ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE **FISCAL YEAR** ENDED JUNE 30, **2021**

Larry Hogan, *Governor*

Boyd K. Rutherford, *Lt. Governor*

James F. Ports, Jr., *Secretary*

MARYLAND DEPARTMENT OF TRANSPORTATION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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Prepared by the Office of Finance

Chief Financial Officer
Jaclyn D. Hartman

Controller
Tim Hayden

MARYLAND DEPARTMENT OF TRANSPORTATION

MARYLAND DEPARTMENT OF TRANSPORTATION

Our Mission

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

Our Goals

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

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

MARYLAND DEPARTMENT OF TRANSPORTATION
A Department of the State of Maryland
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

Introductory Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT
MARYLAND DEPARTMENT OF TRANSPORTATION

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MARYLAND DEPARTMENT OF TRANSPORTATION

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

January 19, 2022

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

Dear Secretary Ports:

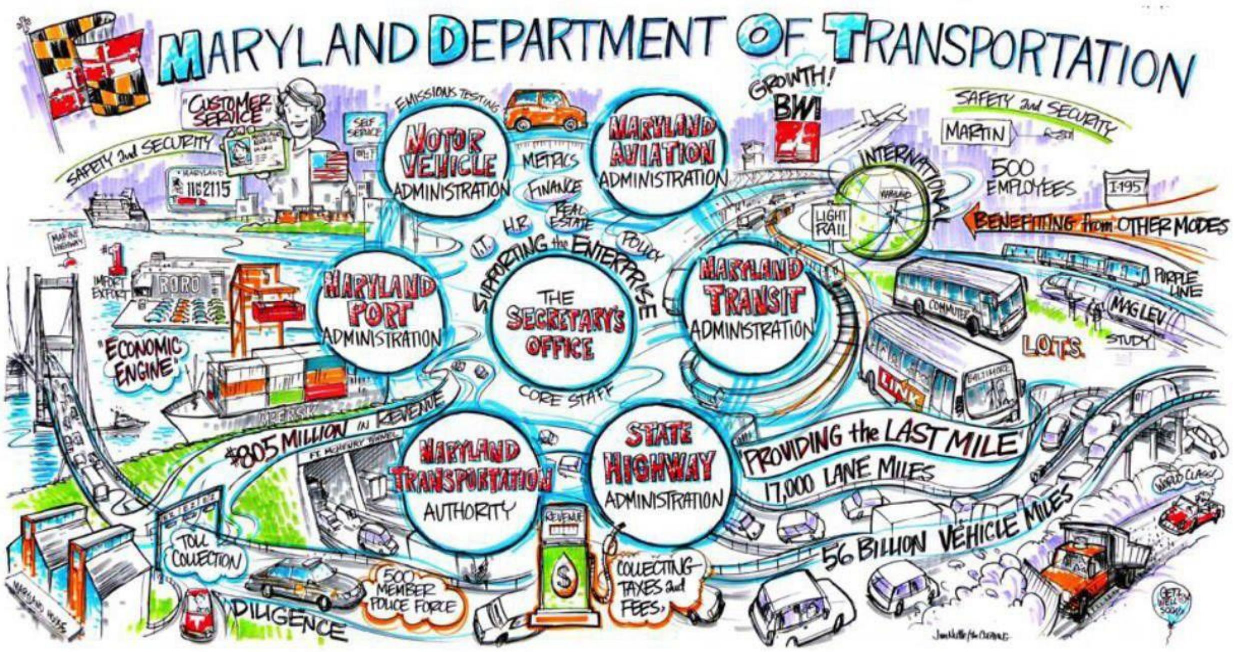
I am pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Maryland Department of Transportation (Department) for the fiscal year ended June 30, 2021, which includes the financial statements of the Department. The data is reported in a manner designed to present fairly the financial position and changes in financial position of the Department. All disclosures necessary to enable the reader to gain a maximum understanding of the Department's financial affairs have been included. This ACFR is a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

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

The Department, in conjunction with the State of Maryland (State), requires an audit of the Department's basic financial statements by a firm of licensed certified public accountants. The Department has complied with this requirement, and the independent audit report of CliftonLarsonAllen, LLC is presented on page 25 of this report. The goal of the independent audit is to provide reasonable assurance that the Department's financial statements for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; evaluating the key internal controls; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Department's basic financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with GAAP.

The independent audit of the Department's basic financial statements is part of a broader, federally mandated "Single Audit" designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the State of Maryland's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Department's MD&A can be found starting on page 28 of this report.



Profile of the Maryland Department of Transportation

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

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

MARYLAND DEPARTMENT OF TRANSPORTATION

MISSION STATEMENT

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

Maryland Aviation Administration

The MAA fosters the vitality of aviation statewide and promotes safe and efficient operations, economic viability, and environmental stewardship. The MAA owns and operates the Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall Airport) and Martin State Airport and supports public-use airports across the State of Maryland. BWI Marshall Airport is a major transportation resource and economic development engine for the State of Maryland and the entire National Capital region, producing a total economic impact of $9.3 billion. The airport and its visitors support more than 106,000 jobs throughout the State.

Maryland Port Administration

The Helen Delich Bentley Port of Baltimore includes both publicly and privately operated terminals. It is one of the busiest and most diverse cargo ports in the United States and leads the nation in handling autos and light trucks, roll on/roll off heavy farm and construction machinery, and imported gypsum, as well as ranking 2nd in exported coal. The Port of Baltimore handled 37.3 million tons of international cargo in calendar year 2020, ranking it 11th among all U.S. ports for cargo handled. The total value of the foreign cargo handed at the Port was $49.6 billion, ranking it 10th among all U.S. Ports. The Port of Baltimore generates about 15,300 direct jobs, with nearly 140,000 jobs overall linked to Port activities.

Maryland Transit Administration

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

Motor Vehicle Administration

The MVA provides premier customer service to Marylanders at 24 offices and 18 vehicle emissions inspection stations conveniently located throughout the State. The MVA is committed to delivering premier customer service, offering more online service options, increasing customer convenience, and decreasing customer wait times. The MVA is home to the Maryland Highway Safety Office and is committed to decreasing traffic fatalities through a comprehensive Strategic Highway Safety Plan.

State Highway Administration

The SHA operates, maintains, and rebuilds the major highways (numbered, non-toll routes) in Maryland's 23 counties – more than 17,000 lane-miles and 2,572 bridges. The Department's Coordinated Highways Action Response Team (CHART) continuously monitors traffic and provides emergency patrols that assist with incident responses, disabled vehicles, and traffic management operations for special and weather-related events. CHART drivers patrol 2.4 million miles per year, respond to approximately 23,000 incidents, and assist another 27,000 motorists. Construction projects at the SHA sustain thousands of jobs in the highway industry for contractors, suppliers, engineering firms and small and minority businesses. The State highway system supports Marylanders' quality of life by connecting communities, schools, recreation, worship, and the world through BWI Marshall Airport and the Port of Baltimore.

Maryland Transportation Authority

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

Washington Metropolitan Area Transit Authority

WMATA operates the third largest rail system and the seventh largest bus network in the United States. WMATA was created in 1967 by an interstate compact in which Maryland, Virginia, and Washington D.C. participate. In accordance with Section 10-205 of the Transportation Article of the Annotated Code of Maryland, Maryland's share of WMATA's operating and capital expenses are paid as a grant from the Department's Transportation Trust Fund (TTF). Services include a Metrorail network of 6 lines, 91 stations, and 117 miles of track; a Metrobus system covering more than 11,000 stops across 1,500 square miles in Maryland, Virginia, and Washington D.C.; and the MetroAccess paratransit system. WMATA is a wholly separate entity from the Department and prepares a separate ACFR, available at https://www.wmatabonds.com/wmata-bonds-dc/financial-documents/i2812.

Transportation Trust Fund

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

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

State law requires that certain transportation revenues be shared with the counties and municipalities across the State. Prior to fiscal year 2020, this local transportation aid was distributed as a revenue distribution. Beginning in fiscal year 2020, the distribution method changed to a capital grant. Although the distribution method changed, the formula for determining the amount of local transportation aid remains the same. The amount of funding for local transportation aid is established in State law through a formula based on certain percentages of certain revenues less certain statutory deductions. In fiscal year 2021, 13.5% of designated revenues less statutory deductions were distributed as local transportation aid capital grants.

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

Long-Term Planning

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

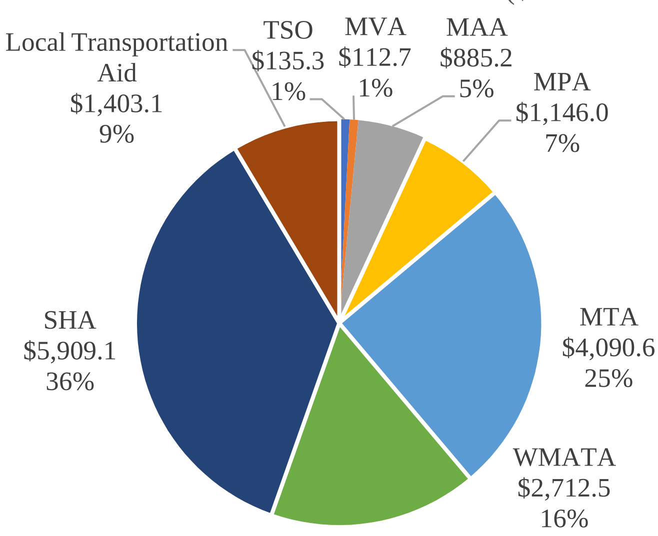
The Maryland Transportation Plan and the performance measures reported in the Annual Attainment Report are based on the 2040 Maryland Transportation Plan Goals (listed below) that were last updated in January 2019. These documents are updated every five years following extensive outreach efforts and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

2040 Maryland Transportation Plan Goals

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

The Department publishes the draft CTP in September of each year and the final CTP in January of the next calendar year. Projects included in the Department's draft CTP for fiscal years 2022-2027 provide for $16.4 billion of investment in the Department's multi-modal transportation network during the next six years. Funding for the draft CTP includes $7.8 billion in State funds (revenues and bond proceeds of the Department), $6.1 billion in federal funds, and $2.5 billion in other funds. Other funds include other funding sources not received through the TTF, such as passenger facility charges and customer facility charges at BWI Marshall Airport, the proceeds of Special Transportation Project Revenue Bonds, capital funding received from the State, federal funds received directly by WMATA, and funding from the MDTA.

FY 2022-2027 Draft Consolidated Transportation Program
Spending by Business Unit
($ in Millions)



Total six-year spending – $16.4 billion

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

Relevant Financial Policies

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

The Department's expenditures are made in accordance with appropriations provided for in the annual budget bill. The legal level of budgetary control is at the program level by fund type. The Department may, with the Governor's approval, transfer funds from one project or business unit to another or increase or decrease the amount of the appropriation to the extent that actual revenues exceed budget estimates and sufficient revenues are available. All budget amendments approved by the Governor are required to be reported to the next session of the General Assembly. Unexpended appropriations may be carried to the following year to the extent of available resources and encumbrances. A schedule showing budget and actual expenditures is presented as required supplementary information on page 94 of this report.

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

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

State law and the Department's debt practices limit Consolidated Transportation Bonds issuances with three criteria: a debt outstanding limit and two coverage tests. State law establishes a maximum debt outstanding limit for Consolidated Transportation Bonds of $4.50 billion and requires the Maryland General Assembly to establish an annual debt limit in the budget bill. For fiscal year 2021, the annual debt outstanding limit was $3.88 billion and the debt outstanding was $3.67 billion as of June 30, 2021.

Two bond coverage tests are established in the Department's bond resolutions and require that annual pledged taxes and net income from the prior year each equal at least 2.0 times the maximum level of future debt service payments on all Consolidated Transportation Bonds debt outstanding and expected to be issued. The Department maintains a management practice that requires minimum coverage of 2.5 times maximum future debt service. The net income coverage test is the ratio of all prior year's income (excluding federal capital, bond proceeds, and third-party reimbursements) minus prior year operating expenses, debt service payments, and deductions for certain non-transportation agencies to maximum future annual debt service. The pledged taxes coverage test measures annual net revenues from vehicle excise, motor fuel, rental car sales tax, and corporation income taxes (excluding refunds and all statutory deductions) as a ratio of maximum future annual debt service. If either of these coverage ratios falls below the 2.0 times level, the Department is prohibited under its bond covenants from issuing additional debt until the ratios are once again at the minimum 2.0 times level. In fiscal year 2021, the ratio of pledged taxes was 4.82 and the ratio of net income was 3.45.

The Department also has the authority to issue Special Transportation Project Revenue Bonds, which are bonds backed by project-specific revenues. The Department issued Special Transportation Project Revenue Bonds in fiscal year 2021 to refund certain previously outstanding capital leases. These bonds are repaid from airport revenues, excluding passenger facility charges and customer facility charges. This initial issuance consolidated the debt and revenue structure related to the airport and achieved debt service savings. Future issuances will provide an important source of funds for capital improvement projects at BWI Marshall Airport.

Pictured above, left to right and top to bottom: Members of the BWI Fire and Rescue Department and Maryland Transportation Authority Police commemorate the anniversary of September 11; a reminder to share the road with motorcyclists; a MTA bus wrapped to honor the nation's veterans; and a commemorative "MD PROUD" license plate.

Major Initiatives

Maryland’s extensive multimodal transportation network faces a number of challenges and opportunities. Some are inherent to the network itself – continuing to ensure the safe and efficient movement of people and goods – while others are related to changing transportation needs associated with technological, societal, demographic, land use, climate, and other environmental changes. The Department remains focused on maintaining the assets in place today while also building for the future. To do this, the Department continues forward on its mission to maintain a safe, sustainable, intelligent, and exceptional transportation system that connects our customers to life’s opportunities.

COVID-19

Since March 2020, Maryland and the world have been impacted by the global COVID-19 pandemic. From March 2020 to June 2021, various Executive Orders were proclaimed by the Governor of Maryland to reduce the spread of COVID-19. By the start of fiscal year 2021, most restrictions related to social distancing implemented statewide by Executive Order were allowed to lapse, although some restrictions were still in place at the county level. Throughout the pandemic, Maryland has been quick to respond to changing healthcare needs, whether it be through establishing testing sites or mobilizing a robust network of vaccination providers.

The Maryland Board of Public Works awarded citations to 32 SHA employees for their work to provide outstanding customer service during the COVID-19 pandemic.

The Department’s employees were critical to providing the needed support for those efforts. As of December 1, 2021, more than 9.4 million vaccinations and 1.0 million booster shots have been administered. More than 99% of Marylanders aged 65 years and older and nearly 89% of Marylanders over the age of 18 have received at least one dose of a COVID-19 vaccine.

BWI Marshall Airport earned the Global Biorisk Advisory Council’s STAR accreditation, the industry’s gold standard for clean and safe public facilities.

Transportation usage and revenues recovered throughout fiscal year 2021 after reaching a low point in April 2020. In April 2020, traffic volumes were down 51%, passenger traffic at BWI Marshall Airport was down 97%, and transit ridership was down 67%. By the end of fiscal year 2021, the Department’s operations were recovering, with traffic volumes down 8%, passenger traffic at BWI Marshall Airport down 27%, and transit ridership down 52% compared to 2019. Despite the challenges of operating during a global wide pandemic, more than 10,000 Maryland Department of Transportation and Maryland Transportation Authority employees and our private sector partners continued to deliver premiere customer service to Maryland residents during unprecedented times.

The decrease in usage of the transportation network resulted in a decrease in transportation revenues available for the Department. Federal relief efforts through the Coronavirus Aid, Relief, and Economic Security Act, signed into law in March 2020 (CARES Act); the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, signed into law in December 2020 (CRRSAA); and the American Rescue Plan Act, signed into law in March 2021 (ARPA) provided funds to sustain the Department's operations during this time. The Department maintained its commitment to its employees, its contracting partners, and to all Marylanders, to not lay off any employees nor stop active construction projects during the pandemic, despite the fact that many other departments of transportation across the country were forced to do in response to declining revenues.

Port of Baltimore

Business at the Port of Baltimore has recovered strongly since the early months of the COVID-19 pandemic, which greatly impacted the international maritime industry. Compared to July 2020, autos/light trucks at the State-owned, public marine terminals in July 2021 increased 20%, while roll on/roll off farm and construction machinery was up 19% and breakbulk cargo was up 40%, due in part to the Port's increased handling of power generation equipment. For the same period, paper coming through the Port increased 239% as a result of two new contracts.

Maryland Governor Larry Hogan speaking during a presidential visit to the Port of Baltimore to discuss infrastructure investments.

In February 2021, the Port of Baltimore set a new cargo record for the number of container moves from a single ship. The 6,000 container moves conducted by longshoremen handling the *Maersk Edinburgh* over three days bested the previous record set in August 2020 of 5,536 container moves, also from the *Maersk Edinburgh*. The Maersk Edinburgh has a capacity of 13,092 twenty-foot equivalent container units. Large ships such as this can call on the Port of Baltimore because of infrastructure that was developed as part of the successful public-private partnership between MPA and Ports America Chesapeake implemented in 2009. Ports America Chesapeake is moving forward on the construction of a second 50-foot berth at the Seagirt Marine Terminal and just recently had four additional Neo-Panamax cranes delivered to operate that additional deep berth. Another important project that will increase container business at the Port of Baltimore is the expansion of the Howard Street Tunnel to accommodate double-stacked container trains traveling to and from the Port. This $466 million project received final environmental approval in June 2021 and is made possible by a partnership between CSX, Maryland, and the federal government.

Following an 18-month hiatus of passenger cruises at the Port of Baltimore caused by the nationwide suspension of the cruise industry due to the COVID-19 pandemic, cruises returned to Baltimore in September 2021. Prior to the pandemic, the Port was one of the busiest cruise ports on the eastern seaboard, with almost 100 international cruises using MPA's cruise terminal annually.

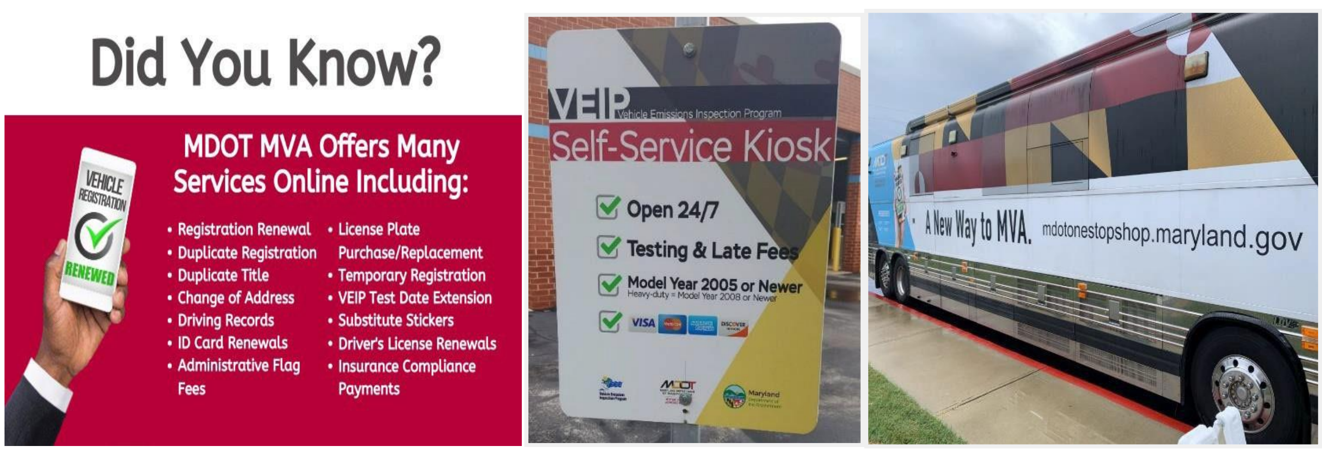
Pictured at right: Carnival Cruise Line's *CarnivalPride* docked at South Locust Point Terminal.

Driver and Vehicle Services

In fiscal year 2021, MVA completed more than 10.8 million transactions, with more than 70% of those transactions delivered through alternative service delivery, including web transactions, self-serve kiosks, and mail-in options. Customers who need to complete a transaction in-person continue to be served by the appointment-only delivery model initiated in 2020 in response to the COVID-19 pandemic. This appointment-only model provides a more efficient delivery model and has continued to drive down customer wait times, with an average wait time of 13 minutes in fiscal year 2021.

MVA continues to make progress in implementing Customer Connect, a system modernization project that will significantly enhance the customer experience and internal operating efficiencies. It will provide an integrated one-stop shop approach to MVA transactions, allow more services to be completed online, and enhance security controls. Phase One launched in July 2020 and focuses on vehicle-related transactions. Phase Two launched in December 2021 and addresses driver-related transactions.

Throughout the COVID-19 pandemic, the MVA continued its efforts to ensure that Marylanders become REAL ID compliant. The federal REAL ID Act, created post-9/11, creates a security standard for driver's licenses and identification cards nationwide. Maryland was the first state in the nation to be recertified by the federal Department of Homeland Security for REAL ID compliance. More than 84% of eligible Marylanders are REAL ID compliant, compared to the national average of approximately 43%. In April 2021, the federal Department of Homeland Security extended the deadline for full enforcement to May 3, 2023, due to circumstances related to the COVID-19 pandemic.



The MVA has been expanding the services available through alternative service delivery options. This includes many driver and vehicle services that can be completed online, self-service kiosks for vehicle emissions testing, and the MVA Mobile Bus that provides certain limited services.

BWI Marshall Airport

Prior to significant declines in air travel associated with COVID-19, BWI Marshall Airport was having a record-breaking year for passenger traffic. More than 27.2 million passengers used BWI Marshall Airport in the 12 months preceding February 2020, which is a record high for the airport. By April 2020, as the world responded to COVID-19, passenger volumes fell to 97% below the previous year. For the 12 months ended June 30, 2020, passengers totaled 20.0 million, down 21% from fiscal year 2019.

Recovery continued throughout fiscal year 2021, but with a full 12 months of travel impacted by COVID-19, passenger levels fell to 13.3 million. As vaccines have become readily available, travel restrictions have lifted, and passengers return to the air, they are increasingly choosing BWI Marshall Airport compared to the two other major airports in the Washington D.C. area. BWI Marshall Airport has made significant gains in market share in the region and is now carrying more than 45% of regional passengers. Cargo operations are another bright spot at BWI Marshall Airport. As the world of e-commerce expands due to the pandemic, air cargo at BWI Marshall Airport is up 37% from the previous year. In fiscal year 2021, BWI Marshall Airport handled 611.4 million pounds of cargo, up 11.7% from the prior year.

To prepare for the return and future growth of passengers, several important projects are underway at BWI Marshall Airport. In July 2021, the Department issued Special Transportation Project Revenue Bonds to fund construction of an expansion of the terminal to accommodate a passenger connector between Concourses A and B, an expanded baggage handling system, and other terminal development. This $430 million project will take approximately four years to complete. In September 2021, the Maryland Board of Public Works approved two contracts for the construction and operation of an aircraft maintenance facility. The $135 million project, funded by a partnership between Southwest Airlines and MAA, will include a hangar to accommodate up to three Boeing 737 aircrafts and apron space to accommodate up to eight jets. This project demonstrates the long-term commitment of Southwest Airlines to BWI Marshall Airport. In October 2021, the Maryland Board of Public Works approved a contract to modernize and expand public restrooms at BWI Marshall Airport. The $54.9 million project will improve six sets of restrooms in Concourses B, C, and D, adding capacity and improving the customer experience.

Transit

Throughout the COVID-19 pandemic, the men and women of the MTA worked relentlessly to continue to provide critical transportation services to essential workers and others who depend on them to provide access to jobs, schools, healthcare, and recreation in the Baltimore region. Throughout the pandemic, the MTA remained agile by adjusting services based on ridership demand, major job center needs, and the recovering economy. The MTA also ensured that the system remained accessible to all Marylanders by eliminating certain fare surcharges, creating multi-day passes that provide discounted fares on consecutive and non-consecutive days to address the hybrid work environment for many commuters, and using federal relief funds to mitigate the impact of a legislatively mandated fare increase.

Some of the many smiling faces of the men and women of the MTA.

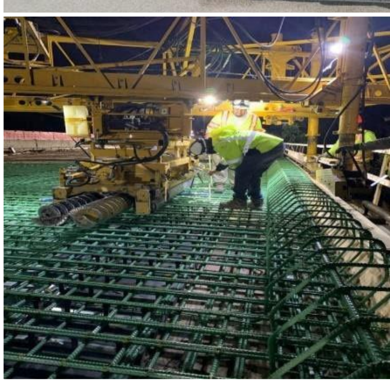
The MTA is also planning for the future. In October 2020, it launched the Central Maryland Regional Transit Plan to provide a 25-year plan to improve public transportation in central Maryland by increasing equitable access to jobs and opportunities across the region through transit projects that optimize connectivity and integrate transportation services. In May 2021, MTA and its regional partners – Anne Arundel County, Baltimore City, Baltimore County, Harford County, and Howard County – began work on the first phase of the plan for improvements to two new transit corridors. The MTA also recently announced the Fast Forward Customer Experience Enhancement Project, a $43 million project to improve the complete transit experience through the addition of elements like dedicated bus lanes, transit signal prioritization, more bus shelters, improvements for pedestrian safety and compliance with the Americans with Disabilities Act, and providing betterand faster information to riders.

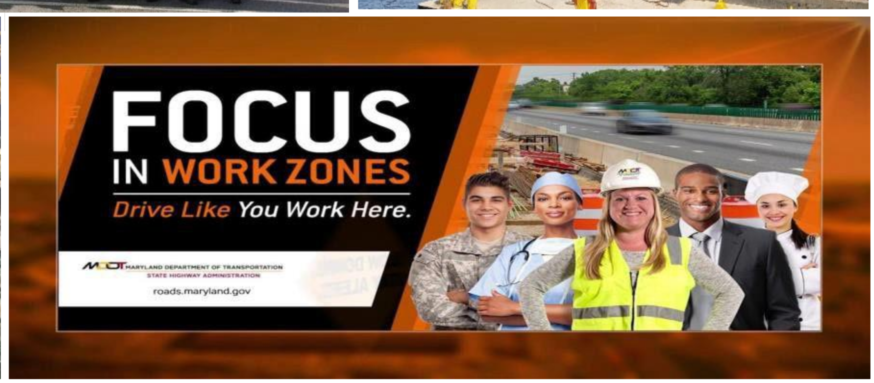
Pictured at left: U.S Secretary of Transportation Pete Buttigieg joins MDOT Secretary Greg Slater, MTA Administrator Holly Arnold, U.S. Senator Chris Van Hollen, Baltimore City Mayor Brandon Scott, and others to announce the award of a $22 million Rebuilding American Infrastructure with Sustainability and Equity grant for transportation enhancements to Baltimore's east-west corridor from Fox Ridge through Baltimore City to the Centers for Medicare and Medicaid Services.

State Highway System

A safe, well-maintained highway system is crucial to a strong economy, enabling mobility and access for people and goods from and throughout the State, keeping people safe as they travel, and improving the quality of life of Maryland’s citizens. SHA owns and maintains the interstate, U.S., and Maryland-numbered non-toll routes across the State. Despite owning 16% of road mileage, SHA roads carry 65% of all traffic in the State. The sheer number and value of these assets requires SHA to maintain a robust data-driven asset management program and to invest in regular repairs to preserve and extend the useful life of these assets and reduce overall cost. Since 2015, SHA has improved or treated 85% of lane miles in the State highway system. More than 84% of SHA’s network is in an overall preferred maintenance condition and 90% of pavement is in an acceptable condition. Maryland currently has only 29, or 1%, of its bridges rated in poor condition, which is the lowest level since tracking began and among the lowest percentages of any state transportation agency in the nation.

Vehicle miles traveled on SHA roads totaled 32.8 billion in fiscal year 2021, which was down 17% from the prior year as a result of the continued impact of COVID-19 on transportation operations across the State. Maryland has had a long-standing congestion problem, although the reduced traffic associated with COVID-19 has provided a temporary reprieve. The percent of vehicle miles traveled on freeways and expressways in congested conditions during the evening peak hour topped out at 31.4% in fiscal year 2019, but is now down to 17.2%. Similarly, the annual hours of delay on SHA’s network totaled 54 million hours in fiscal year 2021, down considerably from 78 million hours in fiscal year 2019. Despite this temporary reduction in congestion, SHA continues to look toward the future to better manage congestion through projects like the I-270 Innovative Congestion Management project, which utilizes ramp metering to help motorists merge safely onto I-270 while minimizing delay and reducing congestion, and the Phase 1 South: American Legion Bridge I-270 to I-370 Relief Plan, which will replace the American Legion Bridge, add two managed high occupancy toll lanes, and provide new opportunities for transit, ridesharing, and bike and pedestrian connections.





Economic Outlook

Maryland Economy

The population of Maryland increased by 7% between 2010 and 2020, with Maryland's population topping more than six million for the first time. Montgomery County, where one in six Maryland residents live, surpassed one million residents and became the first jurisdiction in Maryland to reach that milestone. While the State's population was growing in some parts of the State, it was declining in others. This impacts landuse transformations and transportation demands now and into the future.

Reviewing the condition of the Maryland economy, it becomes apparent that the $4.7 trillion in federal relief aid saved the nation from a deep recession and will likely permanently elevate the State's tax revenue base, even if the direct federal money is not recurring. That is largely due to wage growth across all industries that will raise personal income tax collections, as well as nonwage income growth.

Maryland completed tax year 2020 with better-than-expected results. Even in a year where 14% of employed Marylanders lost a job, and 6% remain unemployed at the end of the year, State personal income tax collections grew by 7.3%. This indicates that taxpayers with business income and capital gains experienced robust income growth during tax year 2020. More recently, wage growth and sales tax collections outperformed expectations for the final six months of the fiscal year. It is likely that many Marylanders received bonuses and/or significant wage increases in early 2021. Those wage increases, coupled with bolstered savings levels derived from the height of the pandemic and stimulus efforts, are driving better than expected results for the sales tax.

Additionally, the corporate income tax delivered better than expected results. It seems likely that larger firms were well positioned to economically benefit during the pandemic, thus driving profits by capturing additional market share from weaker competitors, increased sales from federal stimulus, and cutting expenses.

Transportation Trust Fund

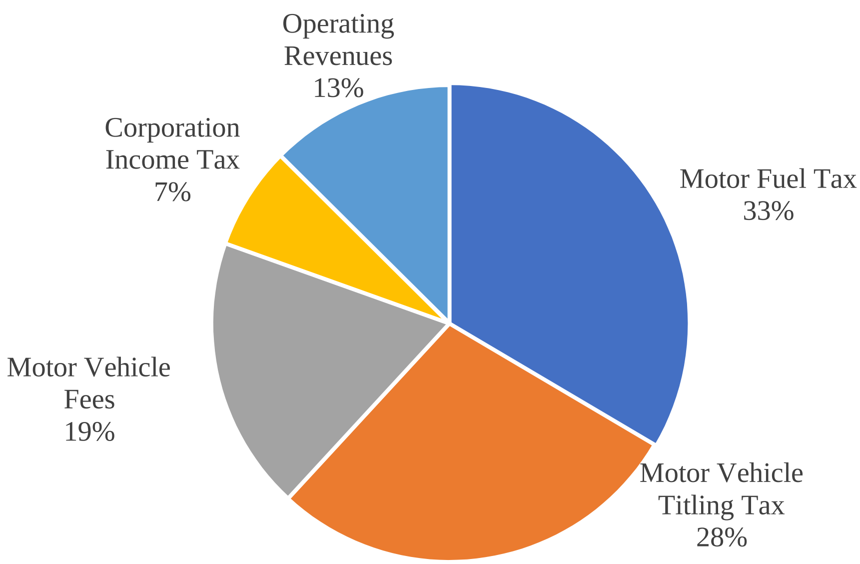
The TTF is credited with all transportation taxes and fees, federal transportation funds, and bond proceeds and it is the primary source of funding for transportation spending across the State. The Department prepares financial plans for a six-year period that coincides with the six-year capital program. Revenue forecasting relies on the condition and outlook for the State as a whole, as well as the condition and outlook for each major revenue source.

Much like Maryland's economy, the Transportation Trust Fund fared better in fiscal year 2021 than originally forecasted. In the early days of fiscal year 2021, much uncertainty remained about the length of economic shutdowns associated with COVID-19, the depth of the economic decline and sluggishness resulting from the shutdowns, the timing and pace of recovery, any potential future health concerns that may require a second shutdown, and the potential for federal relief efforts to offset these impacts. As the year progressed, business and workplaces across the State reopened, Maryland's economy rebounded, and the federal government provided relief and stimulus dollars through the CARES Act, CRRSAA, and ARPA. The Department received funding through each of these bills and this funding was critical to maintaining the Department's operations in very uncertain times.

In September 2020, the Department published a six-year draft capital program that was $2.3 billion less than the estimates for the previous six-year program. In September 2021, only one year later, the Department published a six-year draft capital program that restored $1.2 billion of those reductions. Total projected revenues for the FY 2022-2027 draft capital program amount to $31.3 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. The projection does not assume any State tax or fee increases beyond those changes enacted to date and does not include additional federal funding available through the Infrastructure Investment and Jobs Act, which was enacted after the draft capital program was released.

The following represent the major State-sourced revenue sources for the TTF. This does not include bond proceeds and other capital funding sources.

State-Sourced Transportation Revenues
FY 2022 – 2027



Motor Fuel Tax: As of July 1, 2021, the motor fuel tax rates are 36.1 cents per gallon for gasoline and 36.85 cents per gallon for diesel fuel. These rates include three components: a base rate of 23.5 cents per gallon for gasoline and 24.25 cents per gallon for diesel fuel; an annual inflation adjustment based on the average percentage growth in the Consumer Price Index for All Urban Consumers, currently 3.6 cents per gallon for both gasoline and diesel fuel; and a sales and tax use equivalent rate of 5% on the average retail price of gasoline, currently 9.0 cents per gallon for both gasoline and diesel fuel. Modest growth is forecasted during the six-year financial plan as vehicle miles traveled recover from COVID-19 declines and increases in the tax rate are offset by more fuel-efficient vehicles and increased teleworking. This revenue source is projected to provide $7.2 billion during the six-year period.

Motor Vehicle Titling Tax: The titling tax of 6% of the fair market value of motor vehicles, less an allowance for trade-ins, is applied to new and used vehicles sold and to vehicles of new residents. The titling tax follows the cycle of auto sales with periods of decline and growth. This revenue source is projected to provide $6.1 billion during the six-year period.

Motor Vehicle Fees: This includes a number of fees for various vehicle and licensing services. The six-year forecast assumes revenues will increase an average of 1.5% every two-year cycle. Although the timing of revenues from this source have been delayed due to COVID-related MVA branch closures and later re-opening at reduced operations, the overall revenue estimate remains the same during the six-year period. This revenue source is projected to provide $4.0 billion during the six-year period.

Corporation Income Tax: The Department receives 14.6% of the State's 8.25% corporation income tax. The State's Board of Revenue Estimates forecasts these revenues for both the State and the Department. This revenue source is projected to provide $1.5 billion for the Department during the six-year period.

Operating Revenues: The activities of MAA, MPA, and MTA generate operating revenues. MTA revenues primarily include rail and bus fares, which are indexed to inflation. MPA revenues include terminal operations, rent at the World Trade Center, and other Port-related revenues. MAA revenues include flight activities, rent and user fees, parking, airport concessions, and other aviation-related fees. The Transportation Trust Fund receives the net revenues from airport activities after accounting for debt service due on Special Transportation Project Revenue Bonds. Operating revenues are projected to provide $2.7 billion during the six-year period, including $1.5 billion from the MAA, $861 million from the MTA, and $314 million from the MPA.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Maryland Department of Transportation for its ACFR for the fiscal year ended June 30, 2020. It was the 21st consecutive year that the Department received this prestigious award. To be awarded a Certificate of Achievement, the Department must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements.

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

The hardworking men and women of the Department have once again demonstrated their resiliency and dedication to the citizens of Maryland throughout the COVID-19 pandemic. Maryland's road to economic recovery is paved with the hard work of all of the employees of the Department who continued to provide critical transportation and public safety services during the last year. The preparation of this ACFR could not have been accomplished without the professionalism of the financial staff across the Department. Their expertise and hard work is greatly valued and sincerely appreciated.

Sincerely,

Jaclyn D. Hartman
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Maryland Department of Transportation

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30 2020

Executive Director/CEO

MARYLAND DEPARTMENT OF TRANSPORTATION
Organizational Chart

Governor

Secretary

Deputy Secretaries

Assistant Secretaries

EXECUTIVE STAFF

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

BOARDS AND COMMISSIONS

- Maryland Aviation Commission
- Maryland Port Commission
- Maryland Transportation Authority
- Washington Metropolitan Area Transit Authority

TRANSPORTATION BUSINESS UNITS

- Maryland Aviation Administration
- Maryland Port Administration
- Motor Vehicle Administration
- Maryland Transit Administration
- State Highway Administration

OPERATING STAFF

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

MARYLAND DEPARTMENT OF TRANSPORTATION
List of Principal Department Officials
For the Year Ended June 30, 2021

Title	Name
Secretary of Transportation	Gregory Slater
Note: James F. Ports, Jr. subsequently became Secretary of Transportation on January 12, 2022	
Deputy Secretary of Transportation	R. Earl Lewis, Jr.
Deputy Secretary of Transportation	Sean Powell
Maryland Aviation Executive Director	Ricky D. Smith, Sr.
Maryland Port Executive Director	William P. Doyle
Maryland Transit Administrator (Acting)	Holly Arnold
Note: Holly Arnold subsequently appointed as Administrator on November 8, 2021	
Motor Vehicle Administrator	Christine Nizer
State Highway Administrator	Tim Smith, P.E.

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Financial Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT MARYLAND DEPARTMENT OF TRANSPORTATION

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Maryland Department of Transportation (the Department), a Special Revenue Fund of the State of Maryland, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity'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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Department as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

During fiscal year ended June 30, 2021, the Department adopted GASB Statement No. 84, *Fiduciary Activities*. Our auditors' opinions were not modified with respect to the implementation.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the total liability and related Ratio for the MTA OPEB plan, changes in the net pension liability and related ratios - MTA pension plan, schedule of employer contributions - MTA pension plan, proportionate share of the net pension liability and related ratios - Maryland state retirement pension plan, schedule of employer contributions - Maryland state retirement pension plan, schedule of revenues, expenditures and changes in fund balance - budget and actual, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Department's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and statistical section has 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 it.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2022, on our consideration of Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
January 19, 2022

MARYLAND DEPARTMENT OF TRANSPORTATION
Management's Discussion and Analysis

As management of the Maryland Department of Transportation (Department), we offer the citizens of Maryland and others interested in the Department's financial statements this narrative overview and analysis of the financial activities of the Department for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found starting on page 3 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Department exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year in the amount of $15,274,123,000 (net position). Of this amount, $2,695,752,000 represents the unrestricted deficit primarily due to the reporting of net pension and other postemployment benefits (OPEB) liabilities and the respective deferred amounts.

- The Department's governmental funds reported a combined ending fund balance, as of the close of the current fiscal year, of $269,994,000, an increase of $232,002,000 in comparison with the prior fiscal year.

- The Department's Consolidated Transportation Bonds debt outstanding totaled $3,672,330,000, which was an increase of $45,140,000, or 1.2%, from the prior fiscal year. The key factor in this increase was a bond issuance of $300,000,000, which was offset by principal repayments of $254,860,000.

Overview of the Financial Statements

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

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Department's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the Department's assets, deferred outflows, liabilities, and deferred inflows, with the difference between these reported as net position. Over time, increases and decreases in net position may serve as one of several useful indicators of the Department's financial position. The Statement of Activities presents information showing how the Department's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Department that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions. The government-wide financial statements include only the Department (a Special Revenue Fund of the State of Maryland), which has no component units and does not include the Maryland Transportation Authority (MDTA), which is a separate enterprise fund of the State of Maryland. The government-wide financial statements can be found starting on page 41 of this report.

Fund financial statements

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

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Department maintains two individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the Special Revenue Fund and the Debt Service Fund. The Special Revenue Fund is considered to be a major fund. The basic governmental fund financial statements can be found starting on page 43 of this report.

The Maryland General Assembly authorizes an annual appropriated budget for the Department's Special Revenue Fund. A budgetary comparison schedule has been provided for the Special Revenue Fund to demonstrate compliance with this budget. The budgetary comparison schedule can be found on page 94 of this report.

Fiduciary funds

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

Notes to the financial statements

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

Changes in Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) previously issued Statement No. 84, *Fiduciary Activities* and Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61* which took effect during June 30, 2021. These statements did not have a material effect on the Department's financial statements.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, which establishes the term annual comprehensive financial report and its acronym, ACFR. The Department early implemented Statement No. 98 beginning with this ACFR.

As of June 30, 2021, the GASB issued the following pronouncements, which will require adoption in the future, if applicable: GASB Statement No. 87, *Leases*; GASB Statement No. 91, *Conduit Debt Obligations;* GASB Statement No. 92, *Omnibus 2020*; GASB Statement No. 93, *Replacement of Interbank Offered Rates*; GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*; and GASB 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*. The Department has not yet completed the process of evaluating the impact of these pronouncements on its financial statements and plans to adopt them, as applicable, by their effective date.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Department's Maryland Transit Administration (MTA) OPEB Plan, MTA Pension Plan, and the Department's participation in the Maryland State Retirement Pension Plan, as well as the budget and actual comparison schedule. Required supplementary information can be found starting on page 88 of this report.

Government-wide Financial Analysis

Net position over time may serve as a useful indicator of a government's financial position. For the Department, assets and deferred outflows exceeded liabilities and deferred inflows by $15,274,123,000 at the end of fiscal year 2021. The largest portion of the Department's net position reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure), less any still outstanding related debt used to acquire those assets.

The Department's capital assets provide services to the citizens of Maryland; consequently, these assets are not available for future spending. Although the Department's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate the liabilities.

The Department's net position increased by $406,334,000 during the fiscal year ended June 30, 2021, mostly due to an increase in capital assets, primarily infrastructure assets. The Department takes seriously its responsibility to operate and maintain the transportation network in a safe and secure manner for all travelers. A robust and data-driven asset management program is utilized to identify and prioritize capital needs.

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

Maryland Department of Transportation
Statement of Net Position

	For Fiscal Years Ended June 30,			
Governmental Activities	**2021**	**2020**	**Variance**	**% Change**
Current and other assets	$ 1,429,677	$ 1,405,788	$ 23,889	1.7%
Capital assets	22,507,119	22,135,883	371,236	1.7%
Total assets	23,936,796	23,541,671	395,125	1.7%
Deferred amount for refunding bonds	7,075	10,785	(3,710)	-34.4%
Deferred amount related for pensions	373,953	283,579	90,374	31.9%
Deferred amount related for OPEB	65,442	56,190	9,252	16.5%
	446,470	350,554	95,916	27.4%
Long-term liabilities outstanding	7,589,419	7,348,844	240,575	3.3%
Other liabilities	980,739	1,101,148	(120,409)	-10.9%
Total liabilities	8,570,158	8,449,992	120,166	1.4%
Deferred service concession arrangement receipts	145,151	145,151	-	0.0%
Deferred amount related for pensions	217,435	237,578	(20,143)	-8.5%
Deferred amount related for OPEB	176,399	191,716	(15,317)	-8.0%
	538,985	574,445	(35,460)	-6.2%
Net position:				
Net Investment in capital assets	17,969,875	17,677,016	292,859	1.7%
Unrestricted deficit	(2,695,752)	(2,809,227)	113,475	-4.0%
Total net position	$ 15,274,123	$ 14,867,789	$ 406,334	2.7%

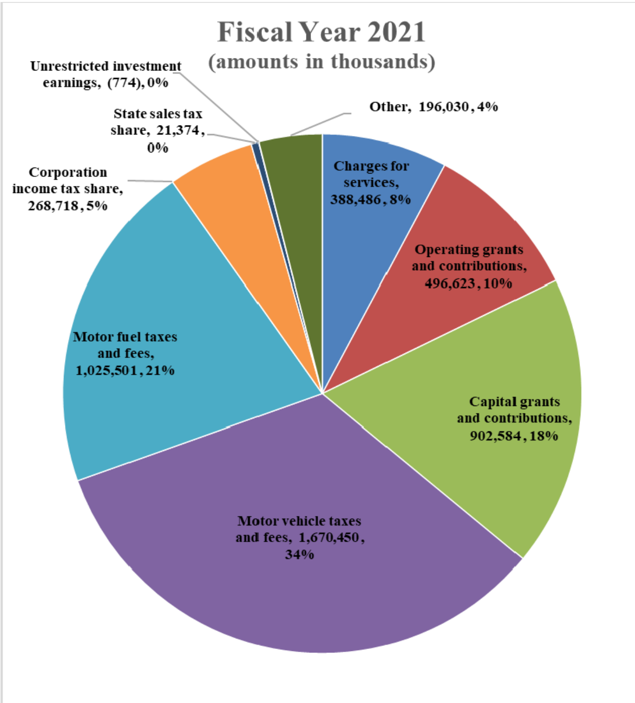
Governmental activities

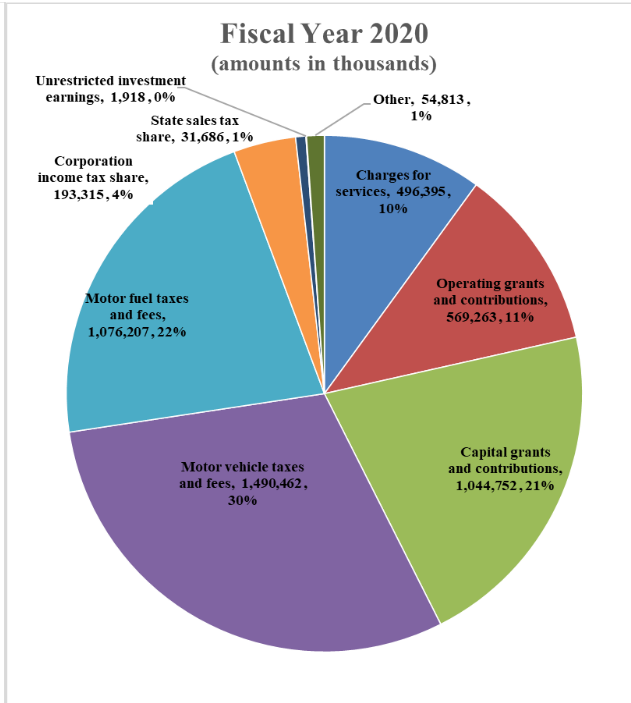
Governmental activities, which represent the Department's overall economic position, increased the Department's net position by $406,334,000. The Department's primary revenue source is motor vehicle taxes and fees, which includes revenues from the titling tax and various driver and vehicle fees. Motor vehicle taxes and fees increased $179,988,000 from the previous year, primarily due to the impact of increased vehicle sales and vehicle prices on titling tax revenues. Most other revenue sources to the Department decreased in fiscal year 2021 as a result of the impacts of the COVID-19 pandemic on transportation usage and revenues across the State. The key elements of the Department's governmental activities are as follows (amounts expressed in thousands):

Maryland Department of Transportation
Statement of Activities

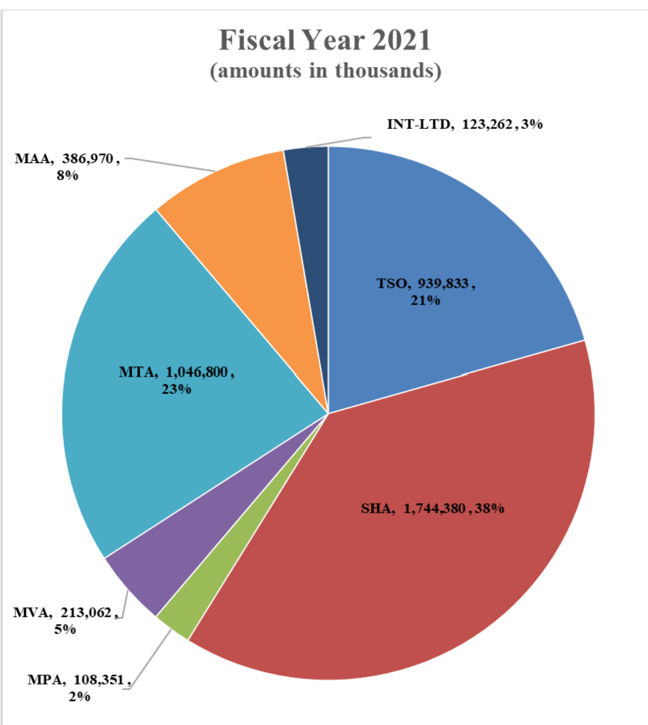
	For Fiscal Years Ended June 30,			
Governmental Activities	**2021**	**2020**	**Variance**	**% Change**
Revenues:				
Program revenues:				
Charges for services	$ 388,486	$ 496,395	$ (107,909)	-21.7%
Operating grants and contributions	496,623	569,263	(72,640)	-12.8%
Capital grants and contributions	902,584	1,044,752	(142,168)	-13.6%
General revenues:				
Motor vehicle taxes and fees	1,670,450	1,490,462	179,988	12.1%
Motor fuel taxes and fees	1,025,501	1,076,207	(50,706)	-4.7%
Corporation income tax share	268,718	193,315	75,403	39.0%
State sales tax share	21,374	31,686	(10,312)	-32.5%
Unrestricted investment earnings	(774)	1,918	(2,692)	-140.4%
Other	196,030	54,813	141,217	257.6%
Total revenues	4,968,992	4,958,811	10,181	0.2%
Expenses:				
Secretary's Office	939,833	944,346	(4,513)	-0.5%
State Highway Administration	1,744,380	1,522,930	221,450	14.5%
Port Administration	108,351	139,364	(31,013)	-22.3%
Motor Vehicle Administration	213,062	219,570	(6,508)	-3.0%
Transit Administration	1,046,800	898,637	148,163	16.5%
Aviation Administration	386,970	328,835	58,135	17.7%
Interest on long-term debt	123,262	132,760	(9,498)	-7.2%
Total expenses	4,562,658	4,186,442	376,216	9.0%
Change in net position	406,334	772,368	(366,034)	-47.4%
Net position – July 1	14,867,789	14,095,421	772,368	5.5%
Net position – June 30	$ 15,274,123	$ 14,867,789	406,334	2.7%

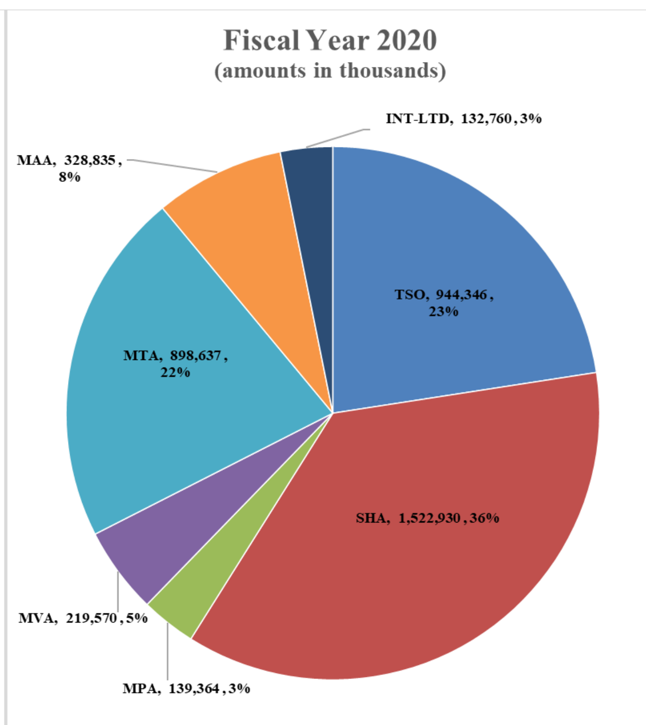
Revenues by Source





Expenses by Business Unit





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

Financial Analysis of the Government's Funds

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

Governmental funds

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

As of the end of the current fiscal year, the Department's governmental funds reported combined ending fund balances of $269,994,000, an increase of $232,002,000 in comparison with the prior fiscal year. The Department's governmental funds increase is due primarily to a $300,000,000 issuance of debt and the related $90,063,000 premium. All of the Special Revenue Fund balance is non-spendable, restricted, committed, and/or assigned fund balance and indicates that it is not available for new spending because it has already been committed and/or assigned for the following purposes: (1) to maintain a separate nonspendable account for inventory activity in the amount of $91,175,000; (2) to maintain a separate unassigned account for specific custodial account balances in the amount of $178,819,000.

The Special Revenue Fund is the chief operating fund for the Department. As a measure of the Special Revenue Fund's liquidity, it may be useful to compare the total fund balance of $269,994,000 to total Department expenditures of $4,803,890,000. The total fund balance represents 5.6% of the total fund expenditures.

Capital Asset and Debt Administration

Capital assets

The Department's investments in capital assets for its governmental activities as of June 30, 2021, amounts to $22,507,119,000 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure, and construction in progress. Additional information on the Department's capital assets can be found in Note 8.

In the current fiscal year, the Department's investments in capital assets increased by $371,236,000. Some of the major capital asset events during the current fiscal year included the following:

- A variety of widening and/or expansion of existing and new highways and bridges were completed in fiscal year 2021; infrastructure assets for the State Highway Administration at the close of the current fiscal year reached $24,959,946,000, an increase of $808,819,000, or 3%, from the prior fiscal year.
- Various transit projects were ongoing in the current fiscal year; construction in progress as of June 30, 2021, was $7,139,224,000, an increase of $587,453,000, or 9%, from the prior year due to an increase in the number of active construction projects.

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

Maryland Department of Transportation
Capital Assets (net of depreciation)
For Fiscal Years Ended June 30,

Governmental Activities	**2021**	**2020**	**Variance**	**% Change**
Land	$ 2,965,420	$ 2,920,962	$ 44,458	1.5%
Buildings and improvements	1,633,292	1,691,764	(58,472)	-3.5%
Machinery and equipment	717,507	753,815	(36,308)	-4.8%
Infrastructure	9,909,165	10,073,740	(164,575)	-1.6%
Seagirt Assets	43,777	45,097	(1,320)	-2.9%
Purple Line Assets	98,734	98,734	-	0.0%
Construction in progress	7,139,224	6,551,771	587,453	9.0%
Total	$ 22,507,119	$ 22,135,883	$ 371,236	1.7%

Long-term debt

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

Certain transportation taxes and fees are pledged for repayment of Consolidated Transportation Bonds. At the end of the current fiscal year the Department had total Consolidated Transportation Bonds outstanding of $3,672,330,000. The Department's Consolidated Transportation Bonds outstanding debt increased by $45,140,000, or 1.2%, from the prior fiscal year. The issuance of $300,000,000 in new debt of Series 2020 Bonds was offset by principal payments made during the year, resulting in a net increase in Consolidated Transportation Bonds debt outstanding in fiscal year 2021.

As provided by State law, the maximum outstanding aggregate amount of Consolidated Transportation Bonds that may be outstanding is $4,500,000,000. In addition, the General Assembly sets an annual limit on the amount of debt outstanding. For fiscal year 2021, that amount was $3,877,330,000. The Department's Consolidated Transportation Bonds outstanding as of June 30, 2021, was less than these amounts and therefore was within legal limits. The Department maintains an "AAA" rating with Standard & Poor's, an "AA+" rating with Fitch Ratings and an "Aa1" rating with Moody's Investors Services, Inc., for its Consolidated Transportation Bonds.

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

Maryland Department of Transportation
Consolidated Transportation Bonds

	For Fiscal Years Ended June 30,						
Governmental Activities		**2021**		**2020**		**Variance**	**% Change**
Debt Outstanding	$	3,672,330	$	3,627,190	$	45,140	1.2%
Debt Outstanding Limit		4,500,000		4,500,000		-	0.0%
Legal Debt Margin	$	827,670	$	872,810	$	(45,140)	-5.2%

The Department may also issue Special Transportation Project Revenue Bonds, which are backed by certain project-specific revenues and limited by bond coverage requirements as outlined in the bond documents. At the end of the current fiscal year the Department had total Special Transportation Project Revenue Bonds outstanding of $219,880,000. The Department's Special Transportation Project Revenue Bonds outstanding debt increased by $219,880,000 from the prior fiscal year due to the inaugural issuance of Special Transportation Project Revenue Bonds for BWI Marshall Airport. Series 2021A Refunding bonds in the amount of $219,880,000 were issued on February 10, 2021, by the Department to refund two previously issued capital leases. These bonds are secured by a gross pledge of airport revenues, exclusive of passenger facility charges and customer facility charges. The Department maintains an "A" rating with Fitch Ratings and an "A1" rating with Moody's Investors Services, Inc., for these bonds.

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

Maryland Department of Transportation
Special Transportation Project Revenue Bonds

	For Fiscal Years Ended June 30,						
Governmental Activities		**2021**		**2020**		**Variance**	**% Change**
Debt Outstanding	$	219,880	$	-	$	219,880	100.0%

Capital leases

At the end of the current fiscal year the Department had capital leases outstanding of $260,947,000. The Department's capital lease obligations decreased by $219,068,000, during the current fiscal year primarily as a result of a refunding transaction that redeemed two previously outstanding capital leases. Funds for the redemption were available from proceeds of the Special Transportation Project Revenue Refunding Bonds Series 2021A and the closure of reserve funds related to the capital leases. The Department maintains an "AA+" rating with Standard & Poor's, an "Aa2" rating with Moody's Investors Services, Inc. and an "AA" with Fitch Ratings for Certificates of Participation which are included in capital lease obligations. Additional information on the Department's capital lease obligations can be found in Note 12 of this report.

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

Maryland Department of Transportation
Capital Leases

	For Fiscal Years Ended June 30,			
Governmental Activities	**2021**	**2020**	**Variance**	**% Change**
Capital leases	$ 260,947	$ 480,015	$ (219,068)	-45.6%

Special Revenue Fund Budgetary Highlights

Between the original and final amended budgets, the Department's appropriations decreased by $306,190,000 for special funds and increased by $462,242,000 for federal funds during the current fiscal year. These changes are primarily due to recognizing federal relief funds that became available during the fiscal year to offset State revenue losses. These federal funds allowed the Department to maintain operations despite the impacts of the COVID-19 pandemic on the use of the transportation network and corresponding decline in transportation revenues. The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual can be found on page 94 of this report.

Economic Factors and Next Year's Budgets and Rates

Despite a very uncertain start to the fiscal year ended June 30, 2021, the revenue and budget outlook stabilized and improved during the fiscal year as the economic recovery from COVID-19 progressed and federal relief funds offset revenue losses. As of June 30, 2021, the Department's fiscal outlook has improved, although risks to the forecast remain.

The strength of the Transportation Trust Fund is its diversity of revenue sources. This is evident when reviewing the recovery from the negative revenue impacts of the COVID-19 pandemic. Some revenue sources, including motor vehicle taxes and fees and the corporate income tax, have already returned to 2019 levels. Other revenue sources, like motor fuel taxes, are recovering well but have not yet reached 2019 levels. Still other revenue sources, like the operating revenues from the airport and transit, will follow a much slower recovery.

Federal relief efforts have been critical in maintaining the Department's operations through this period. The Department will continue to have funds available from this source through fiscal year 2024. The recent passage of the Infrastructure Investment and Jobs Act will help to continue this recovery into future years and allow the Department to maintain its existing network but also look toward future needs.

Requests for Information

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

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Basic Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT
MARYLAND DEPARTMENT OF TRANSPORTATION

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MARYLAND DEPARTMENT OF TRANSPORTATION
Statement of Net Position
June 30, 2021
(amounts expressed in thousands)

		Total Governmental Activities
ASSETS:		
Cash and cash equivalents - restricted	$	5,178
Taxes receivable, net		148,938
Intergovernmental receivable		582,673
Other accounts receivable		333,295
Due from other State agencies		268,418
Inventories		91,175
Capital assets not depreciated:		
Construction in progress		7,139,222
Purple Line assets		98,734
Land		2,965,420
Capital assets depreciated (net of depreciation):		
Buildings and improvements		1,633,293
Machinery and equipment		717,508
Infrastructure		9,909,165
Seagirt assets		43,777
Total assets		23,936,796
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount for refunding bonds		7,075
Deferred amount for pensions		373,953
Deferred amount for OPEB		65,442
		446,470
LIABILITIES:		
Salaries payable		19,080
Accounts payable and other current liabilities		483,696
Accounts payable to political subdivisions		72,262
Due to other State agencies		251,981
Unearned revenue		26,481
Other liabilities		86,851
Accrued interest payable		40,388
Noncurrent liabilities:		
Due within one year		425,373
Due in more than one year		7,164,046
Total liabilities		8,570,158
DEFERRED INFLOWS OF RESOURCES:		
Deferred service concession arrangement receipts		145,151
Deferred amount for pensions		217,435
Deferred amount for OPEB		176,399
		538,985
NET POSITION:		
Net investment in capital assets		17,969,875
Unrestricted deficit		(2,695,752)
Total net position	$	15,274,123

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

MARYLAND DEPARTMENT OF TRANSPORTATION
Statement of Activities
For the year ended June 30, 2021
(amounts expressed in thousands)

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Positon: Total Governmental Activities
Governmental activities:					
Secretary's Office	$ 939,833	$ 951	$ 9,997	$ 1,637	$ (927,248)
State Highway Administration	1,744,380	51,540	105,234	619,869	(967,737)
Port Administration	108,351	64,710	-	4,384	(39,257)
Motor Vehicle Administration	213,062	17	9,080	-	(203,965)
Transit Administration	1,046,800	90,055	349,601	269,134	(338,010)
Aviation Administration	386,970	181,213	22,711	7,560	(175,486)
Interest on long-term debt	123,262	-	-	-	(123,262)
Total governmental activities	$ 4,562,658	$ 388,486	$ 496,623	$ 902,584	(2,774,965)
	General revenues:				
	Motor vehicle taxes and fees				1,670,450
	Motor fuel taxes and fees				1,025,501
	Corporation income tax share				268,718
	State sales tax				21,374
	Unrestricted investment earnings				(774)
	Other revenue				196,030
	Total general revenues				3,181,299
	Change in net position				406,334
	Net position, July 1, 2020				14,867,789
	Net position, June 30, 2021				$ 15,274,123

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

MARYLAND DEPARTMENT OF TRANSPORTATION
Balance Sheet
Governmental Funds
For the year ended June 30, 2021
(amounts expressed in thousands)

	Special Revenue	Nonmajor Governmental Fund Debt Service	Total Governmental Funds
ASSETS:			
Cash and cash equivalents - restricted	$ 5,178	$ -	$ 5,178
Taxes receivable, net	148,938	-	148,938
Intergovernmental receivable	582,673	-	582,673
Other accounts receivable	333,295	-	333,295
Due from other State agencies	268,418	-	268,418
Inventories	91,175	-	91,175
Total assets	1,429,677	-	1,429,677
LIABILITIES & FUND BALANCES:			
Liabilities:			
Salaries payable	19,080	-	19,080
Accounts payable and other current liabilities	483,696	-	483,696
Accounts payable to political subdivisions	72,262	-	72,262
Due to other State agencies	251,981	-	251,981
Unearned revenue	26,481	-	26,481
Total liabilities	853,500	-	853,500
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue	306,183	-	306,183
FUND BALANCES:			
Nonspendable fund balance:			
Inventories	91,175	-	91,175
Unassigned fund balance:	178,819	-	178,819
Total fund balances	269,994	-	269,994
Total liabilities, deferred inflows and fund balances	$ 1,429,677	$ -	$ 1,429,677

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

MARYLAND DEPARTMENT OF TRANSPORTATION
Reconciliation of the Governmental Funds' Fund Balance to the Statement of Net Position
Net Position Balance
As of June 30, 2021
(amounts expressed in thousands)

Amounts reported for governmental activities in the statement of net assets are different because:		
Amount in governmental funds, fund balance (page 43)	$	269,994
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements.		22,507,119
Accrued interest payable on bonds and capital leases		(40,388)
Long-term liabilities not due and payable in the current period and, therefore, are not reported in the fund financial statements, includes the following:		
Unavailable revenue		306,183
Advance rental payment (other liabilities)		(86,851)
Deferred amount on refunding bonds		7,075
Bonds payable		(3,892,210)
Capital leases		(260,947)
Pollution liability		(156,161)
MTA OPEB liability		(882,994)
Net pension liability		(1,836,177)
Premium on bonds not liquidated with current financial resources		(384,088)
Workers' compensation costs		(79,418)
Energy savings liability		(26,848)
Compensated absences		(70,576)
Net deferred outflows and inflows related to pensions and OPEB		45,561
Deferred service concession arrangement receipts		(145,151)
Net position of governmental activities (page 41)	$	15,274,123

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

MARYLAND DEPARTMENT OF TRANSPORTATION
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021
(amounts expressed in thousands)

	Special Revenue	Nonmajor Governmental Fund: Debt Service	Total Governmental Funds
REVENUES:			
Taxes:			
Motor vehicle taxes and fees	$ 1,670,450	$ -	$ 1,670,450
Motor vehicle fuel taxes and fees	1,025,501	-	1,025,501
Revenue sharing of State corporation income tax	268,718	-	268,718
Revenue sharing of State sales tax	21,374	-	21,374
Federal reimbursements	1,478,200	-	1,478,200
Charges for services	388,909	-	388,909
Passenger facility charges	39,583	-	39,583
Customer facility charges	10,959	-	10,959
Special parking revenues	27,599	-	27,599
Investment earnings	(774)	-	(774)
Other	127,750	-	127,750
Total revenues	5,058,269	-	5,058,269
EXPENDITURES:			
Current:			
Department administration, operating, and maintenance expenditures:			
Secretary's Office	172,686	-	172,686
State Highway Administration	549,923	-	549,923
Port Administration	84,520	-	84,520
Motor Vehicle Administration	204,472	-	204,472
Transit Administration	854,823	-	854,823
Aviation Administration	301,415	-	301,415
Intergovernmental:			
Highway user revenue distributions and federal fund pass-thru to local subdivisions	270,545	-	270,545
Washington Metropolitan Area Transit Authority Grants	764,185	-	764,185
Debt service:			
Principal repayment	-	254,860	254,860
Interest	-	157,580	157,580
Capital outlay	1,601,321	-	1,601,321
Total expenditures	4,803,890	412,440	5,216,330
Excess of expenditures over revenues	254,379	(412,440)	(158,061)
OTHER FINANCING SOURCES (USES):			
Issuance of Consolidated Transportation Bonds	300,000	-	300,000
Premium on bonds	90,063	-	90,063
Debt service transfer	(412,440)	412,440	-
Issuance of Special Transportation Project Rev Bonds	219,880	-	219,880
Payment to refunded capital lease escrow agent	(219,880)	-	(219,880)
Total other financing sources and uses	(22,377)	412,440	390,063
Net change in fund balances	232,002	-	232,002
Fund balances, July 1, 2020	37,992	-	37,992
Fund balances, June 30, 2021	$ 269,994	$ -	$ 269,994

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

MARYLAND DEPARTMENT OF TRANSPORTATION
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021
(amounts expressed in thousands)

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds (page 45)		$ 232,002
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 exceeded depreciation in the current period.		
Capital outlays	$ 1,601,321	
Loss on disposal of assets	(25,874)	
Depreciation expense	(1,204,239)	
		371,208
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins)		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue	$ (91,531)	
Amortization of advance rental payments	2,227	
		(89,304)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net positon. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Premium on bonds	$ (90,063)	
Reductions of premium	57,637	
Principal repayment of bonds	254,860	
Debt issued, Consolidated Transportation Bonds	(300,000)	
Debt issued, Special Transportation Project Revenue Bonds (refunding)	219,880	
Capital lease refunding payments to escrow agent from refunding bonds	(219,880)	
Capital lease repayments	(812)	
		(78,378)
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.		
Accrued interest	$ 1,599	
Compensated absences	(12,229)	
Energy savings liability	5,621	
Workers compensation	(2,429)	
State net pension liability	(29,883)	
MTA net pension liability	(72,957)	
MTA OPEB obligation	(50,320)	
		(160,598)
Deferred financing inflows (outflows)		
Pension activity	$ 110,945	
OPEB activity	24,169	
Refunding bonds	(3,710)	
		131,404
Change in net positon of governmental activities (page 42)		$ 406,334

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

MARYLAND DEPARTMENT OF TRANSPORTATION
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2021
(amounts expressed in thousands)

	Maryland Transit Administration Pension Plan Trust Fund	Custodial Fund
ASSETS		
Cash and cash equivalents	$ 12,991	$ 28,816
Investments:		
U.S. Government obligation	47,557	-
Domestic corporate obligations	29,964	-
International obligations	17,140	-
Domestic stocks	70,949	
International stocks	89,587	
Mortgages and mortgage related securities	8,217	
Alternative investments	174,580	
Total investments	437,994	-
Receivables:		
Accrued investment income	2,995	-
Investment sales proceeds	2,052	-
Total receivables	5,047	-
Total assets	456,032	28,816
LIABILITIES		
Due to others	-	-
Accounts payable and accrued liabilities	8,654	-
Total liabilities	8,654	0
NET POSITION:		
Net Position restricted for pension benefits	$ 447,378	$ 28,816

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

MARYLAND DEPARTMENT OF TRANSPORTATION
Statement of Change in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021
(amounts expressed in thousands)

			Maryland Transit Administration Pension Plan Trust Fund		Custodial Fund
ADDITIONS:					
Contributions from employer			$	59,280	
Contributions from employees				7,311	
Funding offset to political subdivision					$ 16,646
Investment earnings:					
Interest income	$	44,440			
Net appreciation in fair value of investments		48,773			
Net investment earnings				93,213	108
Total additions				159,804	16,754
DEDUCTIONS:					
Benefit payments				44,736	
Debt Service payments					17,180
Reimbursement to political subdivision					2,145
Administrative expenses				3,602	
Total deductions				48,338	19,325
Change in net postion				111,466	(2,571)
Net positon, July 1, 2020				335,912	31,387
Net position, June 30, 2021			$	447,378	$ 28,816

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

Index for Notes to the Financial Statements

1. Summary of Significant Accounting Policies:

A. Reporting Entity:

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

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

B. Government-Wide and Fund Financial Statements:

The Department's government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The Department's governmental activities are supported primarily by taxes, intergovernmental revenues, and charges for services. Fiduciary funds are excluded from the Department's government-wide and fund financial statements, as fiduciary assets are not available for the Department's use. Separate financial statements are provided for the fiduciary fund, the MTA Employee Pension Plan Trust Fund.

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

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the financial statements as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability or obligation is incurred as a result of goods or services rendered, as under accrual accounting. However, under the modified accrual basis, debt service expenditures are recorded only when payment is due. Compensated absences, retirement, workers' compensation costs and claims, judgments, and other liabilities not expected to be paid with current available resources are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

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

The Department reports the following major governmental fund:

Special Revenue Fund:

Transactions related to resources obtained, the uses of which are restricted for specific purposes, are accounted for in the Special Revenue Fund. The Special Revenue Fund accounts for resources used for operations (other than debt service and pension activities) of the Department, including construction and improvement of transportation facilities and mass transit operations. Fiscal resources dedicated to transportation operations include the excise taxes on motor vehicle fuel and motor vehicle titles, a portion of the State's corporation income tax and the sales tax on short-term vehicle rentals, wharfage fees, a portion of landing fees, fare box revenues, bond proceeds, federal grants for transportation purposes, and other receipts of the Department's agencies. The Department's unexpended balances as of year-end do not revert to the State's General Fund. In addition, the various series of Consolidated Transportation Bonds are serviced from the resources of the Department. The particular taxes and other designated revenues are dedicated to the payment of Consolidated Transportation Bonds and constitute the sole sources to which holders of Consolidated Transportation Bonds may legally look for repayment.

The Department reports the following non-major governmental fund:

Debt Service Fund:

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

Additionally, the Department reports the following fund types:

MTA Employee Pension Plan Trust Fund:

The MTA Employee Pension Plan Trust Fund (MTA Pension Trust Fund) accounts for the activities of the MTA Employee Pension Plan, which accumulates resources for pension benefit payments to qualified MTA employees. The MTA Pension Trust Fund accounts for plan assets at their fair value. Additional information regarding the MTA Employee Pension Plan is included in Note 14. The accounts of the MTA Pension Trust Fund are maintained and reported using the accrual basis of accounting. Under this method, revenues are recorded in the fiduciary fund financial statements when earned, administrative expenses are recorded at the time the liabilities are incurred, and pension benefits are recorded when paid.

Custodial Fund:

The custodial fund is custodial in nature and does not present the results of operations or have a measurement focus. The Department uses a custodial fund to account for the receipt and disbursement of federal grant proceeds collected by the Department for distribution to political subdivisions and the accumulation of and payment of debt service for bonds issued under the County Transportation Revenue Bond program. Additional information regarding County Transportation Revenue Bonds is included in Note 11. When both restricted and unrestricted resources are available for use, the Department's policy is to use unrestricted resources first and then restricted resources as they are needed.

D. New Pronouncements:

The Governmental Accounting Standards Board (GASB) previously issued Statement No. 84, *Fiduciary Activities* and Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61* which took effect during June 30, 2021. Implementation Guides No. 2019-1, "Implementation Guidance Update -2019" and No. 2019-2, "Fiduciary Activities" also took effect for this period. These statements did not have a material effect on the Department's financial statements.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. The Department early implemented Statement No. 98 beginning with this ACFR. The statement did not have a material effect on the Department's financial statements.

As of June 30, 2021, the GASB issued the following pronouncements, which will require adoption in the future, if applicable:

- GASB Statement No. 87, *Leases*;
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period;*
- GASB Statement No. 91, *Conduit Debt Obligations;*
- GASB Statement No. 92, *Omnibus 2020*;

- GASB Statement No. 93, *Replacement of Interbank Offered Rates*;
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*;
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*; and
- GASB 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*.

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

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

A. All Funds:

Deposits and investments:

The State Treasurer's Office operates a centralized cash receipt, investment, and disbursement function for the majority of the State's funds as required by statute. Certain pension funds, agency funds, and other funds 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 statute specifically provides for the fund's accrual of interest earnings.

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

The cash and cash equivalents and investments of the MTA Pension Trust Fund are maintained by the State Retirement and Pension System of Maryland (the System) on a pooled basis. The System, in accordance with Section 21 of the State Personnel and Pensions Article 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 System's investments are commingled in three combined investment funds. Two investment funds consist principally of bonds and other fixed income investments, while the other investment fund consists principally of common stocks.

Receivables and payables:

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

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

Inventories and prepaid items:

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In governmental fund type accounts, prepaid expenses are generally accounted for using the purchases method. As such, prepaid expenses are treated as expenditures when purchased rather than accounted for as an asset.

Grants:

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

Capital assets:

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

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

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

Capital Asset	**Years**
Infrastructure	10-50
Buildings and improvements	5-50
Transit vehicles and equipment	10-25
Other vehicles	3-10
Office equipment	3-10
Computer equipment	3-10

Deferred outflows/inflows of resources:

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

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Department has three items that qualify for reporting in this category: deferred service concession arrangement receipts, deferred amount for pensions, and deferred amount for OPEB. Additional information concerning service concession arrangements can be found in Note 9; for pensions, Note 14; and for OPEB, Note 15.

Compensated absences:

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

All full-time State employees accrue annual leave based on the number of years employed up to a maximum of 25 days per calendar year. Earned annual leave may be accumulated up to a maximum of 75 days as of the end of each calendar year. Accumulated earned, but unused, annual leave for the Department's employees is accounted for in the government-wide financial statements.

Long-term obligations:

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

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

Fund balance:

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

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

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

Estimates

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

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

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

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

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

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

4. Deposits and Investments:

Investments at Fair Value:

The State Treasurer's Office performs a centralized cash receipt and investment function for the Department. The State categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

As reported by the State Retirement Agency, the fiduciary funds have the following fair value measurements as of June 30, 2021 (amounts expressed in millions):

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt Securities				
U.S. Government obligations	$ 47	$ 47	$ -	$ -
Domestic corporate obligations	30	-	30	-
International obligations	17	-	17	-
Mortgages & mortgage related securities	8	-	-	8
Total debt securities	102	47	47	8
Equity Securities				
Domestic stocks (including REITs)	71	71	-	-
International stocks (including REITs)	90	90	-	-
Total equity securities	161	161	-	-
Alternative Investment	2	2	-	-
Total alternative investments	2	2	-	-
Total investment by fair value level	**265**	**$ 210**	**$ 47**	**$ 8**
Investment measured at the net asset value (NAV)				
Equity Open-End Fund	$ 39			
Private Funds (includes equity, real estate, cred t, energy, infrastructure, and timber)	82			
Real Estate-open ended	17			
Multi-asset	1			
Hedge Funds				
Equity long/short	5			
Event-driven	7			
Global macro	7			
Relative value	12			
Opportunistic	3			
Total investment measured at the NAV	**173**			
Total	**$ 438**			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a combination of prevailing market prices and interest payments that are discounted at prevailing interest rates for similar instruments. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Derivative instruments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates and foreign exchange rates. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

As reported by the State Retirement Agency, the valuation method for investments measured at net asset value per share (or its equivalent) (amounts expressed in millions):

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Funds (includes equity, real estate, energy, infrastructure, and timber) (1)	$ 82	$ 48		
Real Estate-open ended (3)	17		Quarterly	45 - 90 days
Equity open-end fund (2)	22		Daily	1 day
	12		Monthly	7-30 days
	4		Triennially	150 days
Multi-asset (9)	1		Monthly	5 days
Hedge Funds				
Equity long/short (5)	4		Monthly	30 - 45 days
	1		Quarterly	60 days
Event-driven (6)	3		Monthly	15 days
	1		Quarterly	60 - 65 days
	1		Quarterly	90 days
	1		Quarterly	120 days +
	1		N/A	Liquidating
Global macro (3)	1		Weekly	3 days
	2		Monthly	5 - 30 days
	2		Monthly	60 days
	2		Quarterly	60 - 90 days
Relative value (7)	1		Monthly	30 days
	2		Quarterly	30 days
	9		Quarterly	60 - 90 days
Opportunistic (8)	2		Quarterly	90 days
	1		Semi-annual	90 - 120 days
Total	$ 172	$ 48		

Notes to investments included above:

1. <u>Private funds (includes equity, real estate, credit, energy, infrastructure, and timber)</u>: This type includes 299 Global private funds, which cannot be redeemed. Instead, distributions are received through the liquidation of the underlying assets of the fund. These funds are valued based on individual, audited financial statements and assumptions used by fund managers.

2. Equity Open-End Fund: This type includes investments in institutional investment funds, which invest in two domestic and nine emerging market equities. The fair values of the funds within this type have been determined using the net asset value per share, which has been valued by the fund based on the characteristics of the underlying assets. The four funds have a 7 to 30 days liquidity structure and one fund is redeemable in five months with triennial redemption restrictions.

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

4. Global macro: This category includes six hedge funds that invest in over 100 financial markets. The funds are diversified and take long, short and spread positions. The fair values of the funds within this type have been determined using the net asset value per share, which has been valued by the fund based on the characteristics of the underlying assets. These assets have a liquidity structure which ranges from 2 to 90 days.

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

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

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

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

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

The Department discloses investment risk as follows:

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The State Treasurer's Office's investment policy states that to the extent possible, it will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the State Treasurer will not directly invest in securities maturing more than five years from the date of purchase.

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

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The State Treasurer's Office's investment policy limits the amount of repurchase agreements to be invested with a particular institution to 30% of the portfolio.

Custodial credit risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Department will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name. State law permits the State Treasurer to deposit in a financial institution in the State, unexpended or surplus money in which the State Treasurer has custody if (a) the deposit is interest-bearing, (b) the financial institution provides collateral that has a market value that exceeds the amount by which a deposit exceeds the deposit insurance, or (c) a custodian holds the collateral.

As of June 30, 2021, the Department reported a total of $5,178,000 in Cash and cash equivalents – restricted on the Department's Balance Sheet. This amount consists primarily of restricted cash for the construction retainages related to SHA contracts.

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

5. Receivables and Unearned Revenue:

The Department's receivables as of June 30, 2021, consisted of the following (amounts expressed in thousands):

Receivables	Special Revenue Fund
Taxes receivable	$ 148,938
Intergovernmental receivable	582,673
Other accounts receivable	333,295
Due from other State agencies	268,418
Total receivables	$ 1,333,324

The Department's taxes receivable consists of receivables recorded at year-end for the motor vehicle fuel tax in the amount of $95,202,000 and the motor vehicle titling tax in the amount of $53,736,000.

The Department's intergovernmental receivables consist of receivables from the federal government in the amount of $569,429,000 and from the local subdivisions in the amount of $13,244,000.

The Department's other accounts receivable of $333,295,000 consist of miscellaneous receivables recorded at fiscal year-end across the Department.

The Department's due from other State agencies totals $268,418,000 and includes $208,715,000 for the amount due from the State Comptroller's Office for cash transfers related to the collection of certain transportation revenues not transferred to the Department as of June 30, 2021; $51,822,000 due from the MDTA for airport passenger facility charge (PFC) and customer facility charge (CFC) collections; $7,676,000 due from the Maryland Department of Budget and Management for the health benefits refund; and $205,000 due from the MDTA for the Intercounty Connector.

The Department's unearned revenue as of June 30, 2021, consisted of the following (amounts expressed in thousands):

Unearned Revenue	Special Revenue Fund
SHA advanced contract payments	$ 24,247
MAA airport services	2,234
Total unearned revenue	$ 26,481

The Department's unavailable revenue as of June 30, 2021, consisted of the following (amounts expressed in thousands):

Unavailable Revenue	Special Revenue Fund
Federal receivables	$ 254,361
MAA PFC and CFC Improvement Funds	51,822
Total unavailable revenue	$ 306,183

6. Interfund Transfers:

The interfund transfers for the Department for the year ended June 30, 2021, were as follows (amounts expressed in thousands):

Transfers In	Transfers Out	Amount
Debt Service Fund	Special Revenue Fund	$ 412,440

The purpose of this interfund transfer is to record the amount of revenue transferred from the Special Revenue Fund to the Debt Service Fund for debt service principal and interest payments for Consolidated Transportation Bonds. This transfer is reported on the Statement of Revenues, Expenditures and Changes in Fund Balances for the year ended June 30, 2021 as a debt service transfer under Other Financing Sources (Uses).

7. Due to Other State Agencies:

The amount reported as due to other State agencies within the Special Revenue Fund in the accompanying balance sheet is $251,981,000. That amount represents the amount due to the State's General Fund for cash transfers, which was not transferred as of June 30, 2021.

8. Capital Assets:

The Department's capital assets activity by asset classification, including accumulated depreciation, for the year ended June 30, 2021, was as follows (amounts expressed in thousands):

Capital Assets - Governmental activities	Balance July 1, 2020	Increases	Decreases	Transfers In (Out)	Balance June 30, 2021
Capital Assets not depreciated:					
Land and Land Improvements	$ 2,920,962	$ 5,599	$ -	$ 38,859	$ 2,965,420
Construction in progress	6,551,771	1,165,304		(577,853)	7,139,222
Purple Line Assets	98,734	-	-	-	98,734
Total capital assets not depreciated	9,571,467	1,170,903	-	(538,994)	10,203,376
Capital assets depreciated:					
Building & improvements	3,438,158	13,158	(90)	16,758	3,467,984
Machinery & equipment	2,625,001	25,069	(49,817)	80,812	2,681,065
Infrastructure	27,609,769	392,191	-	417,858	28,419,818
Seagirt Assets	54,341	-	-	-	54,341
Total capital assets depreciated	33,727,269	430,418	(49,907)	515,428	34,623,208
Accumulated depreciation for:					
Building & improvements	(1,746,394)	(88,367)	70	-	(1,834,691)
Machinery & equipment	(1,871,186)	(139,928)	47,557		(1,963,557)
Infrastructure	(17,536,029)	(974,624)	-	-	(18,510,653)
Seagirt Assets	(9,244)	(1,320)	-	-	(10,564)
Total accumulated depreciation	(21,162,853)	(1,204,239)	47,627	-	(22,319,465)
Net capital assets after depreciation	12,564,416	(773,821)	(2,280)	515,428	12,303,743
Net total capital assets – governmental activities	$ 22,135,883	$ 397,082	$ (2,280)	$ (23,566)	$ 22,507,119

Depreciation expense for the current year on capital assets charged to the Department's transportation business units in the Statement of Activities for the year ended June 30, 2021, was as follows (amounts expressed in thousands):

Depreciation Expense - Governmental Activities	
Secretary's Office	$ 3,272
State Highway Administration	945,495
Port Administration	28,691
Motor Vehicle Administration	19,303
Transit Administration	122,000
Aviation Administration	85,478
Total depreciation expense - governmental activities	$ 1,204,239

9. Service Concession Arrangements:

The Department entered into a long-term lease with Ports America Chesapeake in 2009 to manage, operate and maintain the Seagirt Marine Terminal. This agreement satisfies the criteria established to be considered a service concession arrangement. Under the terms of the ground lease, the Department transfers certain rights to Ports America Chesapeake for a term of 50 years. After 50 years the Department has the option to buy Ports America Chesapeake's equipment. Ports America Chesapeake charges and collects fees from users for container lifts, short tons of roll on-roll off, breakbulk, and bulk cargo and pays the operating costs, management fee and debt service associated with the project. The Department has the ability to approve what services the operator is required to provide. As of June 30, 2021, the capital assets, net accumulated depreciation, and deferred receipts, were $43,777,000.

The Department entered into a public-private partnership agreement for the design, construction, financing, operation, and maintenance of a new light rail line, the Purple Line, in 2016. This agreement satisfies the criteria established to be considered a service concession arrangement. Under the terms of the agreement, the Department transfers certain rights to Purple Line Transit Partners, LLC for a construction term of 6 years and an operation and maintenance period of 30 years. Purple Line Transit Partners, LLC was selected through a competitive process as the concessionaire. During the construction phase of the project, the project became delayed and several claims for both time and money were filed by the design-build contractor. In December 2020, a settlement agreement was reached between the Department and Purple Line Transit Partners, LLC. In accordance with the settlement agreement, the contracts associated with the project were assumed by the Department while a replacement design-build contractor was selected. Following the selection of a replacement design-build contractor, the contracts will be reassigned to the concessionaire and a revised project schedule, project cost, and financing plan will be agreed upon by the parties. This modification requires approval by the Maryland Board of Public Works. As of June 30, 2021, the capital assets, net accumulated depreciation, and deferred receipts were $98,734,000.

10. Long-term Liabilities:

The Department's long-term liability activity for the year ended June 30, 2021, was as follows (amounts expressed in thousands):

Changes in Long-Term Liabilities

(amounts expressed in thousands)

Governmental activities:	Beginning Balance July 1, 2020	Additions	Reductions	Ending Balance June 30, 2021	Due Within One Year
Transportation bonds (1)	$ 3,627,190	$ 300,000	$ (254,860)	$ 3,672,330	$ 296,750
Special transportation project revenue bonds (1)	-	219,880	-	219,880	-
Capital leases (1)	480,015		(219,068)	260,947	42,294
Pollution obligations	156,161	-	-	156,161	-
MTA OPEB liability	832,674	50,320	-	882,994	-
State Employees' Plan net pension liability	676,059	29,883	-	705,942	-
MTA Plan net pension liability	1,057,278	72,957	-	1,130,235	-
Premium on bonds (1)	351,662	90,063	(57,637)	384,088	58,257
Workers' compensation costs	76,989	20,851	(18,422)	79,418	11,913
EPC obligations (1)	32,469	-	(5,621)	26,848	5,813
Compensated absences	58,347	33,642	(21,413)	70,576	10,346
Total long-term liabilities – governmental activities	$ 7,348,844	$ 817,596	$ (577,021)	$ 7,589,419	$ 425,373

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

The State Treasurer's Office financed certain Energy Performance Contract obligations on behalf of the Department in the amount of $25,720,000 and certain transportation business units have a loan from the Maryland Energy Administration's State Agency Loan Program totaling $1,129,000. The current portion that is due within one year is the principal due to the State Treasurer's Office in the amount of $5,190,000 for the Energy Performance Contract obligations and $623,000 for the State Agency Loan Program. Additional information regarding the Energy Performance Contract program is included in Note 17.

The Department's long-term liabilities, other than Consolidated Transportation Bonds, are generally liquidated through the Special Revenue Fund. The Department estimates there are no material liabilities for arbitrage rebates as of June 30, 2021.

11. Transportation Bonds:

Consolidated Transportation Bonds

The Department issues Consolidated Transportation Bonds to provide funds for the acquisition and construction of major capital facilities. Consolidated Transportation Bonds are limited obligations issued by the Department for highway, port, airport, rail or mass transit facilities or any combination of such facilities. Pursuant to the State Constitution, tax-supported debt such as Consolidated Transportation Bonds must be fully paid within 15 years from the date of issue.

As provided by State law, the General Assembly establishes in the budget for each fiscal year a maximum outstanding aggregate amount of Consolidated Transportation Bonds as of June 30 of the respective fiscal year that does not exceed $4,500,000,000. The aggregate principal amount of those bonds that were allowed to be outstanding as of June 30, 2021, was $3,877,330,000. The aggregate principal amount of Consolidated Transportation Bonds outstanding as of June 30, 2021, was $3,672,330,000. Consolidated Transportation Bonds are paid from the Debt Service Fund. As of June 30, 2021, the Department has no defeased debt outstanding.

The Department's Consolidated Transportation Bonds outstanding as of June 30, 2021, were as follows (amounts expressed in thousands):

	Interest Rates	**Amount**
Consolidated Transportation Bonds – due serially through 2035 – for State transportation activity	2.125-5.5%	$3,392,920
Consolidated Transportation Bonds, refunding – due serially through 2027 – for State transportation activity	4.0-5.0%	279,410
Total Consolidated Transportation Bonds Outstanding		$3,672,330

Principal and interest on Consolidated Transportation Bonds are payable from the proceeds of certain excise taxes levied by statute, a portion of the corporation income tax, and a portion of the State sales tax on short term vehicle rentals credited to the Department. These amounts are applicable to the extent necessary for that exclusive purpose before being available for other uses by the Department. If those tax proceeds become insufficient to meet debt service requirements, other receipts of the Department are available for that purpose. The holders of such bonds are not entitled to look to other State resources for payment.

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

On October 22, 2020, Consolidated Transportation bonds in the amount of $300,000,000 were issued by the Department with a premium of $90,063,000. These bonds are dated with maturities ranging from October 1, 2023 to October 1, 2035, at an interest rate of 5%.

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

Years Ended June 30,	**Principal**	**Interest**	**Total Debt Service Requirements**
2022	$ 296,750	$ 152,680	$ 449,430
2023	333,310	138,770	472,080
2024	299,105	122,055	421,160
2025	299,845	107,956	407,801
2026	295,235	93,826	389,061
2027-2031	1,482,505	269,653	1,752,158
2032-2036	665,580	41,865	707,445
Total	$ 3,672,330	$ 926,805	$ 4,599,135

Special Transportation Project Revenue Bonds

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

On February 10, 2021, Special Transportation Project Refunding Revenue Bonds (BWI Marshall Airport) Series 2021A were issued in the amount of $219,880,000 to redeem previously issued capital leases. The bonds are payable from a gross pledge of airport revenues, exclusive of passenger facility charges and customer facility charges. The Department maintains an “A” rating with Fitch Ratings and an “A1” rating with Moody’s Investors Services, Inc., for these bonds.

From the proceeds of the Series 2021A bonds, funds in the amount of $108,009,000 were deposited in an escrow account to redeem outstanding refunding bonds issued by the MDTA on behalf of the Department in 2012 related to the financing of BWI Marshall Airport’s parking and roadway projects and funds in the amount of $120,044,000 were deposited in an escrow account to redeem outstanding refunding bonds issued by the Maryland Economic Development Corporation on behalf of the Department in 2012 related to certain improvements to the BWI Marshall Airport terminal.

At the end of the current fiscal year the Department had total Special Transportation Project Revenue Bonds outstanding of $219,880,000. The Series 2021A Bonds are dated with maturities ranging from 2024 to 2031, at annual interest rates ranging from 0.36%-1.69%.

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

Years Ended June 30,	Principal	Interest	Total Debt Service Requirements
2022	$ -	$ 2,195	$ 2,195
2023	-	2,352	2,352
2024	26,755	2,304	29,059
2025	26,855	2,185	29,040
2026	26,995	2,005	29,000
2027-2031	139,275	5,330	144,605
Total	$ 219,880	$ 16,371	$ 236,251

County Transportation Revenue Bonds

County Transportation Revenue Bonds, enacted during the 1993 session of the General Assembly, are issued by the Department and the proceeds are used by participating counties and Baltimore City to fund local road construction, reconstruction and other transportation projects and facilities and to provide local participating funds for federally aided highway projects. Debt service on these bonds is payable from, and the obligation of, the respective county or Baltimore City. Baltimore City is the only jurisdiction currently participating in the program. Unexpended bond proceeds in the amount of $11,561,000 and certain debt service sinking fund amounts aggregating $17,255,000 were invested in money market accounts and with the State Treasurer as of June 30, 2021. These funds are reported as restricted cash and cash equivalent in the agency funds. The two amounts are restricted for project funds and county bond debt service respectively. As of June 30, 2021, $100,595,000 in County Transportation Revenue Bonds was outstanding.

12. Operating and Capital Leases:

Operating Leases:

The Department leases office space under various agreements that are accounted for as operating leases. Rent expense under these agreements was $4,408,000 for the year ended June 30, 2021.

The future minimum operating lease payments under these agreements as of June 30, 2021, were as follows (amounts expressed in thousands):

Years Ended June 30,	Operating Leases Future Minimum Payments
2022	$ 4,402
2023	3,770
2024	2,786
2025	2,262
2026	2,037
2027-2032	4,988
Total operating leases	$ 20,447

Capital Leases and Certificates of Participation:

The Department has entered into several lease agreements for the financing of various transportation related projects. The Department has also entered into agreements with the MDTA for the financing of various aviation projects. The Department has reported obligations under capital leases of $260,947,000, as of June 30, 2021. The Department's activity related to capital leases is included in the table in Note 10.

The Department's capital lease obligations as of June 30, 2021, were as follows:

- $6,160,000 in obligations related to Project Certificates of Participation for Maryland Aviation Administration Facilities, Series 2010 (refunding), issued on December 1, 2010, at annual interest rates ranging from 3.0-5.0%;
- $5,230,000 in obligations related to Project Certificates of Participation for Maryland Transit Administration Project, Series 2010 (refunding), issued on December 1, 2010, at annual interest rates ranging from 3.0-5.0%;
- $6,510,000 in obligations related to Project Certificates of Participation for the Maryland Port Administration Facility Project, Series 2016 (refunding), issued on November 30, 2016, at an annual interest rate of 5%;
- $21,135,000 in obligations related to Project Certificates of Participation for the Maryland Aviation Administration's Shuttle Bus Fleet Acquisition, Series 2019, issued on March 27, 2019, at annual interest rates ranging from 3.0-5.0%;
- $2,675,000 for the Maryland Economic Development Corporation bond issuance for the financing of the Department's headquarters building, Series 2010 (refunding), issued on May 25, 2010, at annual interest rates ranging from 3.0-4.5%;
- $73,430,000 on long-term obligations for bonds issued by the MDTA related to the financing of BWI Marshall Airport's Consolidated Rental Car Facility, Series 2002, issued on June 18, 2002, at annual interest rates ranging from 2.74-6.65%;
- $33,005,000 on long-term obligations for bonds issued by the MDTA related to the financing of a connector hallway between Concourses B and C at BWI Marshall Airport, Series 2012, issued on April 25, 2012, at annual interest rates ranging from 4.0-5.0%;
- $87,325,000 on long-term obligations for bonds issued by the MDTA related to the financing of BWI Marshall Airport's runway safety and paving improvement projects, Series 2012, issued on December 13, 2012, with fixed rate bonds with interest rates ranging from 2.0-4.0%, and variable rate demand bonds with an interest rate of 0.11% as of June 30, 2021;
- $30,045,000 on long-term obligation for bonds issued by the MDTA related to the financing of a connector hallway between Concourses C and D at BWI Marshall Airport, Series 2014, issued on December 18, 2014, at annual interest rates ranging from 3.0-5.0%; and
- $105,085,000 on long-term obligations for bonds issued by the MDTA related to various improvements at BWI Marshall Airport, Series 2019, issued on June 19, 2019, at annual interest rates ranging from 3.0-5.0%.

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

The future minimum capital lease obligations and the net value of these minimum lease payments as of June 30, 2021, were as follows (amounts expressed in thousands):

Years Ended June 30,		**Amount**	
2022	$	42,294	
2023		39,512	
2024		39,513	
2025		37,114	
2026		35,372	
2027 - 2031		172,913	
2032 - 2036		88,471	
2037 - 2041		25,410	
Total minimum lease payments		480,599	
Less: amount representing interest		110,000	(1)
Less: funds held by bond trustee		109,652	(2)
Value of minimum lease payments	$	260,947	

Notes to the schedule:

(1) The interest represents 18% of the total minimum lease payments due.

(2) The reduction shown in the amount of $109,652,000 are monies held by the bond trustee on behalf of the MDTA to be used for construction and Debt Service Reserve Fund expenditures.

The capital assets acquired through capital leases as of June 30, 2021 were as follows (amounts expressed in thousands):

Capital Asset		**Amount**
Construction in progress	$	97,895
Land and improvements		16,204
Buildings and improvements		1,128,697
Machinery and equipment		34,615
Infrastructure		292,139
Total acquired capital assets		1,569,550
Less: accumulated depreciation		640,672
Total capital assets – net	$	928,878

13. Pollution Remediation Obligations:

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

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

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

The Department's pollution remediation liability as of June 30, 2021, is estimated to be $156,161,000, with no expected 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 contaminations by hazardous materials under federal and State law. In these cases, either the Department has been named in a lawsuit by a State Regulator or the Department has legally obligated itself under the Environment Article, Section 7-201, of the Annotated Code of Maryland.

Cost estimates for the Department's pollution remediation, due to site contamination from hazardous materials, are based on engineering design estimates. The estimated long-term costs that the Department may be responsible for over the next 15 years include: various cleanup projects related to several MTA construction sites and projects related to cleanup of underground hazardous substances at one of the MPA's marine terminals. The pollution remediation obligation at the MPA marine terminal is shared with another party and the MPA's responsibility is limited to 23% of the total remediation costs. The Department did not incur any significant costs to reduce the liability or identify any new technology that would change the liability during the current fiscal year ended June 30, 2021.

14. Retirement Systems and Pension Plans:

Maryland State Retirement and Pension System:

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

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

The State Retirement Agency is the administrator of the System. The system was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System's administration and operation is vested in a 15- member Board of Trustees.

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

Plan description:

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

Benefits provided:

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

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

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

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

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

Funding policy:

In accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland, employer contribution rates are established by annual actuarial valuations using the entry age normal cost method and other actuarial assumptions adopted by the Board of Trustees. Employees are required to contribute to the System a fixed percentage of their regular salaries and wages. Members of the Retirement System pay 5- 7% depending on the retirement system selected. Members of the Pension Plan and Officers' Plan pay 7% ofearnable compensation.

The Department's contractually required contribution rate for the System for the year ended June 30, 2021, was $73,195,000, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the System from the Department were $73,195,000 for the year ended June 30, 2021.

The Department recognizes the long-term obligation for pension benefits as a liability on the Statement of Net Position and measures the pension costs. As of June 30, 2021, the Department reported a liability of $705,942,000 for its proportionate share of the System's net pension liability. The Department's net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The Department's proportion of the System's net pension liability was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined. As of June 30, 2021, the Department's proportion for the System was 3.35%, which was substantially the same from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the Board recognized pension expense for the System of $78,701,000. As of June 30, 2021, the Department reported deferred outflows of resources and deferred inflows of resources related to the System from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in experience	$ -	$ 28,296
Changes of assumptions	-	10,748
Contribution after measurement date	73,195	
Net difference between projected and actual earning on pension plan investments	53,060	-
Total	$ 126,255	$ 39,044

The amount reported as deferred outflows of resources related to the System resulting from the Department's contributions subsequent to the measurement date was $73,195,000, and will be recognized as reduction of the System's net pension liability in the year ended June 30, 2021. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense is as follows (amounts expressed in thousands):

Year ending June 30,	Amount
2022	$ (5,027)
2023	2,170
2024	8,001
2025	9,100
2026	(228)
Total	$ 14,016

The sensitivity of the Department's proportionate share of the net pension liability to changes in the discount rate:

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

	1% Decrease 6.40%	Discount Rate 7.40%	1% Increase 8.40%
Proportionate share of the State's net pension liability	$ 1,005,002	$ 705,942	$ 456,836

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 http://www.sra.state.maryland.gov/comprehensive-annual-financial-reports.

Maryland Transit Administration Employee Pension Plan:

Plan description:

The MTA Employee Pension Plan (the MTA Plan) is a single employer plan that covers certain MTA employees. Covered employees include: any employee who is a member of the Amalgamated Transit Union, Local 1300, or the Office and Professional Employees International Union, Local 2, who are not included in the System; any employee who is a member of the Police Local Union No. 1859, who is not included in the Officers' Plan; and any management employee who transferred from any of the bargaining units above. The MTA Plan is administered and funded in compliance with the collective bargaining agreements, which established the MTA Plan. As of June 30, 2021, membership in the Plan includes 2,532 active members, 525 vested former members, and 2,033 retirees and beneficiaries.

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

Benefits Provided:

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

Funding Policy:

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

During fiscal year 2021, the MTA paid $59,280,000 of the required contribution totaling $58,842,000 which was 36.02% of covered payroll and 100.7% of the actuarially determined contribution.

Assumptions and other inputs:

The actuarial method and significant assumptions listed below were used in the actuarial valuation of the Plan for the MTA Plan as of June 30, 2021:

Actuarial Cost Method:	Entry Age Level Dollar Normal Cost
Amortization Method:	Level Dollar Closed
Inflation: Salary increases: Investment rate of return: Municipal bond rate: Single discount rate: Retirement age:	2.75% 2.75% to 8.75% including inflation 6.80% 1.92% 3.26% Age-based table of rates that are specific to the type of eligibility condition.
Mortality:	• Pre-retirement: RP-2014 Blue Collar Employee mortality table, sex distinct, with generational mortality improvements from 2006 using scale MP-2018. • Post-retirement Healthy lives: RP-2014 Blue Collar Healthy Retiree mortality table, sex distinct, with generational mortality improvements from 2006 using scale MP-2018. • Post-retirement Disabled lives: RP-2014 Disabled Retiree mortality table, sex distinct, with generational mortality improvements from 2006 using scale MP-2018.

Plan Fiduciary Net Position:

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

Net Pension Liability of the Plan:

The total pension liability of the MTA Plan was determined by an actuarial valuation as of July 1, 2020 rolled forward to June 30, 2021 and the adjustment to the roll-forward liabilities were made to reflect the following assumptions change in the 2021 valuation:

Change of assumptions: A decrease of the effective blended discount rate from 4.05% to 3.26%. The expected rate of return on plan investments decreased from 7.40% to 6.80%. The wage inflation assumption decreased from 3.10% to 2.75%. The assumed COLA decreased from 2.10% to 2.00%.

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

Total pension liability	$ 1,577,613
Less: Plan fiduciary net position	(447,378)
Employer net pension liability	$ 1,130,235
Plan fiduciary net position as a percentage of the total pension liability	28.36%

The sensitivity of the Department's proportionate share of the net pension liability to changes in the discount rate:

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the MTA Plan's net pension liability, calculated using a single discount rate of 3.26%, as well as what the net position liability would be if the single discount rate is 1-percentage-point lower or 1-percentage-point higher (amounts expressed in thousands):

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

For the year ended June 30, 2021, the MTA Plan recognized pension expense for the MTA Plan of $103,728,000. As of June 30, 2021, the Department reported deferred outflows of resources and deferred inflows of resources related to the MTA Plan from the following sources (amount expressed in thousands):

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

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

Year ending June 30,	**Amount**
2022	$ 29,430
2023	(17,252)
2024	13,592
2025	22,048
2026	21,489
Total	$ 69,307

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

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

15. Other Postemployment Benefits:

State Employee and Retiree Health and Welfare Benefits Program of Maryland

Plan Description:

The State Employee and Retiree Health and Welfare Benefits Program (the Plan) is a single- defined benefit healthcare plan established by the State Personnel and Pensions Article of the Annotated Code of Maryland. The Plan is self-insured to provide medical hospitalization, prescription drug and 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. In addition, the Secretary specifies by regulation the types or categories of State employees who are eligible to enroll, with or without State subsidies, or who are not eligible to enroll.

The Postretirement Health Benefits Trust Fund (OPEB Trust) is established as an irrevocable trust in the State Personnel and Pensions Article to receive appropriated funds and contributions which will be used to assist the Plan in financing the State's postretirement health insurance subsidy. The oversight of the OPEB funds is the same Board of Trustees that oversees the System. A separate audited GAAP-basis postemployment benefit report is available for the defined benefit healthcare trust fund. The OPEB Trust is included in the State's Annual Comprehensive Financial Report, which can be obtained from the Comptroller of Maryland, and is available at http://www.marylandtaxes.gov/reports/cafr.php.

Funding Policy:

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

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

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

Maryland Transit Administration Pension Plan – OPEB

Plan Description:

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

The MTA Health Plan provides medical, hospitalization, prescription drug, dental, and vision insurance benefits to eligible MTA employees, retirees, and their dependents. Members are eligible at age 65 with five, seven, or ten years of service (in accordance with bargaining unit and date of hire) or age 52 with 30 years of service provided the member is enrolled in an MTA health plan at normal retirement. Members are also eligible at age 55 if the sum of the participant's age plus years of actual credited service equals at least 85 and the participant is enrolled in an MTA health plan at early retirement, disability with five years of service, and surviving spouses. The MTA Health Plan provides healthcare coverage for 1,433 retirees. A separate audited GAAP-basis postemployment benefit plan report is not available for the healthcare plan.

Funding Policy:

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

Actuarial Methods and Assumptions:

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

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

The actuarial method and significant assumptions listed below were used in the actuarial valuation as of June 30, 2020 of the OPEB Plan for the MTA Health Plan as of June 30, 2021:

Actuarial Cost Method:	Entry age normal
Amortization Method:	Closed, level Percentage of Payroll
Amortization Period:	25 years (as of July 1, 2019)
Asset Valuation Method:	5-year smoothed market
Discount Rate:	2.45%
Medical Trend:	7.50% in FY2021 for pre-Medicare and 6.25% for post-Medicare. The ultimate rate is 3.5%.
Dental/Vision Trend:	3.5% per annum

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 Health Plan to measure the total OPEB liability was 2.45%.

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

The following presents the MTA Health Plan's net OPEB liability, calculated using the 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	**Health Trend**	**1% Increase**
Net OPEB Liability	$ 734,863	$ 882,994	$ 1,077,445

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

The following presents the plan's net OPEB liability, calculated using as single discount rate of 2.45%, 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 1.45%	**Discount Rate 2.45%**	**1% Increase 3.45%**
Net OPEB Liability	$ 1,037,180	$ 882,994	$ 759,199

OPEB Liability of the MTA Health Plan:

The OPEB Liability was measured as of June 30, 2021 (based on an actuarial valuation date of June 30, 2020) and the components of the OPEB liability are as follows (amounts expressed in thousands):

Total pension liability	
Service cost	$ 46,156
Interest	26,467
Changes of benefit terms	-
Differences between expected and actual experience	19,747
Change of assumptions	(21,696)
Benefit payments	(20,354)
Net Changes in total pension liability	50,320
Total pension liability - beginning	832,674
Total pension liability - ending	$ 882,994

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

Service cost	$ 46,156
Interest on the total OPEB liability	26,467
Recognition of Outflow (Inflow) of Resources due to Liabilities	(26,518)
Total OPEB expense	$ 46,105

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

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 17,279	$ 9,636
Changes of assumptions	48,163	166,763
Total	$ 65,442	$ 176,399

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

Year ending June 30,	Amount
2022	$ (26,518)
2023	(26,518)
2024	(26,518)
2025	(26,518)
2026	(12,285)
Thereafter	7,400
Total	$ (110,957)

16. Risk Management and Insurance:

Workers' Compensation:

The Department is self-insured for workers' compensation liabilities. The Department's workers' compensation self-insured liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Liabilities for incurred workers' compensation losses to be settled by fixed or reasonably determined payments over a long period of time are reported at their present value using a 4% discount rate. The workers' compensation costs are based upon separately determined actuarial valuations for the fiscal year ended June 30, 2021.

The Department's workers' compensation self-insurance program is administered by the Chesapeake Employers' Insurance Company under a contract which requires that the Department pay premiums based upon loss experience plus a proportionate share of administrative costs. In the event of termination of the contract, the Department is obligated for any premium deficiency at the time of termination. The Department's accrued workers' compensation costs were $79,418,000 as of June 30, 2021. The Department's activity related to accrued workers' compensation costs is included in the table in Note 10. Changes in the balances for the Department's workers' compensation liability during the past two fiscal years are as follows (amounts expressed in thousands):

	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020
Unpaid claims, beginning of fiscal year	$ 76,989	$ 77,590
Incurred claims and changes in estimates	20,851	19,152
Claim payments	(18,422)	(19,753)
Total unpaid claims, end of fiscal year	$ 79,418	$ 76,989

Insurance:

Certain operations of the Department are covered by commercial liability insurance policies and many claims are handled by the Department's insurance carriers. MAA's two facilities, BWI Marshall Airport and Martin State Airport, are covered by an airport owners' and operators' general liability insurance policy providing coverage per occurrence up to $750,000,000 for bodily injury and property damage. This policy contains the war, hi-jacking and other perils endorsement for $100,000,000 due to the events of September 11, 2001.

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

MTA's operations are covered by a $495,000,000 excess liability insurance policy over and above the MTA's $5,000,000 self-insured retention. Bombardier and Amtrak are contractors hired to provide MTA's commuter rail service known as MARC. In addition, the MTA pays a track access fee to CSX for the use of CSX's railroad tracks (MARC Brunswick Line and Camden Line) and to Amtrak for use of Amtrak's railroad tracks (MARC Penn Line). The MTA has insurance to cover its contractual obligations for the MARC rail service as well as insurance for the MTA's other modes of service (bus, light rail, commuter bus, subway, and mobility). The MARC operations insurance coverage provides excess liabilityup to $500,000,000.

All other MTA operations insurance coverage provides excess liability limits up to $200,000,000. This includes a shared self-insured retention of $5,000,000. Claims under $5,000,000 are self-insured by the MTA. The excess liability policies also extend punitive damages liability coverage to Bombardier, Amtrak and CSX arising from commuter rail operations for claims. All third-party liability claims exceeding $10,000 for Bombardier and $20,000 for Amtrak must have prior approval of the MTA for payment/settlement. Workers' compensation claims by Bombardier, Amtrak or CSX are exempt from the MTA's coverage because those are the responsibility of the vendors.

The amount of any settlements did not exceed the insurance coverage in each of the past five fiscal years. For those areas not covered by purchased insurance, the State Treasurer has a program of self-insurance for tort claims. By statute, bodily injury, personal injury, or property damages are limited to claims of $200,000 per claimant before September 30, 2015, and $400,000 on or after October 1, 2015. Tort liability limits established in law do not apply to the MTA.

17. Energy Performance Contracts:

The Department of General Services (DGS) implemented an Energy Performance Contract program for the Department in the fiscal year ended June 30, 2011, with a goal to reduce Maryland's energy consumption through energy efficiency projects. The State Treasurer's Office secured the financing required to fund the construction of the improvements. The savings resulting from the projects are used to offset the costs of the services.

The SHA, MTA, MAA, MPA and MVA participated in the Energy Performance Contract program. As of June 30, 2021, the total amount due in long-term liability for Energy Performance Contract obligations is $26,848,000.

18. Commitments:

The Department has active construction commitments outstanding as of June 30, 2021, of approximately $6,610,810,000 principally for construction of highway, port, motor vehicle, aviation, and transit projects. Approximately 38.16% of future expenditures, related to these commitments of the Department, are expected to be reimbursed from proceeds of approved federal grants when the actual costs are incurred. The remaining balance will be funded by other financial resources of the Department, including the issuance of long-term debt. As of June 30, 2021, the Department's commitments with contractors wereas follows (amounts expressed in thousands):

Construction projects	Spent-to-date	Remaining commitment
Highway construction	$ 3,232,434	$ 2,796,289
Port construction	695,620	515,981
Motor vehicle construction	284,482	125,032
Transit construction	3,916,751	2,609,455
Aviation construction	564,053	564,053
Total projects	$ 8,693,340	$ 6,610,810

19. Related Party Transactions:

Various State of Maryland agencies provide services for the Department for which they are reimbursed from the Department. During fiscal year ended June 30, 2021, such reimbursements are reflected as Distributions to other State agencies in the Special Revenue Fund.

20. Federal Revenue:

Federal revenue consists principally of grants from the Federal Transit Administration for rail and bus projects for the Baltimore region and from the Federal Highway Administration in connection with highway construction projects. In addition, the Department receives federal grants to aid in planning, design, and construction of transportation facilities and to support mass transit operations. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the Department. As of June 30, 2021, the Department estimates that no material liabilities will result from such audits.

Since March 2020, the President of the United States has signed several bills into law to provide relief to individuals, families, and businesses affected by the COVID-19 pandemic. These federal relief efforts include actions and funding associated with the Coronavirus Aid, Relief, and Economic Security Act, signed into law in March 2020; the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, signed into law in December 2020; and the American Rescue Plan Act, signed into law in March 2021. The Department received funding through each of these bills, which helped to sustain the Department's operations during the pandemic. For the year ended June 30, 2021, additional federal operating assistance received through these bills include $75,000,000 for SHA, $283,142,000 for MTA, and $21,956,000 for MAA.

21. Passenger Facility Charges:

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

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

The MAA submitted multiple additional applications for additional PFC projects. Additional applications were approved in June 2006, July 2007, February 2008, September 2010, March 2012, September 2012, October 2014, August 2016, and March 2019.

22. Rent Revenue:

The Department leases terminal space at various marine terminals (including the Seagirt Marine Terminal), airport facilities and office space in the World Trade Center building in Baltimore, pursuant to various operating leases. The Department's total minimum future rental revenues totaled \$491,816,000 as of June 30, 2021, and 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 revenues collected included in operations were \$206,473,000 for the year ended June 30, 2021. Total assets of the Department under lessor operating lease agreements totaled \$1,935,021,847. They are included on the Statement of Net Position in the capital assets of the Department, net of accumulated depreciation in the amount of \$833,875,301 on the Statement of Net Position.

Minimum future rental revenues for the Department are as follows (amounts expressed in thousands):

Year Ended June 30,	**Operating Leases Minimum Future Rental Revenues**
2022	100,718
2023	86,591
2024	83,138
2025	77,484
2026-2030	132,755
2031 - 2035	11,131
Total	491,816

23. Net Position/Fund Balance:

The unrestricted deficit for the governmental activities on the government-wide Statement of Net Position is $2,695,752,000.

Nonspendable fund balance is reported for a portion of the Special Revenue Fund balance in the amount of $91,175,000 for inventories of supplies as of June 30, 2021.

The commitment of fund balance requires formal action by a government's highest level of decision-making authority. The assignment of fund balance is based on an authorization policy established by the governing body pursuant to which that authorization is given.

Unassigned fund balance was $178,819,000 reported in the Special Revenue Fund as of June 30, 2021.

24. Contingent Liabilities:

The Department is party to various legal proceedings, many of which occur in the normal course of the Department's operations, including actions commenced and claims asserted for alleged property damage, personal injury, breach of contract, discrimination, or other alleged violations of law. These legal proceedings are not, in the opinion of the Office of the Attorney General of the State, likely to have a material adverse impact on the Department's financial position as of June 30, 2021.

The Department, along with several other State agencies, is party to a consolidated group of grievances filed in the Office of Administrative Hearings by the American Federation of State, County, and Municipal Employees on behalf of individual emergency essential employees claiming they are entitled to emergency pay (double pay) for the 18 months that they reported to work while non-emergency essential employees were on mandatory telework. A prehearing conference was held on November 12, 2021, and individual agency hearings are tentatively scheduled to start in February. MDOT intends to vigorously defend this matter through the Office of Administrative Hearings process.

25. Subsequent Events:

Special Transportation Project Revenue Bonds

On July 14, 2021, the Department sold Special Transportation Project Revenue Bonds, BWI Marshall Airport, Series 2021B, in the amount of $190,485,000 with a net premium of $48,877,000. The bonds were sold through a negotiated sale with a true interest cost of 2.74%. The Series 2021B Bonds are dated with serial maturities ranging from 2026 to 2041 and term bonds in 2046 and 2051 at annual interest rates ranging from 4.00%-5.00%. The proceeds of the bonds will finance a portion of the cost of construction of the Concourse A/B Connector and baggage handling system project at BWI Marshall Airport. Closing on the bonds occurred on July 28, 2021.

Consolidated Transportation Bonds

On September 29, 2021, the Department sold four series of Consolidated Transportation Bonds, including one series of new money bonds, one series of current refunding bonds, and two series of forward refunding bonds. The sale included:

- Series 2021A Bonds in the amount of $295,000,000 with a net premium of $42,255,000. The new money bonds were sold competitively and the winning bid had a true interest cost of 1.73%. The Series 2021A Bonds are dated with maturities ranging from 2024 to 2036, at annual interest rates ranging from 2.00%-5.00%. The proceeds of the bonds will provide a portion of the funds needed for the Department's capital program and to pay certain costs of issuance of the bonds. Closing on the bonds occurred on October 7, 2021.

- Series 2021B Refunding Bonds in the amount of $139,210,000 with a net premium of $23,129,000. The current refunding bonds were sold competitively and the winning bid had a true interest cost of 0.66%. The Series 2021B Refunding Bonds are dated with maturities ranging from 2022 to 2028, at an annual interest rate of 5.00%. The proceeds of the bonds will refund certain maturities of outstanding Consolidated Transportation Bonds and pay certain costs of issuance of the bonds. Closing on the bonds occurred on October 7, 2021.

- Series 2022A Refunding Bonds in the amount of $52,400,000 with a net premium of $8,497,000. The forward refunding bonds were sold through a negotiated sale with a true interest cost of 0.91%. The Series 2022A Refunding Bonds are dated with maturities ranging from 2022 to 2028, at an annual interest rate of 5.00%. The proceeds of the bonds will refund certain maturities of outstanding Consolidated Transportation Bonds and pay certain costs of issuance of the bonds. Closing on the bonds is scheduled for on or about March 3, 2022.

- Series 2022B Refunding Bonds in the amount of $143,585,000 with a net premium of $21,740,000. The forward refunding bonds were sold through a negotiated sale with a true interest cost of 1.36%. The Series 2022B Refunding Bonds are dated with maturities ranging from 2023 to 2029, at an annual interest rate of 5.00%. The proceeds of the bonds will refund certain maturities of outstanding Consolidated Transportation Bonds and pay certain costs of issuance of the bonds. Closing on the bonds is scheduled for on or about November 3, 2022.

Purple Line Transit Project

On November 5, 2021, Purple Line Transit Partners, LLC announced the selection of a replacement design-build contractor for the public-private partnership with the Department for the design, construction, financing, operation, and maintenance of the Purple Line Transit Project. The replacement design-build contractor was selected through a competitive process in close collaboration with the Department. Following the selection of the replacement design-build contractor, Purple Line Transit Partners, LLC, and the Department are negotiating the revised project cost, schedule, and financing plan. Commercial and financial close is anticipated for February 2022, with a return to full-scale construction in the spring of 2022. Additional information on this service concession arrangement can be found in Note 9.

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Required Supplementary Information

ANNUAL COMPREHENSIVE FINANCIAL REPORT
MARYLAND DEPARTMENT OF TRANSPORTATION

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MARYLAND DEPARTMENT OF TRANSPORTATION
Required Supplementary Information
Schedule of Changes in the Total Liability and Related Ratios for the Maryland Transit Administration OPEB Plan
(amounts expressed in thousands)

Fiscal Year Ended June 30	2018	2019	2020	2021
Total OPEB liability:				
Service cost	$ 47,907	$ 41,137	$ 31,899	$ 46,156
Interest	25,090	29,487	26,053	26,467
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	-	(14,073)	(1,121)	19,747
Changes of assumptions	(113,863)	(145,356)	64,216	(21,696)
Benefit payments	(12,422)	(15,617)	(17,240)	(20,354)
Net change in total OPEB liability	(53,288)	(104,422)	103,807	50,320
Total OPEB liability - beginning	886,577	833,289	728,867	832,674
Total OPEB liability - ending (a)	$ 833,289	$ 728,867	$ 832,674	$ 882,994
Plan fiduciary net position:				
Contributions - employer	$ 13,208	$ 15,617	$ 17,240	$ 20,354
Contributions - employee	-	-	-	-
Benefit payments, net of retiree contributions	(12,422)	(15,617)	(17,240)	(20,354)
Administrative expense	(786)	-	-	-
Net change in plan fiduciary net position	$ -	$ -	$ -	$ -
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending	$ -	$ -	$ -	$ -
Net OPEB liability	$ 833,289	$ 728,867	$ 832,674	$ 882,994
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered payroll (1)				
Net OBEB liability as a percentage of covered payroll (1)				
Expected average remaining service years of all participants	8	8	8	8

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

Notes to Schedule:

Information for FY 2017 and earlier is not available.

(1) The OPEB plan does not depend on salary, therefore no salary information is available.

MARYLAND DEPARTMENT OF TRANSPORTATION
Required Supplementary Information
Changes in the Net Pension Liability and Related Ratios for the Maryland Transit Administration Pension Plan

(amounts expressed in thousands)

Fiscal Year Ended June 30	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability:								
Service Cost	$ 19,438	$ 24,718	$ 48,499	$ 36,334	$ 37,195	$ 36,027	$ 42,308	$ 43,827
Interest	43,472	39,236	31,181	57,880	54,904	56,519	55,831	56,406
Changes of benefit terms	-	-	82,510	2,133	3,105	(203)	208	-
Difference between expected and actual experience	4,025	(19,621)	(15,024)	(20,741)	17,385	(8,527)	(17,140)	(11,809)
Changes of assumptions	38,643	53,480	338,950	(162,606)	(36,903)	(58,176)	101,716	140,735
Benefit payments, including refunds of member contributions	(32,598)	(30,636)	(35,283)	(39,062)	(37,203)	(42,724)	(44,432)	(44,735)
Net change in total pension liability	72,980	67,177	450,833	(126,062)	38,483	(17,084)	138,491	184,424
Total pension liability - beginning	768,371	841,351	908,528	1,359,361	1,233,299	1,271,782	1,254,698	1,393,189
Total pension liability - ending (a)	$ 841,351	$ 908,528	$ 1,359,361	$ 1,233,299	$ 1,271,782	$ 1,254,698	$ 1,393,189	$ 1,577,613
Plan fiduciary net position:								
Contributions - employer	$ 39,749	$ 35,400	$ 40,997	$ 40,997	$ 40,997	$ 41,597	$ 43,249	$ 59,280
Contributions - member	-	-	-	3,094	3,316	3,006	4,610	7,311
Net investment income	15,783	14,045	12,768	27,740	20,550	31,023	12,832	93,213
Benefit payments, including refunds of member contributions	(32,598)	(30,636)	(35,283)	(39,062)	(37,203)	(42,724)	(44,432)	(44,736)
Administrative expense	(1,588)	(1,851)	(1,967)	(1,914)	(2,213)	(2,325)	(2,652)	(3,601)
Other	-	-	-	(2,631)	-	(6,720)	-	-
Net change in plan fiduciary net position	$ 21,346	$ 16,958	$ 16,515	$ 28,224	$ 25,447	$ 23,857	$ 13,607	$ 111,467
Plan fiduciary net position - beginning	189,957	211,303	228,261	244,776	273,000	298,447	322,304	335,911
Plan fiduciary net position - ending (b)	$ 211,303	$ 228,261	$ 244,776	$ 273,000	$ 298,447	$ 322,304	$ 335,911	$ 447,378
Net pension liability - ending (a)-(b)	$ 630,048	$ 680,267	$ 1,114,585	$ 960,299	$ 973,335	$ 932,394	$ 1,057,278	$ 1,130,235
Plan fiduciary net position as a percentage of the total pension liability	25.11%	25.12%	18.01%	22.14%	23.47%	25.69%	24.11%	28.36%
Covered payroll	$ 137,596	$ 135,545	$ 137,427	$ 137,154	$ 145,834	$ 148,445	$ 149,768	$ 164,553
Net pension liability as a percentage of covered payroll	457.90%	501.88%	811.04%	700.16%	667.43%	628.11%	705.94%	686.85%
Expected average remaining service years of all participants	7	7	7	7	6	6	6	6

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

Notes to Schedule:

Information for FY 2013 and earlier is not available.

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

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

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

FY 2018 for Local 2 employees hired after July 1, 2016, COLA awards granted for retirees and beneficiaries who were receiving payments for at least 13 months on August 1, 2014, 2015, 2016, and 2017. FY 2018 reflects an increase of the effective discount rate from 4.32% to 4.52%.

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

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

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

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

Fiscal Year Ended June 30	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	$ 39,749	$ 40,807	$ 44,736	$ 62,217	$ 66,495	$ 64,649	$ 55,213	$ 58,842
Contribution in relation to the actuarially determined contribution	(39,749)	(35,400)	(40,997)	(40,997)	(40,997)	(41,597)	(43,249)	(59,280)
Contribution deficiency (excess)	$ -	$ 5,407	$ 3,739	$ 21,220	$ 25,498	$ 23,052	$ 11,964	$ (438)
Covered payroll	$ 137,596	$ 135,545	$ 137,427	$ 137,154	$ 145,834	$ 148,445	$ 149,768	$ 164,553
Contribution as a percentage of covered payroll	28.89%	26.12%	29.83%	29.89%	28.11%	28.02%	28.88%	36.02%

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

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to fiscal year 2014 is not available.

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 are as follows:

Actuarial cost method	Entry Age Level Dollar Normal Cost
Amortization method	Level Dollar Closed
Inflation	2.75%
Salary increases	2.75% to 8.75% including inflation
Investment rate of return	6.80%
Municipal bond rate	1.92%
Single discount rate	3.26%
Retirement age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	Pre-retirement: RP-2014 Blue Collar Employee mortality table, sex distinct, with generational mortality improvements from 2006 using scale MP-2018. Post-retirement Healthy lives: RP-2014 Blue Collar Healthy Retiree mortality table, sex distinct, with generational mortality improvements from 2006 using scale MP-2018. Post-retirement Disabled lives: RP-2014 Disabled Retiree mortality table, sex distinct, with generational mortality improvements from 2006 using scale MP-2018.

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

Plan Year Ended June 30	2015	2016	2017	2018	2019	2020	2021
Proportion of the Maryland State Retirement System Net Pension Liability	3.60%	2.86%	2.85%	3.36%	3.28%	3.12%	3.12%
Proportionate share of the State net pension liability (asset)	$ 748,345	$ 634,087	$ 581,413	$ 704,025	$ 676,059	$ 705,942	$ 705,942
Covered payroll	$ 372,296	$ 369,543	$ 371,857	$ 380,156	$ 393,924	$ 410,152	$ 399,377
Net pension liability as a percentage of covered payroll	201.01%	171.59%	156.35%	185.19%	171.62%	172.12%	176.76%
Plan fiduciary net position as a percentage of the total pension liability	68.78%	65.79%	69.38%	71.18%	72.34%	72.34%	(1)

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to fiscal year 2015 is not available.

(1) Data not yet available.

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

Fiscal Year Ended June 30	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	$ 56,643	$ 65,517	$ 66,910	$ 66,263	$ 67,221	$ 73,195
Contribution in relation to the actuarially determined contribution	(56,643)	(65,517)	(66,910)	(66,263)	(67,221)	(73,195)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 369,543	$ 371,857	$ 380,156	$ 393,924	$ 410,152	$ 399,377
Contribution as a percentage of covered payroll	15.33%	17.62%	17.60%	16.82%	16.39%	18.33%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to fiscal year 2016 is not available.

MARYLAND DEPARTMENT OF TRANSPORTATION
Required Supplementary InformationSpecial Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

(amounts expressed in thousands)

	Special Fund				Federal Fund			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)	Original	Final	Amounts	(Negative)
REVENUES:								
Taxes:								
Motor vehicle taxes and fees	$ 1,750,125	$ 1,488,000	$ 1,670,450	$ 182,450	$ -	$ -	$ -	$ -
Motor vehicle fuel taxes and fees	1,201,866	1,039,904	1,025,501	(14,403)	-	-	-	-
Revenue sharing of State corporation income tax	202,407	195,768	268,718	72,950	-	-	-	-
Revenue sharing of State sales tax	35,863	28,834	21,374	(7,460)	-	-	-	-
Federal reimbursements	-	-	-	-	1,332,140	1,815,465	1,398,235	(417,230)
Charges for services	502,922	277,000	388,909	111,909	-	-	-	-
Investment earnings	2,000	1,000	(774)	(1,774)	-	-	-	-
Other	63,010	199,000	127,750	(71,250)	-	-	-	-
Total revenues	3,758,193	3,229,506	3,501,928	272,422	1,332,140	1,815,465	1,398,235	(417,230)
EXPENDITURES and ENCUMBRANCES:								
Current:								
General government:								
The Secretary's Office	1,205,202	1,300,209	1,292,445	7,764	21,046	19,902	11,633	8,269
State Highway Administration	1,185,756	854,125	852,491	1,634	703,952	926,573	725,104	201,469
Maryland Port Administration	157,857	176,983	138,640	38,343	36,219	13,727	4,384	9,343
Motor Vehicle Administration	240,139	234,813	223,356	11,457	12,266	12,354	8,108	4,246
Maryland Transit Administration	997,748	970,250	904,916	65,334	550,223	800,897	618,735	182,162
Maryland Aviation Administration	270,047	259,547	247,428	12,119	8,434	42,012	30,271	11,741
Total general government	4,056,749	3,795,927	3,659,276	136,651	1,332,140	1,815,465	1,398,235	417,230
Total expenditures and encumbrances	4,056,749	3,795,927	3,659,276	136,651	1,332,140	1,815,465	1,398,235	417,230
Excess of revenues over expenditures	(298,556)	(566,421)	(157,348)	409,073	-	-	-	-
OTHER FINANCIAL SOURCES (USES):								
Bond Proceeds and Premium	505,000	300,000	390,063	90,063	-	-	-	-
Transfers in (out)	139,885	112,000	134,133	22,133	-	-	-	-
Total other financing sources and uses	644,885	412,000	524,196	112,196	-	-	-	-
Net change in fund balances	346,329	(154,421)	366,848	521,269	-	-	-	-
Fund balances, July 1, 2020	1,040,771	501,559	(487,159)	(669,020)	-	-	-	-
Fund balances, June 30, 2021	$ 1,387,100	$ 347,138	$ (120,311)	$ (147,751)	$ -	$ -	$ -	$ -

MARYLAND DEPARTMENT OF TRANSPORTATION
Notes to the Required Supplementary Information
For the Year Ended June 30, 2021

Stewardship, Compliance and Accountability:

Budgeting and budgetary control:

The Maryland Constitution requires the Governor to submit to the General Assembly an annual balanced budget for the following fiscal year. This budget is prepared and adopted for the Special Revenue Fund, which includes the transportation activities of the Department, shared taxes, and payments of debt service on transportation bonds. The budgetary federal fund revenue and expenditures are included in the GAAP Special Revenue Fund as federal revenues and expenditures by function. An annual budget is also prepared for the federal funds, which accounts for all Departmental grants from the federal government.

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

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

Budgetary fund equities and other accounts:

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

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

The Department's original and amended budget adopted by the General Assembly for special and federal funds is presented in the Required Supplementary Information - Special Revenue Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual schedule on page 94 of this report. The Department's budgetary fund structure and basis of budgeting, which is the modified accrual basis with certain exceptions, differs from that utilized to present financial statements in conformity with GAAP. The budgetary system's principal departures from the modified accrual basis are the classification of the Department's budgetary funds and the timing of recognition of certain revenues and expenditures. The GAAP Special Revenue Fund is an aggregate of the special and federal budgetary funds.

A summary of the effects of the fund structure differences and exceptions to the modified accrual basis of accounting, as of June 30, 2021, is as follows (amounts expressed in thousands):

MARYLAND DEPARTMENT OF TRANSPORTATION
Reconciliation of the Budgetary Special Fund, Fund Balance
to the GAAP Special Revenue Fund, Fund Balance
June 30, 2021
(amounts expressed in thousands)

Classification of budgetary fund equities and other accounts into governmental funds' fund structure:	Special Revenue Fund
Special fund-fund balance (page 95)	$ (120,311)
Accounting principle and timing differences:	
Assets recognized in governmental funds financial statements not recognized for budgetary purposes:	
Taxes receivable	8,916
Inventories	91,175
Due from other State funds	7,676
Liabilities recognized in governmental funds financial statements not recognized for budgetary purposes:	
Unearned revenue	254,361
Deferred inflows of resources	28,177
Financial statement governmental funds' fund balance, June 30, 2021	$ 269,994

Statistical Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT
MARYLAND DEPARTMENT OF TRANSPORTATION

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MARYLAND DEPARTMENT OF TRANSPORTATION
STATISTICAL SECTION
June 30, 2021

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

Table of Contents **Pages**

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

	Fiscal Year Ended June 30,									
	2012	**2013**	**2014 (1)**	**2015**	**2016**	**2017 (2)**	**2018**	**2019**	**2020**	**2021**
Governmental activities:										
Net Investment in capital assets	$ 13,360,456	$ 13,819,782	$ 14,063,378	$ 14,472,903	$ 15,248,583	$ 16,210,472	$ 16,838,969	$ 16,643,603	$ 17,677,016	$ 17,969,875
Unrestricted (deficit)	(278,008)	(324,664)	(363,200)	(1,450,994)	(1,826,709)	(1,897,379)	(2,517,120)	(2,548,182)	(2,809,227)	(2,695,752)
Total governmental activities net assets	$ 13,082,448	$ 13,495,118	$ 13,700,178	$ 13,021,909	$ 13,421,874	$ 14,313,093	$ 14,321,849	$ 14,095,421	$ 14,867,789	$ 15,274,123
Primary government:										
Net Investment in capital assets	$ 13,360,456	$ 13,819,782	$ 14,063,378	$ 14,472,903	$ 15,248,583	$ 16,210,472	$ 16,838,969	$ 16,643,603	$ 17,677,016	$ 17,969,875
Unrestricted (deficit)	(278,008)	(324,664)	(363,200)	(1,450,994)	(1,826,709)	(1,897,379)	(2,517,120)	(2,548,182)	(2,809,227)	(2,695,752)
Total primary government net position	$ 13,082,448	$ 13,495,118	$ 13,700,178	$ 13,021,909	$ 13,421,874	$ 14,313,093	$ 14,321,849	$ 14,095,421	$ 14,867,789	$ 15,274,123

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

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

	Fiscal Year Ended June 30,									
Governmental activities:	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Secretary's Office	$ 498,029	$ 515,638	$ 570,596	$ 624,378	$ 626,299	$ 652,965	$ 938,626	$ 977,303	$ 944,346	$ 939,833
State Highway Administration	1,359,177	1,186,116	1,436,114	1,399,446	1,337,696	1,203,216	1,213,310	1,477,133	1,522,930	1,744,380
Port Administration	115,211	87,445	99,996	126,885	148,231	126,432	171,714	182,300	139,364	108,351
Motor Vehicle Administration	182,839	195,803	207,342	213,896	206,117	208,783	272,318	239,324	219,570	213,062
Transit Administration	864,702	888,137	886,966	937,286	1,058,861	1,031,072	1,153,718	1,509,847	898,637	1,046,800
Aviation Administration	275,051	308,202	354,180	337,596	374,475	339,270	448,647	317,838	328,835	386,970
Interest on long-term debt	144,725	110,984	122,894	69,902	80,888	43,547	62,770	183,064	132,760	123,262
Total governmental activities expenses	3,439,734	3,292,325	3,678,088	3,709,389	3,832,567	3,605,285	4,261,103	4,886,809	4,186,442	4,562,658
Program Revenues:										
Charges for services:										
Secretary's Office	5,336	5,630	3,262	7,133	3,307	4,564	3,721	3,753	3,837	951
State Highway Administration	38,495	59,284	40,586	46,435	52,155	60,802	67,394	95,203	95,795	51,540
Port Administration	52,846	50,298	54,099	52,411	55,999	51,641	157,474	64,968	55,267	64,710
Motor Vehicle Administration	4	4	4	4	-	10	11	14	14	17
Transit Administration	146,093	138,339	139,769	142,363	156,524	149,147	190,862	169,748	118,297	90,055
Aviation Administration	297,935	418,588	328,094	339,958	346,836	361,971	377,982	252,988	223,185	181,213
Operating grants and contributions	92,739	72,397	90,574	92,238	87,324	94,499	99,533	90,795	569,263	496,623
Capital grants and contributions	830,922	779,557	800,019	741,846	722,764	858,187	885,245	851,866	1,044,752	902,584
Total governmental activities program revenues	1,464,370	1,524,097	1,456,407	1,422,388	1,424,909	1,580,821	1,782,222	1,529,335	2,110,410	1,787,693
Net (expense) revenue governmental activities	(1,975,364)	(1,768,228)	(2,221,681)	(2,287,001)	(2,407,658)	(2,024,464)	(2,478,881)	(3,357,474)	(2,076,032)	(2,774,965)
General Revenues and Other Changes in Net Assets:										
Taxes:										
Motor vehicle taxes and fees	1,259,743	1,332,143	1,389,066	1,465,022	1,541,596	1,579,384	1,547,450	1,618,524	1,490,462	1,670,450
Motor fuel taxes	728,410	740,428	807,739	918,483	1,013,144	1,078,312	1,084,195	1,140,220	1,076,207	1,025,501
Corporation income tax share	180,653	76,746	162,609	166,051	186,803	146,224	150,784	189,878	193,315	268,718
State sales tax share	23,581	25,462	48,653	30,788	30,780	31,566	31,691	34,471	31,686	21,374
Unrestricted investment earnings	2,750	764	2,156	2,096	3,819	627	2,322	2,929	1,918	(774)
Other revenue	-	7,235	16,518	64,516	31,481	79,570	134,573	145,024	54,813	196,030
Total governmental activities general revenues:	2,195,137	2,182,778	2,426,741	2,646,956	2,807,623	2,915,683	2,951,015	3,131,046	2,848,400	3,181,299
Change in Net Position:										
Governmental activities	219,773	414,550	205,060	359,955	399,965	891,219	472,134	(226,428)	772,368	406,334
Total primary government	$ 219,773	$ 414,550	$ 205,060	$ 359,955	$ 399,965	$ 891,219	$ 472,134	$ (226,428)	$ 772,368	$ 406,334

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

Fiscal Year Ended June 30,	Motor Vehicle Tax	Motor Fuel Tax	Corporation Income Tax	State Sales Tax (1)	Total
2012	$ 1,259,743	$ 728,410	$ 180,653	$ 23,581	$ 2,192,387
2013	1,332,143	740,428	76,746	25,462	2,174,779
2014	1,389,066	807,739	162,609	48,653	2,408,067
2015	1,465,022	918,483	166,051	30,788	2,580,344
2016	1,541,596	1,013,144	186,803	30,780	2,772,323
2017	1,579,384	1,078,312	146,224	31,566	2,835,486
2018	1,547,450	1,084,195	150,784	31,691	2,814,120
2019	1,618,343	1,140,401	189,878	34,471	2,983,093
2020	1,490,462	1,076,207	193,315	31,686	2,791,669
2021	1,670,450	1,025,501	268,718	21,374	2,986,043

(1) Effective July 1, 2011, the Department only receives the State's Sales Tax portion related to rental vehicles.

MARYLAND DEPARTMENT OF TRANSPORTATION
Maryland's Ten Largest Employers
Calendar Years
(*Employer Listed Alphabetically)*

2021-2020	2020-2019
University of MD Medical Ctr	Anne Arundel Medical Ctr
Byk Gardner Inc	Arc Day Ctr
John Hopkins Univ Applied	Byk Gardner Inc.
Johns Hopkins Univ Sch-Mdcn	Clean Harbors Inc.
Maryland Neuroimaging Ctr	Johns Hopkins University Applied
Northrop Grumman Electronic System	Johns Hopkins University Sch-Mdcn
Clean Harbors Inc.	Northrop Grumman Electronic System
Holy Cross Hospital	University of Maryland School of Medi
University of Maryland	University of Maryland Medical Center
Johns Hopkins Bayview Med Center	University of Maryland Marlene-Steward

Source: Department of Labor, Office of Workforce Information and Performance. Data as of March 2021.

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

	Fiscal Year Ended June 30,									
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Special Revenue Fund										
Nonspendable	$ 181,093	$ 183,355	$ 192,871	$ 197,847	$ 211,726	$ 103,510	$ 240,924	$ 257,039	$ 94,604	$ 91,175
Committed	8,182	11,499	26,989	27,930	23,871	15,402	12,547	8,908	-	-
Assigned	37,905	108,879	135,279	130,488	-	83,890	793	850	-	-
Unassigned	-	-	-	-	(124,502)	-	(235,155)	(18,085)	(56,612)	178,819
Total Special Revenue Fund	$ 227,180	$ 303,733	$ 355,139	$ 356,265	$ 111,095	$ 202,802	$ 19,109	$ 248,712	$ 37,992	$ 269,994
All other governmental funds										
Restricted	$ -	$ -	$ 5,056	$ 12,331	$ -	$ 12,379	$ 5,769	$ -	$ -	$ -
Total all other governmental funds	$ -	$ -	$ 5,056	$ 12,331	$ -	$ 12,379	$ 5,769	$ -	$ -	$ -

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Motor vehicle taxes and fees	$ 1,988,153	$ 2,072,572	$ 2,196,805	$ 2,383,505	$ 2,554,740	$ 2,657,696	$ 2,631,645	$ 2,758,744	$ 2,566,669	$ 2,695,951
Revenue sharing of State taxes	204,234	102,208	211,262	196,839	217,583	177,790	182,475	224,349	225,001	290,092
Federal reimbursements	850,631	868,121	902,719	833,040	718,951	966,547	847,267	1,005,159	1,319,634	1,478,200
Charges for services	439,785	579,850	452,406	460,668	486,151	496,438	571,999	453,011	496,395	388,909
Passenger facility charges and interest	46,648	48,534	43,919	44,745	48,056	49,032	51,781	51,356	39,583	39,583
Customer facility charges	13,446	12,902	12,613	12,733	13,579	13,559	13,195	12,933	10,959	10,959
Special parking revenues	38,603	28,630	54,649	52,551	62,582	63,520	62,483	66,015	48,339	27,599
Investment earnings	2,750	764	2,156	2,096	3,819	627	2,322	2,929	1,918	(774)
Other	3,481	6,103	14,255	63,384	65,255	65,746	44,721	34,973	83,461	127,750
Total revenues	3,587,731	3,719,684	3,890,784	4,049,561	4,170,716	4,490,955	4,407,888	4,609,469	4,791,959	5,058,269
Expenditures:										
Current:										
Department administration, operating and maintenance expenditures	1,422,847	1,408,232	1,841,195	1,793,321	1,804,794	1,645,987	1,980,911	2,457,431	1,675,124	2,167,839
Intergovernmental:										
Highway user revenues and federal funds	263,981	252,574	244,448	253,401	241,459	267,270	294,319	306,252	393,627	270,545
Washington Metropolitan Area Transit Authority Grants	386,648	396,094	404,995	441,964	448,577	448,196	496,698	542,371	770,088	764,185
Distributions to other State agencies	343,946	127,957	23,000	19,926	-	14,728	-	28,170	-	-
Debt service:										
Issuance expenditure	-	-	1,002	-	1,192	3,614	595	379	-	-
Principal	102,845	109,340	130,620	152,415	174,165	207,185	221,710	199,410	205,755	254,860
Interest	71,370	70,968	76,614	79,989	90,193	100,030	118,350	138,156	151,166	157,580
Capital outlays	1,231,241	1,491,360	1,471,040	1,746,878	1,985,949	2,455,869	2,128,115	1,529,103	2,361,517	1,601,321
Total expenditures	3,822,878	3,856,525	4,192,914	4,487,894	4,746,329	5,142,879	5,240,698	5,201,272	5,557,276	5,216,330
Other financing sources (uses):										
Capital leases	-	29,127	2,519	5,733	917	(1,230)	(3,759)	132,195	-	(219,880)
Proceeds from Consolidated Transportation Bonds	323,967	189,323	325,000	661,250	300,000	892,525	555,000	630,680	490,000	300,000
Proceeds from Special Transportation Project Revenue Bonds	-	-	-	-	-	-	-	-	-	219,880
Sale of future revenue rights	-	-	-	(331,412)	-	(277,611)	-	-	-	-
Premium on bonds	(193,288)	-	33,292	91,557	41,905	123,337	92,107	58,531	64,597	90,063
Transfers to the General Fund	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	130,679	218,450	360,811	427,128	342,822	737,021	643,348	821,406	554,597	390,063
Net change in fund balances	$ (104,468)	$ 81,609	$ 58,681	$ (11,205)	$ (232,791)	$ 85,097	$ (189,462)	$ 229,603	$ (210,720)	$ 232,002
Debt Service as a percentage of noncapital expenditures	6.72%	7.62%	7.61%	8.48%	9.58%	11.43%	10.93%	9.19%	11.17%	11.41%

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

	Fiscal Year Ended June 30,									
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Revenues:										
Motor vehicle fuel tax and fees (1)	$ 733,563	$ 745,556	$ 812,915	$ 923,593	$ 1,017,870	$ 1,078,502	$ 1,084,373	$ 1,140,401	$ 1,076,358	$ 1,025,501
Motor vehicle titling tax	632,356	684,655	740,835	795,510	860,415	886,010	869,309	916,535	846,764	976,727
Licensing and registration	357,247	362,324	367,305	376,513	381,344	389,094	390,056	403,495	367,209	407,631
Corporation income tax (2)	180,653	76,746	162,609	166,051	186,803	146,224	150,784	189,878	193,546	268,488
Sales and use tax on rental vehicles	23,581	25,462	30,311	30,788	30,780	31,566	31,690	34,471	31,686	21,373
Total revenues	1,927,400	1,894,743	2,113,975	2,292,455	2,477,212	2,531,396	2,526,212	2,684,780	2,515,563	2,699,720
Deductions:										
1% portion -- Motor vehicle titling tax	(210,785)	(228,218)	(246,945)	(265,170)	(286,805)	(295,337)	(289,770)	(305,361)	(282,255)	(325,576)
Other to the Trust Fund	(6,797)	(9,040)	(121,401)	(180,913)	(283,832)	(342,237)	(348,418)	(400,323)	(408,100)	(376,088)
Other	(57,413)	(51,500)	(52,617)	(57,881)	(59,659)	(64,860)	(65,795)	(69,160)	(63,992)	(70,399)
Total deductions	(274,995)	(288,758)	(420,963)	(503,964)	(630,296)	(702,434)	(703,983)	(774,844)	(754,347)	(772,063)
Net Highway User Revenues	$ 1,652,404	$ 1,605,985	$ 1,693,012	$ 1,788,491	$ 1,846,916	$ 1,828,962	$ 1,822,229	$ 1,909,936	$ 1,761,216	$ 1,927,658
Allocations (Highway User Revenues): (3)(4)										
Share to the Department	$ 1,278,618	$ 1,445,386	$ 1,530,483	$ 1,616,796	$ 1,669,612	$ 1,653,382	$ 1,647,295	$ 1,726,589	$ 1,524,070	$ 1,667,393
Share to the General Fund (5)	40,000	-	-	-	-	-	-	-	-	-
Share to counties and municipalities	23,134	30,514	32,167	33,981	35,091	34,750	34,622	36,283	91,345	100,250
Share to Baltimore City	123,930	130,085	130,362	137,714	142,213	140,830	140,312	147,065	145,801	160,015
Local Share to the General Fund	186,722	-	-	-	-	-	-	-	-	-
Total allocations	$ 1,652,404	$ 1,605,985	$ 1,693,012	$ 1,788,491	$ 1,846,916	$ 1,828,962	$ 1,822,229	$ 1,909,937	$ 1,761,216	$ 1,927,658

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

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

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

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

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

(5) Chapter 397 of 2011 required the transfer of $40,000,000 from the Transportation Trust Fund of the Department's share of Highway User Revenues to the Revenue Stabilization Account in fiscal year 2012 only.

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

	Fiscal Year Ended June 30,									
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Annual debt limit	$ 1,888,995	$ 1,913,290	$ 2,292,670	$ 2,530,255	$ 2,855,105	$ 2,773,900	$ 3,021,675	$ 3,422,265	$ 3,773,000	$ 3,877,330
Net debt applicable to limit	1,562,630	1,618,290	1,812,670	2,020,250	2,146,085	2,578,385	2,911,675	3,342,945	3,627,190	3,672,330
Total legal debt margin	$ 230,000	$ 326,365	$ 295,000	$ 480,000	$ 510,005	$ 709,020	$ 195,515	$ 79,320	$ 145,810	$ 205,000
Net debt applicable to the limit as a percentage of debt limit	89.83%	87.16%	82.72%	84.58%	79.06%	79.84%	75.17%	92.95%	96.14%	94.71%

Note: Maryland law sets a debt outstanding limit for Consolidated Transportation Bonds at $4,500,000,000 as of June 30 of any year. In addition, the Maryland General Assembly establishes an annual debt outstanding limit below that amount as part of the budget process.

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

Fiscal Year Ended June 30,	Principal	Interest	Total Debt Service	Total Noncapital Governmental Expenditures	Percentage of Debt Service to Noncapital Expenditures
2012	102,845	71,370	174,215	2,489,880	7.00
2013	109,340	70,968	180,308	2,365,165	7.62
2014	130,620	76,614	207,234	2,721,874	7.61
2015	152,415	79,989	232,404	2,741,016	8.48
2016	174,165	90,193	264,358	2,760,380	9.58
2017	207,185	100,030	307,215	2,687,210	11.43
2018	221,710	118,350	340,060	3,106,219	10.95
2019	199,410	138,156	337,566	3,672,169	9.19
2020	205,755	151,166	356,921	3,195,759	11.17
2021	254,860	157,580	412,440	3,568,620	11.56

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

Fiscal Year Ended June 30,	Governmental Activities: Consolidated Transportation Bonds	Governmental Activities: Capital Leases	Total Governmental Activities Debt	Total Personal Income (1)	Percentage of Personal Income (%)
2012	1,562,630	562,656	2,125,286	312,175,800	0.68
2013	1,618,290	591,783	2,210,073	311,524,000	0.71
2014	1,812,670	594,302	2,406,972	322,438,200	0.75
2015	2,020,250	628,650	2,648,900	337,702,800	0.78
2016	2,146,085	621,732	2,767,817	350,384,400	0.79
2017	2,578,385	569,659	3,148,044	361,776,700	0.87
2018	2,911,675	524,748	3,436,423	372,196,900	0.92
2019	3,342,945	504,059	3,847,004	381,396,700	1.01
2020	3,672,190	480,015	4,152,205	404,520,700	1.03
2021	3,672,330	260,947	3,933,277	423,545,000	0.93

Source of personal income data: U.S. Department of Commerce, Bureau of Economic Analysis.
Data for 2012-2020 is from State Personal Income Summary data tables last updated September 23, 2021.
Data for 2021 is from Personal Income, by State and Region, 2nd Quarter 2021, released September 23, 2021.

MARYLAND DEPARTMENT OF TRANSPORTATION
Transportation Trust Fund
Taxes Pledged to Bonds and Net Revenues as Defined for Purposes of the Consolidated Transportation Bond Coverage Test
Last Ten Fiscal Years

	Fiscal year ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Taxes pledged to bonds:										
Corporation income tax (1)	$ 143,370	$ 68,503	$ 146,113	$ 148,949	$ 167,957	$ 131,160	$ 135,321	$ 170,452	191,739	267,065
Fuel tax (2)	567,431	651,196	723,249	827,830	923,216	981,555	987,506	1,043,835	1,050,605	998,216
Titling tax	547,198	639,011	693,422	744,597	805,348	829,305	813,673	857,453	846,764	976,727
Sales and use tax on rental vehicles	19,770	23,425	27,983	28,424	28,416	29,142	29,257	31,823	31,686	21,373
Total taxes pledged to bonds	1,277,769	1,382,135	1,590,767	1,749,800	1,924,937	1,971,162	1,965,757	2,103,563	2,120,794	2,263,381
Fees:										
Motor vehicle licenses and registrations	256,350	298,071	305,525	310,385	312,771	316,742	317,433	326,555	328,496	363,489
Other	259,211	274,823	280,989	293,315	298,488	306,488	287,720	297,699	259,156	272,388
General fund share of fees (3)	(40,000)	-	-	-	-	-	-	-	-	-
Total taxes and fees	1,753,330	1,955,029	2,177,281	2,353,500	2,536,196	2,594,392	2,570,910	2,727,817	2,708,446	2,899,258
Operating revenues:										
Port Administration	57,302	49,030	52,841	49,759	49,999	49,039	51,783	55,283	54,743	49,261
Transit Administration	136,194	138,400	139,821	142,414	156,579	149,249	150,911	140,094	108,074	50,060
Aviation Administration	208,560	219,757	217,290	222,117	229,993	243,132	257,218	257,929	231,521	184,300
Total operating revenues	402,056	407,187	409,952	414,290	436,571	441,420	459,912	453,306	394,338	283,621
Other	40,015	30,785	29,139	47,307	59,609	69,012	60,566	56,543	49,418	122,454
Investment income	2,750	758	2,154	2,090	3,819	627	2,322	2,928	1,918	-
Total revenues	2,198,151	2,393,759	2,618,526	2,817,187	3,036,195	3,105,451	3,093,710	3,240,595	3,154,120	3,305,333
Expenditures:										
Administration, operation and maintenance expenditures:										
The Secretary's Office	71,382	72,256	76,142	75,339	80,229	86,010	90,330	94,138	89,806	94,169
Washington Metro Transit Grants-in-Aid	256,722	263,690	268,340	284,844	318,917	321,349	362,519	388,583	465,894	425,303
State Highway Administration	226,926	251,994	326,560	301,488	297,190	264,039	294,566	311,364	267,038	321,297
Motor Vehicle Administration	161,329	171,344	184,698	194,887	199,153	201,546	199,910	198,520	206,694	201,924
Port Administration	41,612	42,157	45,504	47,867	47,521	46,841	45,869	48,082	47,038	46,414
Transit Administration	646,795	665,844	751,801	767,009	781,769	840,446	859,477	881,561	898,818	870,510
Aviation Administration	167,415	171,122	189,740	188,090	192,692	187,965	196,278	205,719	198,008	220,249
Total admin., operation and maintenance expend.	1,572,181	1,638,407	1,842,785	1,859,524	1,917,471	1,948,196	2,048,949	2,127,967	2,173,296	2,179,866
Less Federal funds:										
The Secretary's Office	(8,237)	(9,291)	(9,089)	(7,967)	(8,160)	(8,445)	(10,968)	(10,019)	(8,904)	(9,997)
State Highway Administration -- Highway Safety	(21,218)	(13,338)	(10,844)	(11,357)	(10,066)	(14,561)	(14,326)	(13,077)	(15,804)	(105,234)
Transit -- Planning and program development	(62,430)	(42,028)	(60,631)	(59,046)	(58,940)	(60,221)	(61,364)	(59,935)	(321,011)	(349,601)
Port Administration	-	-	-	-	-	(103)	(73)	(440)	-	-
Motor Vehicle Administration	(150)	(7,090)	(9,348)	(10,697)	(9,514)	(10,523)	(12,157)	(6,654)	(8,831)	(8,108)
Aviation Administration	(702)	(650)	(655)	(776)	(645)	(645)	(645)	(645)	(75,729)	(22,711)
Total Federal funds	(92,737)	(72,397)	(90,567)	(89,843)	(87,325)	(94,498)	(99,533)	(90,769)	(430,279)	(495,651)
Total expenditures	1,479,444	1,566,010	1,752,218	1,769,681	1,830,146	1,853,698	1,949,416	2,037,198	1,743,017	1,684,215
Net revenues	$ 718,707	$ 827,749	$ 866,308	$ 1,047,506	$ 1,206,049	$ 1,251,753	$ 1,144,294	$ 1,203,397	$ 1,411,103	$ 1,621,118
Maximum annual principal and interest	$ 219,765	$ 237,394	$ 270,527	$ 292,327	$ 305,197	$ 331,345	358,739	415,245	457,080	469,477
Ratio of taxes pledged to principal and interest	5.81	5.82	5.88	5.99	6.31	5.95	5.48	5.07	4.64	4.82
Ratio of net revenues to principal and interest	3.27	3.49	3.20	3.58	3.95	3.78	3.19	2.90	3.09	3.45

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

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

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

(3) Chapter 397 of 2011 required the transfer of $40,000,000 from the Transportation Trust Fund from the Department's share of Highway User Revenues to the Revenue Stabilization Account in fiscal year 2012 only.

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

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

Source: Maryland Department of Transportation

Note: Data prior to FY 2016 is not available.

(1) State-funded capital program excludes other capital funding sources including but not limited to special transportation project revenue bonds, passenger facility charges, and customer facility charges.

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

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

Source: Maryland Department of Transportation
Note: Data prior to FY 2016 is not available.
(1) Frontier became a signatory airline on July 1, 2021.
(2) Alaska became a signatory on April 1, 2017.
(3) WOW Air became a signatory on May 1, 2017 and ceased operations in March 2019.

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

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

Source: Maryland Department of Transportation
(1) Frontier became a signatory airline on July 1, 2021.
(2) Alaska became a signatory on April 1, 2017.
(3) WOW Air became a signatory on May 1, 2017 and ceased operations in March 2019.

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

	Fiscal Year Ended June 30,									
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
State Highway Administration:										
Miles of State highways (1)	5,147	5,145	5,155	5,152	5,154	5,151	5,154	5,164	5,206	5,208
Annual vehicle miles traveled on State highway system (1)	37,099,000,000	37,036,000,000	36,989,000,000	37,109,000,000	37,758,000,000	38,628,000,000	39,312,000,000	39,156,000,000	39,610,000,000	32,755,000,000
Motor Vehicle Administration:										
Motor Vehicle Titles Issued	995,247	1,018,200	1,001,118	1,090,530	1,156,244	1,156,262	1,134,701	1,151,818	1,019,112	1,269,861
Motor Vehicle Registration Transactions	3,889,667	4,044,217	4,106,227	4,259,000	4,292,948	4,466,976	4,468,850	4,690,885	4,307,043	4,806,673
Motor Vehicle Fuel - Gallons Sold (2)	3,151,034,379	3,252,627,817	3,211,359,630	3,283,767,170	3,313,813,008	3,327,753,893	3,295,231,613	3,312,634,825	3,026,937,175	2,886,304,976
Maryland Port Administration:										
Port of Baltimore (3):										
Export Commerce (2,000 lbs.)	23,757,853	19,396,664	16,750,213	17,755,547	18,032,687	24,811,957	28,799,201	29,388,069	24,289,680	28,298,486
Import Commerce (2,000 lbs.)	12,929,929	10,878,770	12,759,986	14,703,255	13,802,320	13,631,719	14,193,921	14,171,665	13,146,680	13,817,741
Total Foreign Commerce (2,000 lbs.)	36,687,782	30,274,105	29,510,199	32,458,802	31,835,006	38,443,676	42,993,122	43,559,734	37,436,548	42,116,227
General Cargo (2,000 lbs.) (included above)	9,557,401	9,939,751	10,230,365	10,685,003	11,326,594	12,317,094	12,317,094	12,360,713	11,587,613	13,397,755
Maryland Aviation Administration:										
Passenger Traffic	22,611,988	22,530,342	22,238,226	22,761,893	24,669,946	25,686,293	26,991,216	26,715,027	20,044,527	13,263,192
Commercial Air Carrier Operations	256,992	245,367	232,609	224,246	231,354	238,492	254,202	216,717	187,290	151,105
Total Aircraft Operations	273,966	263,360	251,305	243,255	248,271	253,238	268,254	260,932	224,257	182,549
Maryland Transit Administration:										
Core and Commuter Bus Ridership	73,627,843	73,404,275	75,780,350	79,035,332	79,828,737	73,453,522	67,550,456	67,612,158	57,961,332	35,466,890
Metro Ridership	15,199,117	15,208,352	14,632,401	13,900,813	12,221,949	10,960,071	8,916,972	7,275,335	5,911,362	1,615,650
Light Rail Ridership	8,796,346	9,371,791	8,105,752	7,657,256	7,475,005	7,413,659	7,416,504	6,966,072	4,648,867	2,453,497
MARC Train Ridership	8,532,214	9,030,039	8,979,468	9,245,588	8,961,892	9,185,382	9,191,727	9,190,885	6,676,588	936,267
Number of MDOT State Employees (4)	5,963	5,885	8,387	8,485	8,454	8,403	8,440	8,414	8,489	8,362

Source: Maryland Department of Transportation.

(1) Data as of January 1. Source: Maryland Department of Transportation State Highway Administration Annual Mileage Reports 2011-2020.

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

(3) Calendar year basis.

(4) Fiscal year 2012 and 2013 data does not include MTA union employees.

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