)	\$ (2,423,696)	\$ (3,207,411)	\$ 9,503,571	\$ 10,305,841	\$ 10,366,529	\$ 11,355,079

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

⁽²⁾ Beginning net position was restated for fiscal year 2014, 2015 and 2018 due to implementation of GASB Statements No. 53, 65, 68 and 75, respectively.

STATE OF MARYLAND
Expenses by Function, Primary Government
Last Ten Fiscal Years
(accrual based accounting)

(Expressed in Thousands)

Functions/Programs	Year ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Government activities:										
General government	\$ 1,095,641	\$ 1,402,851	\$ 965,904	\$ 946,670	\$ 880,414	\$ 861,601	\$ 832,041	\$ 894,637	\$ 871,352	\$ 865,519
Health and mental hygiene	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	9,592,240
Education	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	7,896,010
Aid for higher education	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	1,921,224
Human resources	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	2,537,952
Public safety	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	2,198,490
Transportation	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	3,176,910
Judicial	890,411	1,055,281	779,043	803,668	733,794	699,116	662,086	642,559	649,324	681,717
Labor, licensing and regulation	382,458	427,255	373,815	349,394	312,850	325,179	333,701	319,757	279,632	277,887
Natural resources and recreation	421,749	500,645	367,266	360,187	255,076	275,936	213,004	185,627	207,840	205,921
Housing and community development	380,719	369,919	329,330	321,792	283,046	266,523	294,408	295,611	347,008	373,548
Environment	121,926	151,101	108,218	110,577	111,686	109,349	102,712	104,685	108,213	126,054
Agriculture	106,492	114,191	97,966	111,321	94,561	89,464	97,770	97,234	46,645	90,502
Commerce	109,814	99,882	101,475	109,054	83,664	100,264	105,177	71,517	78,406	83,519
Intergovernmental grants	639,760	612,968	599,408	649,794	662,629	600,362	541,034	507,660	614,685	611,595
Interest	968,281	611,365	523,141	483,332	502,553	475,805	515,633	485,565	498,757	428,135
Total governmental activities expenses	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	31,067,223
Business-type activities:										
Economic development-insurance programs	2,320	1,029	1,380	1,227	3,372	2,838	4,534	12,565	4,689	12,693
Economic development-general loan programs	72,696	27,336	23,339	23,496	15,062	16,817	32,176	20,344	20,106	18,905
Economic development-water quality loan programs	117,257	110,750	138,369	168,631	221,101	251,636	174,566	209,263	142,280	153,331
Economic development-housing loan programs	203,236	201,748	171,443	163,267	175,706	179,393	202,818	207,423	204,117	193,258
Unemployment insurance program	5,126,359	447,927	518,190	546,415	571,259	680,420	925,005	1,246,507	1,585,495	1,629,721
Maryland Lottery and Gaming Control Agency	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	1,254,095
Maryland Transportation Authority	545,964	563,623	558,553	537,773	538,560	489,859	469,606	451,944	412,509	355,467
Maryland Correctional Enterprises	55,694	51,362	51,158	57,467	58,190	52,627	50,767	51,464	50,754	49,501
Total business-type activities expenses	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	3,666,971
Total primary government expenses	\$ 50,513,435	\$ 45,605,929	\$ 41,063,212	\$ 40,435,747	\$ 38,172,934	\$ 37,475,105	\$ 36,539,707	\$ 34,835,745	\$ 34,797,388	\$ 34,734,194

STATE OF MARYLAND
Revenues, Primary Government
Last Ten Fiscal Years
(accrual based accounting)

(Expressed in Thousands)

Source	Year ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities:										
Program revenues:										
Charges for services:										
General government	\$ 894,555	\$ 1,052,239	\$ 618,153	\$ 778,578	\$ 817,528	\$ 657,548	\$ 577,929	\$ 724,997	\$ 500,747	\$ 455,729
Health and mental hygiene	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	1,205,122
Transportation	908,130	746,239	865,512	625,103	618,334	652,820	582,332	679,378	541,961	540,859
Judicial	247,419	284,302	260,136	305,700	278,514	277,001	313,598	349,347	434,276	283,781
Other activities	612,281	576,580	556,702	529,020	467,989	391,082	418,981	454,900	462,765	460,733
Operating grants and contributions	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	9,341,179
Capital grants and contributions	1,067,316	868,160	903,595	871,728	740,968	774,605	826,498	845,162	884,128	715,153
Total program revenues	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	13,002,556
General revenues:										
Taxes:										
Income Taxes	12,372,494	11,495,536	10,676,428	9,828,434	9,797,055	9,445,934	8,803,951	8,657,390	7,868,089	7,605,497
Sales and use taxes	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	3,898,509
Motor vehicle taxes	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	1,913,570
Tobacco taxes	362,901	356,684	372,724	386,965	395,266	391,452	402,403	415,922	411,427	407,570
Insurance company taxes	615,196	556,409	541,758	512,033	491,226	505,991	475,294	429,410	428,023	392,287
Property taxes	1,159,199	1,149,200	1,153,640	1,099,731	1,053,103	1,002,787	972,947	990,061	994,439	1,043,943
Estate & inheritance taxes	224,012	209,343	241,226	252,118	288,833	266,809	238,276	258,978	221,206	241,576
Other taxes	779,798	324,712	323,472	312,867	311,694	306,505	313,474	293,031	296,068	302,421
Unrestricted investment earnings	342,936	453,966	136,427	120,657	197,411	186,926	212,533	(4,794)	155,587	79,042
Transfers	1,002,170	1,190,192	1,166,868	1,039,758	989,420	950,831	883,656	779,026	593,478	526,948
Total general revenues and transfers	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	16,411,363
Total revenues and transfers - governmental activities	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	29,413,919
Business-type activities:										
Program revenues:										
Charges for services:										
Unemployment insurance program	454,267	484,130	520,163	565,671	627,998	679,346	658,998	899,368	1,136,677	1,031,602
Maryland Lottery and Gaming Control Agency	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	1,828,489
Maryland Transportation Authority	742,654	862,534	862,395	869,605	836,079	827,759	804,642	617,334	532,042	553,786
Other activities	376,915	318,624	326,924	331,113	351,511	337,580	355,935	337,214	307,914	327,854
Operating grants and contributions	4,195,709	156,964	108,578	97,625	131,487	124,719	302,082	591,706	917,219	880,345
Capital grants and contributions							1,069	1,069	1,069	
Total program revenues	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	4,622,076
General revenues:										
InvestMD tax credits							84,000	84,000	84,000	
Unrestricted investment earnings	29,714	28,448	6,349	7,482	16,255	15,785	4,172	971	10,329	4,775
Transfers	(1,002,170)	(1,190,192)	(1,166,868)	(1,039,758)	(989,420)	(950,831)	(883,656)	(779,026)	(593,478)	(526,948)
Total general revenues and transfers	(972,456)	(1,161,744)	(1,160,519)	(1,032,276)	(973,165)	(935,046)	(879,484)	(778,055)	(499,149)	(522,173)
Special item - Transfer of operations				(103,434)	(103,434)					
Total revenues, transfers, and special items - business-type activities	8,281,122	4,636,029	4,398,151	4,216,072	3,949,396	3,912,303	3,888,133	4,111,762	4,418,217	4,099,903
Total primary government revenues and transfers	\$ 50,630,124	\$ 44,272,070	\$ 41,636,014	\$ 40,352,094	\$ 38,956,650	\$ 38,005,011	\$ 35,808,602	\$ 34,775,057	\$ 33,808,838	\$ 33,513,822

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

(Expressed in Thousands)

	Year ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Nonspendable	\$ 2,021,279	\$ 610,281	\$ 598,754	\$ 571,891	\$ 618,563	\$ 514,051	\$ 495,542	\$ 493,431	\$ 485,654	468,330
Restricted	18,638	8,186	8,259	10,459	11,403	16,487	6,501	187	632	294
Committed	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	1,163,278
Unassigned	(1,410,135)	(19,312)	(507,376)	(788,832)	(509,187)	(766,124)	(916,302)	(622,860)	(680,949)	(292,292)
Reserved										\$ 1,363,060
Unreserved (deficit)										146,862
Total general fund	3,019,709	2,693,368	1,732,960	1,358,186	1,796,453	1,283,953	1,139,325	1,359,235	1,077,102	1,339,610
All other governmental funds:										
Nonspendable	92,795	257,039	240,924	103,510	211,726	197,847	192,871	183,355	181,093	182,156
Restricted	310,451	215,796	247,256	243,829	287,885	216,916	207,499	241,260	228,816	200,497
Committed	702,427	627,153	583,117	578,790	685,348	800,158	791,084	663,718	550,287	568,396
Unassigned ⁽¹⁾	(194,349)	(243,901)	(469,780)	(264,367)	(273,530)	(511,961)	(414,043)	(353,964)	(431,416)	(403,711)
Reserved										
Unreserved, reported in:										
Special revenue funds										
Capital projects funds ⁽¹⁾										
Debt service funds										
Total all other governmental funds	911,324	856,087	601,517	661,763	911,429	702,960	777,411	734,369	528,780	547,338
Total governmental funds	\$ 3,931,033	\$ 3,549,455	\$ 2,334,477	\$ 2,019,948	\$ 2,707,882	\$ 1,986,913	\$ 1,916,736	\$ 2,093,604	\$ 1,605,882	\$ 1,886,948

⁽¹⁾ The unreserved and 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, Government Funds
Last Ten Fiscal Years
(modified accrual based accounting)
(Expressed in Thousands)

	Year ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Income taxes	\$ 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	\$ 7,639,285
Retail sales and use taxes ..	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	3,896,876
Motor vehicle taxes and fees	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	1,913,570
Tobacco taxes	362,901	356,684	372,724	386,965	395,266	391,452	402,403	415,922	411,427	407,570
Insurance company taxes ..	615,196	556,409	541,758	512,033	491,226	505,991	475,294	429,410	428,023	392,287
Property taxes	1,159,199	1,149,200	1,153,639	1,099,731	1,053,102	1,002,786	972,947	990,061	994,439	1,043,943
Estate & inheritance taxes ..	224,012	209,343	241,226	252,118	288,833	266,809	238,276	258,978	221,206	241,576
Other taxes	340,225	324,712	323,472	312,867	311,694	306,505	313,474	293,031	296,068	302,421
Other licenses and fees	733,714	870,084	561,410	604,004	646,622	641,478	607,785	678,648	714,891	683,289
Charges for services	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	1,878,075
Revenues pledged as security for bonds*								95,057	95,057	95,057
Interest and other investment income	140,172	263,706	(36,350)	(59,874)	57,549	66,067	110,607	(89,273)	88,068	23,052
Federal	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	9,968,631
Other	671,004	728,234	438,336	574,784	477,526	439,015	412,182	474,867	405,263	309,902
Total revenues	40,437,552	38,214,220	35,653,516	34,822,757	33,804,745	32,998,321	30,871,592	29,790,837	28,700,882	28,795,534
Expenditures:										
Current:										
General government	1,017,282	1,019,605	914,344	878,805	887,127	860,009	836,341	884,048	836,112	775,370
Education	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	9,474,145
Commerce	107,355	92,348	100,377	106,959	83,389	100,030	103,253	69,425	75,835	79,284
Labor, licensing and regulation	362,992	366,086	364,276	334,642	315,758	322,158	319,814	304,289	261,615	246,700
Human resources	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	2,420,789
Health and mental hygiene	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	9,441,903
Environment	109,987	109,268	102,623	108,702	108,548	107,103	96,901	87,728	96,116	107,457
Transportation	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	1,228,659
Public safety	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	1,873,921
Judicial	801,765	760,493	742,851	740,041	715,230	689,975	638,115	594,522	590,082	577,333
Housing and community development	377,920	360,319	327,564	319,809	282,414	266,912	292,494	293,743	344,408	368,857
Natural resources and recreation	390,665	406,571	353,728	306,062	236,959	232,514	186,486	171,206	179,682	182,229
Agriculture	109,899	94,104	82,600	71,000	69,105	75,226	87,110	80,353	79,294	80,770
Intergovernmental	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	1,249,592

STATE OF MARYLAND
Changes in Fund Balances, Government Funds (continued)
Last Ten Fiscal Years
(modified accrual based accounting)
(Expressed in Thousands)

	Year ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt service:										
Principal	\$ 1,110,102	\$ 1,071,908	\$ 1,057,156	\$ 993,324	\$ 926,719	\$ 810,783	\$ 744,599	\$ 673,639	\$ 645,024	\$ 598,265
Interest	570,016	556,310	510,154	496,946	468,169	440,063	434,811	414,089	399,710	390,340
Capital outlay	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	1,276,049
Total expenditures	42,962,831	40,067,785	3,806,516	38,691,338	37,496,217	35,873,072	35,099,277	33,473,999	31,121,370	30,901,362
Excess (deficiency) of revenues over expenditures	(2,525,280)	(1,853,564)	(2,759,574)	(3,037,822)	(2,673,460)	(2,068,327)	(2,100,956)	(2,602,407)	(1,330,533)	(2,200,480)
Other financing sources (uses):										
Capital leases	4,463	14,416	11,275	8,670	43,127	9,409	170,236	32,311	23,440	53,334
Proceeds from bond issues, Proceeds from refunding bonds	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	1,058,166
Payments to escrow agents	259,679		969,340	813,042	1,478,889	1,478,889	279,273	424,111	656,851	798,080
Transfers in	(259,433)		(967,047)	(815,030)	(1,547,056)	(1,547,056)	(278,876)	(423,021)	(674,982)	(924,185)
Transfers out	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	1,716,673
Transfers out	(1,251,810)	(1,252,217)	(1,146,158)	(1,064,788)	(1,004,356)	(815,658)	(775,470)	(552,643)	(958,611)	(1,189,726)
Net other sources (uses) of financial resources										
Net changes in fund balance	2,906,858	3,068,542	3,074,102	2,560,039	3,138,353	2,554,458	2,500,707	2,201,630	1,974,084	1,638,447
Fund balance, beginning of the year	381,578	1,214,977	314,528	(477,783)	464,893	486,131	399,751	(400,777)	643,551	(562,033)
Fund balance, end of the year	3,549,455	2,334,477	2,019,949	2,707,882	1,986,912	1,916,736	2,093,604	1,605,882	1,886,948	1,824,630
Debt service as a percentage of noncapital expenditures	\$ 3,931,033	\$ 3,549,454	\$ 2,334,477	\$ 2,230,099	\$ 2,451,805	\$ 2,402,867	\$ 2,493,355	\$ 1,205,105	\$ 2,530,499	\$ 1,262,597
	4.2%	4.2%	4.3%	4.1%	3.9%	3.7%	3.5%	3.4%	3.6%	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, 2019

Subdivision	Number of Filers	Adjusted Gross Income	Net Taxable Income	State Income Tax ⁽¹⁾	Local Income Tax	State and Local Income Tax	Local Tax Rate
Allegany.....	21,222	\$ 1,261,978,261	\$ 1,040,571,207	\$ 47,075,026	\$ 30,787,412	\$ 77,862,438	3.05%
Anne Arundel.....	233,128	24,809,408,474	21,358,112,306	1,010,003,593	524,806,087	1,534,809,681	2.50%
Baltimore County.....	327,893	30,423,788,651	25,847,979,155	1,224,362,404	716,762,669	1,941,125,072	2.83%
Calvert.....	36,397	3,708,686,205	3,151,166,338	147,038,296	93,222,154	240,260,450	3.00%
Caroline.....	11,839	732,264,750	592,705,031	25,057,713	18,177,591	43,235,304	3.20%
Carroll.....	68,917	6,679,824,319	5,720,575,923	270,824,379	171,871,974	442,696,353	3.03%
Cecil.....	37,651	2,833,496,434	2,384,234,074	85,741,999	67,308,197	153,050,196	3.00%
Charles.....	65,235	5,432,501,960	4,382,992,476	202,906,884	130,722,589	333,629,473	3.03%
Dorchester.....	11,479	684,145,081	556,095,780	24,285,022	13,900,677	38,185,698	2.62%
Frederick.....	106,485	10,173,050,010	8,650,163,678	407,718,956	253,092,767	660,811,723	2.96%
Garrett.....	10,339	684,707,868	567,228,450	25,066,904	14,518,028	39,584,932	2.65%
Harford.....	103,981	9,548,425,037	8,149,010,092	379,760,848	245,499,161	625,260,009	3.06%
Howard.....	128,927	17,297,227,672	15,190,716,032	729,228,034	479,223,701	1,208,451,735	3.20%
Kent.....	7,166	595,046,050	494,466,335	21,139,337	13,561,729	34,701,066	2.85%
Montgomery.....	426,627	57,475,439,632	50,539,944,640	2,368,884,888	1,565,945,241	3,934,830,129	3.20%
Prince George's.....	366,090	25,115,558,522	19,633,217,511	893,971,332	612,511,504	1,506,482,836	3.20%
Queen Anne's.....	19,811	2,100,137,270	1,800,210,460	83,203,519	56,729,302	139,932,821	3.20%
St Mary's.....	42,708	4,000,666,600	3,428,755,453	159,267,067	101,186,820	260,453,887	3.00%
Somerset.....	6,181	326,512,889	257,118,921	11,018,810	7,785,769	18,804,579	3.20%
Talbot.....	14,917	1,587,698,110	1,369,915,139	62,880,943	31,964,480	94,845,423	2.40%
Washington.....	55,330	3,818,982,072	3,166,079,450	143,956,031	86,448,214	230,404,245	2.80%
Wicomico.....	35,539	2,224,436,284	1,824,903,892	77,157,673	55,610,083	132,767,756	3.20%
Worcester.....	22,310	1,706,306,718	1,435,176,212	62,504,860	23,976,896	86,481,755	1.75%
Baltimore City.....	197,792	13,496,070,897	11,287,734,505	516,310,340	347,378,945	863,689,286	3.20%
Non-resident.....	140,563	8,190,226,944	7,373,778,946	515,914,079	-	515,914,079	-
Total.....	2,498,527	\$ 234,906,586,710	\$ 200,202,852,006	\$ 9,495,278,937	\$ 5,662,991,990	\$ 15,158,270,926	

⁽¹⁾ See State personal income tax rates schedules for tax rate information.
Source: Revenue Administration Division, State Comptroller's Office

STATE OF MARYLAND

**State Personal Income Tax and Sales Tax Rates
Calendar Year 2012 - 2020***

Filing Status, Single:		Married Filing Jointly:	
Taxable Income:	Rate:	Taxable Income:	Rate:
\$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****

Filing Status, Single:		Married Filing Jointly:	
Taxable Income:	Rate:	Taxable Income:	Rate:
\$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%

**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)

2019				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$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				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$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				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$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				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$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				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$500,000 and higher	25,747	1.08 %	\$ 1,533,581	19.70 %
\$100,000-\$499,999	552,401	23.09	3,858,612	49.56
\$70,000-\$99,999	317,167	13.25	940,026	12.07
\$50,000-\$69,999	320,708	13.40	640,008	8.22
\$25,000-\$49,999	623,249	26.05	634,477	8.15
\$10,000-\$24,999	453,975	18.97	166,838	2.14
Under \$10,000	99,564	4.16	12,631	0.16
Total	2,392,811	100.00 %	\$ 7,786,173	100.00 %

2014				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$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 %

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)

(continued)

	2013				2012			
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level								
\$500,000 and higher	21,935	0.93 %	\$ 1,266,568	18.06 %	24,255	1.05 %	\$ 1,533,202	21.59 %
\$100,000-\$499,999	503,837	21.46	3,434,142	48.95	493,577	21.44	3,281,446	46.21
\$70,000-\$99,999	309,903	13.20	905,699	12.91	307,641	13.36	884,705	12.46
\$50,000-\$69,999	312,548	13.32	615,553	8.77	311,773	13.54	605,169	8.52
\$25,000-\$49,999	621,710	26.49	618,113	8.81	615,541	26.74	608,132	8.56
\$10,000-\$24,999	477,663	20.35	162,722	2.32	470,011	20.43	175,568	2.47
Under \$10,000	99,685	4.25	12,100	0.17	79,274	3.44	13,671	0.19
Total	2,347,281	100.00 %	\$ 7,014,897	100.00 %	2,302,072	100.00 %	\$ 7,101,893	100.00 %

	2011				2010			
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level								
\$500,000 and higher	20,027	0.90 %	\$ 1,074,619	17.05 %	19,031	0.86 %	\$ 1,103,398	18.00 %
\$100,000-\$499,999	475,139	21.15	3,020,394	47.91	460,144	20.77	2,872,843	46.86
\$75,000-\$99,999	301,920	13.44	854,629	13.56	297,568	13.43	829,513	13.53
\$50,000-\$74,999	309,545	13.78	591,156	9.38	306,283	13.82	577,222	9.42
\$25,000-\$49,999	609,707	27.15	599,435	9.51	605,480	27.33	590,450	9.63
\$10,000-\$24,999	461,729	20.57	152,585	2.42	454,672	20.52	149,735	2.44
Under \$10,000	68,009	3.03	11,115	0.18	72,525	3.27	7,087	0.12
Total	2,246,076	100.00 %	\$ 6,303,933	100.00 %	2,215,703	100.00 %	\$ 6,130,248	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	General		Furniture and		Building &	Utilities &	Hardware,	Assessment		Total
	Beverage*	Apparel	Merchandise	Automotive	Appliances	Industrial Supplies	Transportation	Machinery & Equipment	Miscellaneous	Collections	Collections
2020	\$ 1,136,593	\$ 210,975	\$ 979,148	\$ 304,762	\$ 284,537	\$ 692,183	\$ 334,979	\$ 149,650	\$ 844,868	\$ 11,739	\$ 4,949,434
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
2011	891,267	187,014	716,226	259,052	343,897	467,156	367,543	94,654	559,420	10,470	3,896,699

Source: Revenue Administration Division, Comptroller's Office

*The 2011 Session of the Maryland General Assembly approved legislation increasing the sales tax on alcoholic beverages from 6% to 9% effective fiscal year 2012.

STATE OF MARYLAND
Schedule of Ratio of Outstanding Debt by Type
Last Ten Years
(Dollars Expressed in Thousands except Per Capita)

Fiscal Year	General Bonded Debt		Other Governmental Activities Debt		Debt Ratios, Governmental Activities		Business-Type Activities Debt		Debt Ratios, Primary Government	
	General Obligation Bonds ⁽²⁾	Transportation Bonds ⁽²⁾	Capital Leases	Component Units	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾	Revenue Bonds	Capital Leases	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
2020	\$ 11,201,906	\$ 3,978,852	\$ 710,831	\$ 59,512	4.08 %	\$ 2,638	\$ 5,520,096	\$ 5,520,096	5.49 %	\$ 3,551
2019	10,961,278	3,680,951	756,730	68,402	4.07	2,560	4,773,362	4,773,362	5.32	3,350
2018	10,849,313	3,241,095	787,303	83,933	4.29	2,487	4,451,025	4,451,025	5.57	3,227
2017	10,526,151	2,860,829	842,363	103,100	4.11	2,382	5,345,081	\$ 35,669	5.66	3,277
2016	10,672,349	2,359,453	907,425	121,543	4.17	2,341	5,630,773	48,285	5.85	3,286
2015	9,800,864	2,233,690	929,679	140,559	3.98	2,193	5,721,363	60,715	5.73	3,160
2014	9,256,090	1,948,837	915,393	163,574	3.82	2,072	5,939,721	17,480	5.67	3,077
2013	8,659,236	1,728,192	766,393	186,706	3.58	1,927	6,220,872	31,024	5.56	2,990
2012	8,081,668	1,654,497	755,653	210,676	3.41	1,728	6,377,228	56,212	5.59	2,832
2011	7,425,402	1,630,533	755,778	214,590	3.35	1,645	6,504,780	44,886	5.66	2,776

Source: General Accounting Division, State Comptroller's Office

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

⁽²⁾ General bonded debt and transportation bonds are net of related premiums, discounts 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 ⁽¹⁾	Estimated Property Value	General Bonded Debt ⁽²⁾		
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
2011	5,786	689,329,692	7,425,402	1.08	1,283

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

⁽¹⁾ See Schedule of Demographic Statistics.

⁽²⁾ Includes general obligation bonds. The primary revenue source to pay the debt service for general obligation bonds is property taxes. The General bonded debt is net of related premiums, discounts, and adjustments.

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

Legal Debt Margin Calculation for Fiscal Year 2020

Debt Limit ⁽¹⁾	\$ 16,979,120
Debt applicable to limit:	
General obligation bonds.....	9,772,468
Transportation bonds.....	3,627,190
Nontraditional Transportation debt ⁽²⁾	641,120
Less amounts set aside for replacement of:	
General obligation debt.....	310,451
Transportation debt.....	132,959
Total net debt applicable to limit.....	<u>13,597,368</u>
Legal debt margin.....	<u>\$ 3,381,752</u>

	Year ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt limit.....	\$ 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	\$ 11,790,027
Total net debt applicable to limit.....	<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>	<u>8,948,851</u>
Legal debt margin.....	<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>	<u>\$ 2,841,176</u>
Total net debt applicable to limit as a percentage of debt limit	80.08%	80.86%	80.51%	81.20%	79.83%	76.99%	76.27%	76.18%	76.19%	75.90%

Source: General Accounting Division, 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 2019 session of the General Assembly established a maximum outstanding principal amount of \$951,000,000 as of June 30, 2020, 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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Taxes and fees:										
Taxes pledged to bonds ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾	\$ 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	\$ 1,300,022
Other taxes and fees ⁽³⁾	587,652	624,750	605,153	623,230	611,259	603,700	586,514	572,894	475,561	439,657
Total taxes and fees	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	1,739,679
Operating revenues	394,338	453,306	459,912	441,420	436,571	414,290	409,952	407,187	402,056	390,547
Investment income	49,418	56,543	60,566	69,012	59,609	47,307	29,139	30,785	40,015	60,458
Other ⁽¹⁾	1,918	2,929	2,322	627	3,819	2,090	2,154	758	2,750	1,004
Total revenue	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	2,191,688
Administration, operation and maintenance expenditures	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	1,547,339
Less: Federal funds	(430,279)	(90,770)	(99,533)	(94,498)	(87,325)	(89,843)	(90,567)	(72,397)	(92,737)	(90,733)
Total	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	1,456,606
Net revenues	\$ 1,411,103	\$ 1,203,894	\$ 1,144,294	\$ 1,251,753	\$ 1,206,049	\$ 1,047,506	\$ 866,308	\$ 827,749	\$ 718,708	\$ 735,082
Maximum annual principal and interest requirements	\$ 457,080	\$ 415,245	\$ 358,739	\$ 331,345	\$ 305,197	\$ 292,327	\$ 270,527	\$ 237,394	\$ 219,765	\$ 210,714
Ratio of net revenues to maximum annual principal and interest requirements	3.09	5.07	3.19	3.78	3.95	3.58	3.20	3.49	3.27	3.49
Ratio of taxes pledged to bonds to maximum annual principal and interest requirements	4.64	2.90	5.48	5.95	6.31	5.99	5.88	5.82	5.81	6.17

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

⁽¹⁾ The State's sales tax and the Vehicle Excise Tax (Titling tax) was increased from 5% to 6%, effective January 1, 2008. In addition, effective July 1, 2008, the percentage of titling tax retained by the Department was increased incrementally to fiscal year 2014 from 76% to 93.6%.

⁽²⁾ The Department was allocated 6.5% of the State's sales tax effective July 1, 2008. The distribution was reduced to 5.3% in fiscal years 2010 and 2011 and ended July 1, 2011.

⁽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.

⁽⁴⁾ 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.

⁽⁵⁾ The motor fuel tax rate was increased based on growth of the Consumer Price Index and applies a sales and use tax equivalent to the price of motor fuel beginning in fiscal year 2014.

STATE OF MARYLAND
Ratio of Pledged Assets to
Revenue Bonds, Community Development Administration
Last Ten Fiscal Years
(Expressed in Thousands)

	Pledged Assets ⁽¹⁾	Revenue Bonds Payable	Ratio of Pledged Assets to Revenue Bonds
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
2011	3,627,287	3,047,472	1.19

⁽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 ⁽¹⁾	Total Personal Income ⁽²⁾	Per Capita Personal Income	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
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
2011	5,785,982	283,919,505	49,070	993,996	7.2

Sources:

- ⁽¹⁾ U.S. Census Bureau, "Annual Estimates of the Resident Population: April 1, 2012 - July 1, 2019", revised December, 2019. 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 24, 2020. 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 2019 ⁽¹⁾			Calendar Year 2010 ⁽²⁾		
	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	344,380	\$ 20,544,495	\$ 1,147	344,181	\$ 17,056,799	\$ 953
Federal	145,695	15,809,105	2,087	139,927	12,435,210	1,709
Total government	490,075	36,353,600	1,427	484,108	29,492,008	1,172
Manufacturing	112,287	8,862,667	1,518	115,086	7,588,427	1,268
Natural resources and mining	7,189	320,975	859	6,520	235,225	694
Construction	165,865	11,258,974	1,305	142,774	7,711,011	1,039
Trade, transportation, and utilities	463,519	22,020,321	914	434,661	17,386,663	769
Information services	35,309	3,495,911	1,904	43,830	3,181,188	1,396
Financial activities	135,150	13,244,615	1,885	138,000	9,944,210	1,386
Professional and business services	462,824	38,258,473	1,590	386,796	26,077,143	1,297
Education and health services	450,492	25,080,925	1,071	385,013	17,929,167	896
Leisure and hospitality	282,793	7,003,649	476	229,797	4,447,832	372
Unclassified and other services	94,872	4,200,354	851	87,833	3,008,044	659
Total of all sectors	2,700,375	\$ 170,100,463	\$ 1,211	2,454,418	\$ 127,000,917	\$ 995

⁽¹⁾ Source: DLLR Website - <http://dllr.maryland.gov/lmi/emppay/md2019ep.shtml>

⁽²⁾ Source: DLLR Website - <http://dllr.maryland.gov/lmi/emppay/md2010ep.shtml>

STATE OF MARYLAND
Maryland's Ten Largest Private Employers ⁽¹⁾

Calendar Years			
Employer (Listed Alphabetically)			
2020 ⁽²⁾	2019 ⁽²⁾	2018 ⁽²⁾	2017 ⁽²⁾
Anne Arundel Medical Center	Anne Arundel County Board of Education	Applied Physics Laboratory	Applied Physics Laboratory
Arc Day Ctr	BYK Gardner Inc.	BYK Gardner Inc.	BYK Gardner
BYK Gardner Inc.	Care First Blue Cross Blue Shield	Care First Blue Cross Blue Shield	Clean Harbors Inc.
Clean Harbors Inc	The Johns Hopkins University Applied Physics Laboratory	F.H Furr Plumbing, HVAC & Electrical	Cristal USA
The Johns Hopkins University Applied Physics Laboratory	Johns Hopkins University School of Medicine	Johns Hopkins Hospital	Johns Hopkins Hospital
Johns Hopkins University School of Medicine	Northrop Grumman Electronic Systems School of Medicine University of Maryland	Johns Hopkins University	Johns Hopkins University Northrop Grumman Electronic Systems
Northrop Grumman Electronic Systems	University of MD Marlene and Stewart Greenebaum Comprehensive Cancer Center	Northrop Grumman Electronic Systems	
School of Medicine University of Maryland		University of Maryland Biotechnology	Sap America Inc.
University of MD Marlene and Stewart Greenebaum Comprehensive Cancer Center	University of Maryland Medical Center Walter Reed National Military Medical Center	University of Maryland Medical Center	Sinai Hospital University of Maryland Medical Center
University of Maryland Medical Center		Sap America Inc.	
2016 ⁽²⁾	2015 ⁽²⁾	2014, 2013, 2012, and 2011	
Applied Physics Laboratory	BAE Systems Inc.	Giant Food LLC	
BYK Gardner	Exelon Corporation	Helix Health Systems Inc.	
Johns Hopkins University	Giant Food LLC	Home Depot Inc.	
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 Corporation	
Sylvan Learning Center	McDonald's Corporation	Safeway Inc.	
University of Maryland Medical Center	Northrop Grumman Corporation	Target	
Vitamin Shoppe	Safeway Inc.	University of Maryland Medical System	
Werner Enterprises Inc.	Walmart	Walmart	

Source: Department of Labor, Licensing and Regulation; Office of Market Labor Analysis and Information – Major Employer List – March 2020

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

⁽²⁾ Beginning in 2015, the source for the State's largest employers is a private contractor rather than the agency's in-house system.

STATE OF MARYLAND
State Employees by Function/Program
Last Ten Fiscal Years

	Year ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
State Employees:										
Governmental activities:										
General government.....	5,947	5,855	5,605	5,770	5,841	5,464	5,922	5,396	5,487	5,479
Health and mental hygiene.....	10,590	10,495	9,868	9,878	10,187	9,629	10,416	9,743	9,929	9,459
Education.....	2,347	2,371	2,203	2,230	2,330	2,207	2,509	2,253	2,227	2,162
Human resources.....	5,825	5,943	5,901	5,970	6,122	6,122	6,232	6,149	6,268	6,327
Public safety.....	20,318	18,385	13,137	14,010	19,769	14,963	15,449	15,443	15,625	15,547
Transportation.....	6,055	6,504	6,075	5,977	6,213	6,130	6,082	6,095	6,201	6,137
Judicial.....	6,426	6,456	6,354	6,321	6,277	6,024	6,158	5,937	5,905	5,935
Labor, licensing and regulation.....	1,799	1,809	1,642	1,659	1,821	1,633	1,971	1,793	1,906	1,962
Natural resources and recreation.....	2,063	2,363	2,107	2,074	2,290	2,001	2,349	2,049	2,100	2,135
Housing and community development.....	223	235	216	195	199	194	210	386	385	268
Environment.....	873	907	868	881	904	901	915	931	927	958
Agriculture.....	391	437	431	447	439	424	472	446	436	450
Commerce.....	170	165	169	170	163	154	164	169	170	167
Total governmental activities employees.....	63,027	61,925	54,576	55,582	62,555	55,846	58,849	56,790	57,566	56,986
Business-type activities:										
Economic development - insurance programs.....	281	292	276	285	284	267	287	265	268	266
Maryland Lottery and Gaming Control Agency.....	319	325	326	326	321	298	269	248	215	200
Maryland Transportation Authority.....	1,600	1,669	1,662	1,578	1,667	1,666	1,683	1,644	1,681	1,650
Maryland Correctional Enterprises.....	168	158	146	157	171	177	190	183	194	184
Total business-type employees.....	2,368	2,444	2,410	2,346	2,443	2,408	2,429	2,340	2,358	2,300
Total primary government employees.....	65,395	64,369	56,986	57,928	64,998	58,254	61,278	59,130	59,924	59,286
Component Units:										
Higher Education.....	52,323	48,421	47,756	47,671	45,597	44,875	45,332	41,676	39,005	39,259
Prepaid College Trust.....	31	36	27	30	25	15	18	17	14	15
Stadium Authority.....	171	185	170	155	143	133	129	123	112	112
Other component units.....	30	29	27	25	28	27	27	27	29	29
Total component units employees.....	52,555	48,671	47,980	47,881	45,793	45,050	45,506	41,843	39,160	39,415

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	9844 square miles									
Function/Program	2020 ⁽¹⁾	2019	2018	2017	2016	2015	2014	2013	2012	2011
Education, Public School Enrollment	909,414	896,845	893,689	886,221	879,601	874,514	827,999	823,452	821,106	817,610
Health and Human Resources:										
Medicaid Enrollment	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	764,500
Children's Health Program Enrollment	143,031	154,320	147,837	146,031	136,980	122,955	114,648	111,132	103,011	98,000
WIC Food Program Recipients	122,298	126,914	129,504	134,662	140,909	140,600	140,830	144,923	146,787	155,000
Behavioral Health Clients	288,231	340,479	326,249	201,005	199,138	185,181	184,104	167,680	159,124	152,953
Public Assistance Caseload (AFDC/TANF)	46,767	42,661	46,651	50,901	56,115	61,739	64,359	67,436	72,413	67,422
Foster Care and Subsidized Adoption Average Caseload	11,864	12,535	12,727	12,977	13,410	13,477	15,090	15,386	14,230	15,297
Public Safety:										
Correctional Institutions Average Daily Population ...	21,142	21,370	22,799	23,115	23,093	23,951	24,237	24,686	25,450	21,159
Parole and Probation, Active Cases under Supervision	71,232	70,293	69,878	40,402	42,368	50,968	49,734	52,187	50,982	55,200
Youth Residential Programs, Average Daily Population	721	742	739	782	852	998	1,209	1,201	1,304	1,468
Average Monthly number of Youths on Probation	1,964	2,204	2,292	2,296	2,446	2,761	2,630	2,983	3,375	5,015
Public Safety (State Police):										
Number of Police Stations	23	23	23	23	23	26	26	25	25	25
Number of State Police	1,476	1,464	1,428	1,452	1,456	1,443	1,570	1,562	1,563	1,565
Motor Vehicle Citations (calendar year)	339,657	338,806	336,950	330,153	355,061	363,134	370,767	384,500	336,094	348,459
Motor Vehicle - Number of Collisions (calendar year) ⁽⁷⁾	24,466	25,669	34,278	23,779	19,907	98,400	96,200	88,700	89,285	102,000
Judicial, Total Filings	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	2,105,728
Transportation:										
Miles of State Highway	5,206	5,284	5,274	5,270	5,274	5,271	5,273	5,264	5,266	5,254
Lane Miles Maintained	17,286	17,191	17,174	17,143	17,132	17,117	17,063	17,050	17,042	16,988
Expenditures per Lane Mile	9,691	\$ 9,320	\$ 9,423	\$ 9,373	\$ 9,199	\$ 8,430	\$ 8,261	\$ 8,655	\$ 8,618	\$ 8,171
Number of Bridges ⁽²⁾	1,437	1,483	1,483	1,484	1,483	1,499	1,496	1,434	1,182	1,183
Motor Vehicle Registrations	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	5.0 million
BWI Airport Passengers (calendar year)	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	22.5 million
Acres Agricultural Land Preserved - all programs	690,939	675,906	654,490	635,710	614,173	609,661	587,757	574,838	572,680	563,482
Department of Housing and Community Development:										
Active Single Family/Multifamily Bond Financed Loans ⁽⁴⁾	13,189	11,533	10,510	11,525	12,646	13,734	14,919	15,426	16,796	16,456
Department of Commerce:										
Number of businesses assisted ⁽³⁾	13	35	30	NA	4	7	9	9	13	17
Number of workers trained ⁽³⁾	242	1,619	1,210	NA	126	142	161	79	262	637

STATE OF MARYLAND
Schedule of Miscellaneous, Operating and Capital Asset Statistics by Function (Continued)
Last Ten Fiscal Years

Function/Program	2020 ⁽¹⁾	2019	2018	2017	2016	2015	2014	2013	2012	2011
Higher Education (Universities, Colleges and Community Colleges):										
Number of Campuses in State	29	29	29	29	29	29	29	29	29	29
Number of Educators ⁽⁵⁾	8,488	8,390	8,383	8,387	8,355	8,391	8,298	8,271	9,892	9,671
Number of Students	279,877	284,200	289,879	287,831	291,797	288,720	296,805	302,115	298,273	286,106
Number of State Scholarships Awarded ⁽⁶⁾	39,290	33,689	35,252	32,203	35,859	40,061	43,318	45,212	40,485	65,544
Recreation:										
Number of State Parks and Forests	62	62	62	60	60	60	66	66	66	65
State Parks Daily Visitors	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	10.5 million
Area of State Parks, Acres	97,446	97,368	97,195	94,762	95,314	95,196	97,414	96,130	95,199	95,196
Area of State Forests, Acres	148,764	148,539	147,863	147,810	147,521	145,761	145,200	143,430	142,979	142,058

Sources: State Comptroller's Office, General Accounting Division, Central Payroll Bureau, www.mdarchives.state.md.us/msa/mdmanual, Maryland Budget, Department of Budget and Management, Department of Natural Resources, and the State Highway Administration of Maryland.

⁽¹⁾ These amounts are estimates.

⁽²⁾ Represents the number of bridges owned and maintained by SHA on the National Highway System (NHS). The large increase reported in 2013 resulted from an expansion of Maryland's portion of NHS by the Federal Highway Administration.

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

⁽⁴⁾ CDA relies completely on the reporting of two different Master Servicers on the underlying loans that comprise the Mortgage-backed securities held by CDA at fiscal year end.

⁽⁵⁾ Large reduction of faculty count is due to exclusion of faculty at Clinical Medicine at UMB, faculty at extension services, and continuing education faculty beginning in 2013.

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

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

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, 2020
(Expressed in Thousands)

	Annual Budgeted Funds						Higher Education Funds				Capital Projects Fund Actual Revenues	Total Actual Revenues
	General Fund		Special Fund		Federal Fund		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		
Taxes:												
Property tax		\$ 3,137	\$ 1,039,156	\$ 1,084,981								\$ 1,088,118
Franchise and corporation tax	\$ 142,145	137,713										137,713
Death taxes	164,273	197,175										197,175
Admission and amusement tax			3,292	12,656								12,656
Alcohol beverages tax	32,108	24,356		104								24,460
Motor vehicle fuel taxes			950,000	1,076,207								1,076,207
Income taxes	11,339,828	11,750,683	253,979	276,345								12,027,028
Sales and use taxes	5,026,412	4,634,874	350,000	301,786								4,936,660
Tobacco taxes	364,021	362,901										362,901
Motor vehicle titling taxes			900,000	847,882								847,882
Insurance company taxes	397,861	427,228	396,992	375,103								802,331
Horse racing taxes			1,500	962								962
Shellfish taxes			38	336								336
Boxing, wrestling or sparring taxes		352										352
Boat titling tax			15,034	18,653								18,653
Energy generation tax			60,000	39,353								39,353
Emergency telephone system tax			50,000	105,740								105,740
Total taxes	17,466,648	17,538,419	4,019,991	4,140,108								21,678,527
Other:												
Licenses and permits	43,336	43,936	632,217	603,125								647,061
Fees for services	159,442	120,500	858,868	829,814								950,314
Fines and costs	103,038	98,958	205,191	192,497								291,455
Sales to the public	31,073	8,754	635,659	103,431								112,185
Commissions and royalties	75		107,337	10,060								10,060
Rentals		1,728	127,887	128,261								129,989
Interest on investments	50,000	61,641	21,300	23,907		\$ 274					\$ 24	85,846
Interest on loan repayments			1,000	919								919
Miscellaneous	98,653	116,348	266,150	206,969								323,317
Colleges and universities							\$ 3,438,252	\$ 3,178,039	\$ 1,572,440	\$ 1,480,002		4,658,041
Federal reimbursements and grants					\$ 15,516,253	14,302,145						14,302,145
Other reimbursements	89,666	48,083	1,197,196	1,120,883								1,168,966

STATE OF MARYLAND
Schedule of Estimated and Actual Revenues By Source, Budgetary Basis, for the Year Ended June 30, 2020 (Continued)
(Expressed in Thousands)

	Annual Budgeted Funds						Higher Education Funds				Capital Projects Fund Actual Revenues	Total Actual Revenues	
	General Fund		Special Fund		Federal Fund		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			
Bond issues:													
State - general purpose.....				\$ 973								\$ 1,094,924	\$ 1,095,897
Consolidated transportation bonds.....			953,242	548,103									548,103
Premiums.....				255,980								13,500	269,480
State reimbursements.....	\$ 556,638	\$ 965,676	490,800	447,924								44,730	1,458,330
Appropriated from other funds...							\$ 1,577,858	\$ 1,577,858					1,577,858
Trust funds.....			155	283									283
Revolving accounts.....	9,300	12,136	4,600	5,538									17,674
Total revenues	\$18,607,869	\$19,016,179	\$ 9,521,593	\$ 8,618,775	\$ 15,516,253	\$ 14,302,419	\$ 5,016,110	\$ 4,755,897	\$ 1,572,440	\$ 1,480,002	\$ 1,153,178	\$ 49,326,450	

STATE OF MARYLAND
Schedule of Budget and Actual Expenditures and Encumbrances By Major Function, Budgetary Basis
For the Year Ended June 30, 2020
(Expressed in Thousands)

Expenditures and Encumbrances by Major Function*	Annual Budgeted Funds												
	General Fund		Special Fund		Federal Fund		Higher Education Funds				Capital Projects Fund	Total Actual	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Current Unrestricted Fund		Current Restricted Fund		Actual		
Payments of revenue to civil divisions of the State	\$ 173,832	\$ 173,832	\$ 1,250	1,133									\$ 174,965
Public debt			1,033,970	\$ 1,024,442	\$ 11,533	\$ 10,385							1,034,827
Legislative	97,629	97,629											97,629
Judicial review and legal	675,238	673,976	132,753	109,573	7,189	6,223							789,772
Executive and administrative control	310,261	279,101	244,981	221,735	346,519	317,639							818,475
Financial and revenue administration	234,741	222,682	169,889	150,607									373,289
Budget and management	165,408	125,986	38,656	27,469									153,455
Retirement and pension			22,933	21,811									21,811
General services	77,438	73,897	5,737	3,640	1,427	1,423							78,960
Transportation and highways			4,024,054	3,897,606	1,676,554	1,475,032							5,372,638
Natural resources and recreation	76,850	63,836	323,501	299,565	37,834	29,421							392,822
Agriculture	39,648	38,982	84,285	81,242	7,721	5,327							125,551
Health, hospitals and mental hygiene	5,275,257	5,118,305	1,422,069	1,370,838	8,950,410	8,860,620							15,349,763
Human resources	615,478	613,454	102,440	98,658	2,066,586	2,022,441							2,734,553
Labor, licensing and regulation	50,867	47,499	231,937	156,829	193,003	160,552							364,880
Public safety and correctional services	1,265,946	1,258,447	185,713	164,948	39,036	30,911							1,454,306
Public education	8,850,938	8,815,604	898,289	857,697	1,591,558	1,467,396	\$ 5,016,110	\$ 4,726,867	\$ 1,572,440	\$ 1,481,441			17,349,005
Housing and community development	32,752	30,077	134,406	117,180	336,456	326,501							473,758
Commerce	84,739	81,249	56,600	29,199	100,979	99,834							210,282
Maryland technology development corporation	34,705	20,725	8,185	5,261									25,986
Environment	35,601	35,599	283,092	276,696	137,961	136,242							448,537
Juvenile services	267,400	259,560	3,040	2,782	4,562	3,128							265,470
State police	315,763	238,408	113,944	111,396	6,925	6,476							356,280
State reserve fund	563,621	405,621											405,621
Loan accounts	287,000	287,000										1,083,507	1,370,507
Reversions:													
Current year reversions	(30,000)												
Prior year reversions		(362,232)		(24,613)		(167,183)		(545)		(572)			(555,145)
Total expenditures and encumbrances	\$19,501,112	\$18,599,237	\$ 9,521,724	\$ 9,005,694	\$ 15,516,253	\$14,792,368	\$ 5,016,110	\$ 4,726,322	\$ 1,572,440	\$ 1,480,869	\$ 1,083,507		\$49,687,997

*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, 2020

(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, 2018	\$ 1,291,585	\$ 890,709	\$ 2,466,318	\$ 142,063		\$ 1,213,876	\$ 8,057	\$ 407,439	\$ 6,420,047
Increase:									
Revenues	18,595,647	420,532	7,505,961	1,112,814	\$ 14,302,419	4,755,897	1,480,002	1,153,178	49,326,450
Decrease:									
Appropriations	19,531,308		8,487,896	1,033,970	15,516,253	5,016,110	1,572,440	1,083,507	
Less: Current year reversions	(239,359)		(481,888)	(9,528)	(556,702)	(289,342)	(90,372)		
Prior year reversions	(362,232)		(24,613)		(167,183)	(545)	(572)		
Expenditures and encumbrances*	18,929,717		7,981,395	1,024,442	14,792,368	4,726,223	1,481,496	1,083,507	50,019,148
Changes to encumbrances during fiscal year 2020	22,859		73,120		(304,876)	645	(55)		(208,307)
Expenditures	18,952,576		8,054,515	1,024,442	14,487,492	4,726,868	1,481,441	1,083,507	49,810,841
Transfers in (out)	63,351	(79,134)	500,920	6,851	185,073	(98)	(587)	134,452	810,828
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
Fund Balance:									
Reserved:									
Encumbrances	\$ 294,532		\$ 593,131		\$ 741,111	\$ 634	\$ 306	\$ 702,427	\$ 2,332,141
State reserve fund		\$ 1,232,107							1,232,107
Loans and notes receivable				\$ 1,252					1,252
Shore erosion loan program			5,996						5,996
Gain/Loss on Investments									
Unreserved:									
Designated for:									
General long-term debt service				236,034					236,034
2021 operations	345,848								345,848
Undesignated surplus (deficit)	357,627		1,819,557		(741,111)	1,242,173	5,725	(90,865)	2,593,106
Total	\$ 998,007	\$ 1,232,107	\$ 2,418,684	\$ 237,286	\$	\$ 1,242,807	\$ 6,031	\$ 611,562	\$ 6,746,484

*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, 2020 ⁽¹⁾
(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 Funds	State Administered Local Revenue	Total		
Allegany.....	\$ 977	\$ 134,122	\$ 1,656	\$ 136,755	\$ 20,551	\$ 31,318	\$ 188,624	\$ 3,987,953	\$ 4.73
Anne Arundel.....	6,049	584,577	59,382	650,008	65,136	631,705	1,346,849	97,643,213	1.38
Baltimore County.....	8,300	1,006,586	36,159	1,051,045	108,650	852,114	2,011,809	92,739,353	2.17
Calvert.....	1,299	117,872	2,773	121,944	21,529	103,613	247,086	12,840,558	1.92
Caroline.....	807	78,936	7,483	87,226	9,782	16,533	113,541	2,755,141	4.12
Carroll.....	2,274	191,693	5,053	199,020	32,571	172,973	404,564	21,312,551	1.90
Cecil.....	1,318	154,888	4,344	160,550	28,898	69,011	258,459	11,089,537	2.33
Charles.....	2,003	261,699	6,430	270,132	35,480	141,008	446,620	19,497,762	2.29
Dorchester.....	891	64,926	3,520	69,337	13,296	15,795	98,428	2,997,240	3.28
Frederick.....	2,781	344,821	14,917	362,519	29,466	248,537	640,522	33,910,701	1.89
Garrett.....	1,076	42,067	846	43,989	11,656	17,395	73,040	4,709,203	1.55
Harford.....	2,823	313,100	3,284	319,207	35,937	246,893	602,037	30,483,272	1.97
Howard.....	3,309	407,621	9,425	420,355	61,731	528,170	1,010,256	56,899,457	1.78
Kent.....	460	18,796	1,723	20,979	6,835	16,449	44,263	3,032,628	1.46
Montgomery.....	7,584	1,104,817	47,070	1,159,471	106,602	1,714,396	2,980,469	204,482,559	1.46
Prince George's.....	6,195	1,512,375	23,988	1,542,558	127,471	680,418	2,350,447	106,303,052	2.21
Queen Anne's.....	1,075	59,167	1,063	61,305	12,699	67,976	141,980	8,741,001	1.62
St Mary's.....	1,608	144,626	8,161	154,395	27,910	113,772	296,077	13,220,447	2.24
Somerset.....	571	53,129	4,340	58,040	12,399	8,114	78,553	1,518,815	5.17
Talbot.....	655	27,032	9,000	36,687	10,857	40,427	87,971	8,729,006	1.01
Washington.....	1,788	254,476	14,987	271,251	43,670	95,691	410,612	13,670,826	3.00
Wicomico.....	1,330	213,217	8,368	222,915	41,712	54,026	318,653	6,926,429	4.60
Worcester.....	1,047	39,846	2,293	43,186	16,972	36,127	96,285	16,737,604	0.58
Baltimore City.....	128,455	1,284,325	61,489	1,474,269	227,269	427,937	2,129,475	45,104,986	4.72
Total	\$ 184,675	\$ 8,414,714	\$ 337,754	\$ 8,937,143	\$ 1,109,079	\$ 6,330,398	\$ 16,376,620	\$ 819,333,294	

⁽¹⁾ In addition to the amounts shown for counties and Baltimore City, \$199,139,000 was distributed to municipalities within the counties.

⁽²⁾ Source: Seventy-six Report of the Department of Assessments and Taxation, dated January 2020. Assessed value of property is 100%

STATE OF MARYLAND
Schedule of Taxes Receivable from
Collectors of State Property Taxes
June 30, 2020

(Expressed in Thousands)

Political Subdivision	Taxes Receivable		
	Current Year	Prior Years	Total
Allegany	\$ 432	\$ 288	\$ 720
Anne Arundel	1,127	336	1,463
Baltimore County	660	367	1,027
Calvert	584	184	768
Caroline	53	17	70
Carroll	203	11	214
Cecil	127	14	141
Charles	172	207	379
Dorchester	159	81	240
Frederick	71	144	215
Garrett	254	36	290
Harford	196	48	244
Howard	182	1,225	1,407
Kent	177	92	269
Montgomery	650	(1,517)	(867)
Prince George's	840	631	1,471
Queen Anne's	153	56	209
St Mary's	187	48	235
Somerset	95	296	391
Talbot	47	26	73
Washington	131	14	145
Wicomico	127	108	235
Worcester	449	66	515
Baltimore City	3,840	14,456	18,296
Total	\$ 10,916	\$ 17,234	\$ 28,150

STATE OF MARYLAND
Schedule of Estimated Revenues - Budgetary Basis
For the Year Ending June 30, 2021
(Expressed in Thousands)

	General Fund	Special Fund	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Total
Income Taxes	\$ 12,134,369	\$ 201,677				\$ 12,336,046
Retail sales and use tax and licenses	5,040,690	93,010				5,133,700
Motor vehicle fuel taxes and licenses		1,201,866				1,201,866
Motor vehicle tax and licenses		1,363,000				1,363,000
Property taxes		1,088,592	(1)			1,088,592
Insurance company taxes, licenses and fees	360,146	231,459				591,605
Franchise and corporation taxes	229,341					229,341
State tobacco tax and licenses	341,553					341,553
Alcoholic beverages taxes and licenses	34,732					34,732
Death taxes	176,511					176,511
Miscellaneous taxes, fees and other revenues	175,667	321,022	(1) \$	11,000	(1)	507,689
Budgeted tobacco settlement recoveries		148,410				148,410
Horse racing taxes and licenses		3,808				3,808
District courts fines and costs	57,455					57,455
Interest on investments	52,368	2,000				54,368
Hospital patient recoveries	58,190					58,190
Legislative	30					30
Judicial review and legal	63,154	130,124	6,859			200,137
Executive and administrative control	8,630	285,619	589,351			883,600
Financial and revenue administration	15,208	69,873				85,081
Budget and management	4,841	38,652	9,546			53,039
Maryland lottery and gaming control	568,416	777,488				1,345,904
Information technology development		14,570				14,570
Retirement and pension		21,263				21,263
General services	378	4,606	1,471			6,455
Transportation and highways		1,252,315	1,332,139			2,584,454
Natural resources and recreation	105	87,918	37,147			125,170
Agriculture	131	39,863	7,354			47,348
Health, hospitals and mental hygiene	32,610	971,566	8,247,044			9,251,220
Human resources	1,352	86,845	1,684,401			1,772,598
Labor, licensing and regulation	5,770	229,204	159,741			394,715
Public safety and correctional services	6,482	226,164	26,565			259,211
Public education	8,809	193,567	1,290,982	\$ 5,052,497	\$ 1,502,502	8,048,357
Housing and community development	427	113,427	307,118			420,972
Commerce	388	68,389	3,665			72,442
Maryland technology development corporation		5,410				5,410
Environment	610	320,491	84,848			405,949
Juvenile services	31	3,278	4,334			7,643
State police	4,052	115,700	6,925			126,677
Total estimated revenues ⁽²⁾	\$ 19,382,446	\$ 9,711,176	\$ 13,810,490	\$ 5,052,497	\$ 1,502,502	\$ 49,459,111

⁽¹⁾Includes \$1,214,000,000 recorded in the Debt Service Fund for accounting purposes.

⁽²⁾Amounts are reported as of July 1, 2020, 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, 2021

(Expressed in Thousands)

	General	Special	Federal	Current	Current	
	Fund	Fund	Fund	Unrestricted	Restricted	Total
				Fund	Fund	
Payments of revenue to civil divisions of the State	\$ 185,980	\$ 1,220				\$ 187,200
Public debt	131,000	1,203,000	⁽¹⁾ \$ 11,000			1,345,000
Legislative	103,137					103,137
Judicial review and legal	695,536	131,588	6,859			833,983
Executive and administrative control	305,692	322,903	589,351			1,217,946
Financial and revenue administration	237,288	166,647				403,935
Budget and management	230,689	53,223	9,546			293,458
Retirement and pension		21,263				21,263
General services	85,527	4,902	1,471			91,900
Transportation and highways		4,056,750	1,332,139			5,388,889
Natural resources and recreation	87,541	310,545	37,147			435,233
Agriculture	37,771	75,828	7,354			120,953
Health, hospitals and mental hygiene	5,519,269	1,304,117	8,247,044			15,070,430
Human resources	628,695	86,845	1,684,401			2,399,941
Labor, licensing and regulation	50,327	231,537	159,741			441,605
Public safety and correctional services	1,253,900	226,164	26,565			1,506,629
Public education	9,190,619	887,950	1,290,982	\$ 5,052,497	\$ 1,502,502	17,924,550
Housing and community development	40,456	113,427	307,118			461,001
Commerce	82,428	68,388	3,665			154,481
Maryland technology development corporation	30,474	5,410				35,884
Environment	36,777	320,491	84,848			442,116
Juvenile justice	263,789	3,278	4,334			271,401
State police	314,300	115,700	6,925			436,925
State reserve fund	152,000					152,000
Total appropriations⁽²⁾	\$ 19,663,195	\$ 9,711,176	\$ 13,810,490	\$ 5,052,497	\$ 1,502,502	\$ 49,739,860

⁽¹⁾ Recorded in the Debt Service Fund for accounting purposes.

⁽²⁾ Amounts are reported as of July 1, 2020 and do not reflect revisions, if any, subsequent to that date.



Front and back covers: West Street, Annapolis

PHOTOS: MAXIMILIAN FRANZ

COMPTROLLER OF MARYLAND, PETER FRANCHOT
P.O. BOX 466 ANNAPOLIS, MARYLAND 21404-0466
GAD@MARYLANDTAXES.GOV 1-888-784-0144
WWW.MARYLANDTAXES.GOV

