MARYLAND TRANSIT ADMINISTRATION PENSION PLAN

Financial Statements and Required Supplementary Information Together with Independent Auditors' Report

For the Fiscal Year Ended June 30, 2024

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June 30, 2024

INDEPENDENT AUDITORS' REPORT

Plan Administrator and Deputy Administrator, Finance and Administration Maryland
Transit Administration Pension Plan
Baltimore, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Maryland Transit Administration Pension Plan (the Plan), a component unit of the Maryland Department of Transportation, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of June 30, 2024, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedules of changes in the net pension liability and related ratios, schedule of employer contributions, and schedule of investment returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan'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 Plan's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
December 12, 2024

Management's Discussion and Analysis
June 30, 2024

This discussion and analysis of the Maryland Transit Administration's (MTA) Pension Plan's (the Plan) financial performance provides an overview of the Plan's financial activities for the years ended June 30, 2024 and 2023. Please read this discussion and analysis in conjunction with the Plan's financial statements, which follow this section.

Financial Highlights

- The Plan's net position increased by $46.3 million during the year from $487.4 million as of June 30, 2023, to $533.7 million as of June 30, 2024. The increase in the Plan's net position is due primarily to increased net appreciation of the fair value of investments and contributions exceeding benefit payments.

- The Plan had net investment income and changes in market value of $33.6 million for the year ended June 30, 2024, compared to $14.8 million for the year ended June 30, 2023, an increase of $18.8 million. Employer contributions were $56.1 million for the year ended June 30, 2024, compared to $54.6 million for the year ended June 30, 2023, an increase of $1.5 million

Overview of the Financial Statements

This financial report consists of the statement of fiduciary net position and the statement of changes in fiduciary net position. These statements provide information about the financial position and activities of the Plan as a whole. These amounts are included in the statement of fiduciary net position in the Maryland Department of Transportation's financial statements, available at https://mdot.maryland.gov/tso/pages/Index.aspx?PageId=53.

Notes to the Financial Statements

The accompanying notes to the financial statements provide additional information that is essential for a comprehensive understanding of the Plan's financial condition and financial performance. The notes to the financial statements can be found on pages 10-23 of this report.

Other Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the Plan's net pension liability as well as contributions required and made to the Plan as of and for the year ended June 30, 2024. Required supplementary information can be found on pages 25-27 of this report.

Management's Discussion and Analysis
June 30, 2024

Analysis of Financial Position and Financial Performance

The Plan's overall funding objective is to accumulate sufficient assets over time to meet its long-term benefit obligations as they become due. Accordingly, collecting employer and employee contributions as well as earning an adequate long-term rate of return on its investments are essential components of the Plan for accumulating the funds needed to finance future retirement benefits.

Fiscal Year 2024 Compared to 2023

Cash and cash equivalents and investments, at fair value, comprised 99% of the total assets held in trust restricted for benefits as of June 30, 2024 and 97% as of June 30, 2023.

The following schedule depicts the balances of the Plan's investments and the change from 2023 to 2024. The comparison reflects changes to the strategic asset allocation for bonds and alternative investments and changes in market values of Plan investments in the fiscal year ended June 30, 2024.

	Dollar Amounts in Thousands As of June 30,			
	2024	**2023**	**Increase (Decrease)**	**% Change**
Assets				
Cash and cash equivalents	**$ 15,110**	**$ 9,330**	$ 5,780	62%
Collateral for Loaned Securities	**32,185**	**43,231**	(11,046)	-26
U.S. Government obligations	**46,694**	**46,985**	(291)	-1
Domestic corporate obligations	**22,186**	**27,588**	(5,402)	-20
International obligations	**13,482**	**11,943**	1,539	13
Domestic stocks	**85,620**	**78,100**	7,520	10
International stocks	**78,779**	**71,984**	6,795	9
Mortgages and mortgage related securities	**15,453**	**12,477**	2,976	24
Alternative investments	**258,178**	**231,610**	26,568	11
Total cash, cash equivalents and investments	**$ 567,687**	**$ 533,248**	$ 34,439	6%

Fiscal Year 2024 Compared to 2023 (continued)

As depicted in the schedule below, net investment income increased $18.8 million compared to the year ended June 30, 2023 due primarily due to more favorable market conditions. Employer contributions increased by $1.5 million. The employer contribution was above the actuarially determined contribution (ADC) by $1.7 million for the year ended June 30, 2024 and below the ADC in the year ended June 30, 2023 by $1.28 million. Employee contributions increased $1.8 million primarily due to annual contractual Union wage increases. Benefit payments increased $2.9 million due to both increases in the number of beneficiaries and the average benefit amount. Increases in administrative expenses of $27 thousand were negligible but related to changes in investment management fees based on various factors including investment cost and fee structure.

	Dollar Amounts in Thousands For the Years Ended June 30,			
	2024	**2023**	**Increase (Decrease**	**% Change**
Additions				
Net investment income	**$ 33,630**	**$ 14,785**	$ 18,845	127%
Employer contributions	**56,110**	**54,648**	1,462	3
Employee contributions	**10,104**	**8,302**	1,802	22
Total Additions	**99,844**	**77,735**	22,109	28%
Deductions				
Benefit payments	**53,342**	**50,465**	$ 2,877	6%
Administrative expenses	**173**	**146**	27	18
Total Deductions	**53,515**	**50,611**	2,904	6%
Net Increase in Plan Net Position	**$ 46,329**	**$ 27,124**	$ 19,205	71%

Requests for Information

The MTA Pension Board of Trustees, including members from MTA's Benefits Division and senior management are fiduciaries of the pension trust fund and, as such, are charged with the responsibility of ensuring that the Plan's assets are used exclusively for the benefit of the Plan's participants and their beneficiaries. This financial report is designed to provide an overview of the Plan's finances and to demonstrate accountability for the resources entrusted to the Plan for the benefit of all the Plan's stockholders. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Maryland Transit Administration Pension Plan
Attention: Plan Administrator
6 St. Paul Street
Baltimore, Maryland 21202-1614

Statement of Fiduciary Net Position
As of June 30, 2024 (Amounts in Thousands)

	2024
ASSETS	
Cash and cash equivalents	$ 15,110
Investments:	
U.S. Government obligations	46,694
Domestic corporate obligations	22,186
International obligations	13,482
Domestic stocks	85,620
International stocks	78,779
Mortgages and mortgage related securities	15,453
Alternative investments	258,178
Total investments	520,392
Receivables:	
Accrued investment income	1,573
Investment sales proceeds	1,857
Total receivables	3,430
Collateral for Loaned Securities	32,185
Total Assets	571,117
LIABILITIES	
Obligation for collateral for loaned securities	32,185
Manager Fees Payable	97
Investment purchases payable	5,140
Total Liabilities	37,422
Net Position Held in Trust for Pension Benefits	$ 533,695

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

MARYLAND TRANSIT ADMINISTRATION PENSION PLAN

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024 (Amounts in Thousands)

	2024
ADDITIONS	
Investment income:	
Interest and Dividend income	$ 22,770
Net appreciation in fair value of investments	14,133
Less: Investment Expenses	(3,444)
Net Income from Securities Lending Activities	171
Total Net Investment Income	33,630
Contributions:	
Employer	56,110
Employee	10,104
Total contributions	66,214
Total Additions	99,844
DEDUCTIONS	
Benefit payments	53,342
Administrative expenses	173
Total Deductions	53,515
Net increase	46,329
Net position held in trust for pension benefits, beginning of year	487,366
Net Position Held in Trust for Pension Benefits, End of Year	$ 533,695

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

Notes to the Financial Statements
June 30, 2024

1. DESCRIPTION OF THE PLAN

The MTA Pension Board of Trustees, including members from MTA's Benefits Division and senior management are fiduciaries of the pension trust fund and, as such, are charged with the responsibility of ensuring that the Plan's assets are used exclusively for the benefit of the Plan's participants and their beneficiaries.

The following description of the Maryland Transit Administration Pension Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a contributory defined benefit pension plan established by the Maryland Transit Administration (MTA or Plan Sponsor) of the Maryland Department of Transportation (MDOT), under the State Personnel and Pensions Article of the Annotated Code of Maryland. The Plan is a single-employer public employee retirement plan covering all employees of MTA who are covered by the Local 2 or Local 1300 collective bargaining agreements (CBAs), non-sworn officers covered by the Local 1859 CBA, and those management employees who transferred from positions covered by one of those collective bargaining agreements. Membership in the Plan consisted of the following as of June 30, 2024:

Retirees and beneficiaries receiving payments (includes QDRO participants)	**2,272**
Terminated vested plan members	**715**
Active members	**2,475**
Total Membership	**5,462**

Vesting

The following table summarizes the vesting requirements for each bargaining unit:

Years of Service	Local 1300 & Management	Local 2	Police Local 1859
5	Hired before 5/18/2013	Hired before 7/1/2012	Hired before 1/1/2012
7	Hired on or after 5/18/2013 and before 7/1/2016	Hired on or after 7/1/2012 and before 7/1/2016	Hired on or after 1/1/2012 and before 10/27/2017
10	Hired on or after 7/1/2016	Hired on or after 7/1/2016	Hired on or after 10/27/2017

Participants are considered 100% vested upon the attainment of early or normal retirement eligibility.

1. DESCRIPTION OF THE PLAN (continued)

Contributions

The Plan Sponsor contributes to the Plan on an annual basis. For the fiscal year ended June 30, 2024, the Plan Sponsor's contribution was based on the actuarially determined contribution by the plan's actuary.

Effective July 1, 2016 for Local 2 and Local 1300 and effective October 27, 2017 for Local 1859, employees started contributing to the Plan via payroll deductions at a rate of 2% of pensionable earnings. Local 1300 employee contributions increased to 3% effective July 1, 2019; to 4% on July 1, 2020; to 5% on January 8, 2023; and will increase to 6% effective July 1, 2024. Local 2 employee contributions increased to 3% effective July 1, 2020; to 4% on July 1, 2021; and to 6% effective November 6, 2022. Local 1859 employee contributions increased to 3% February 1, 2020 and to 4% effective December 26, 2021. Contributions shall continue until such time as the Plan's actuary certifies that the market value funded ratio equals or exceeds 100%.

Pension Benefits

The Plan provides for early, normal and late retirement benefits. Normal retirement is at age 65 with five years of credited service or age 52 with 30 years of credited service. Early retirement may occur at age 55 if the total of the participant's age and credited years of service are equal to at least 85. Effective September 8, 2002 for Local 1300 and February 25, 2004 for Local 2 and Local 1859, credited service includes up to four years of active military service prior to employment by the MTA. A participant may retire after the established normal retirement date. Under late retirement, the monthly benefit is adjusted to reflect the additional years of service. The normal form of payment is paid over the life of the participant. The Plan also provides benefits for disability and to surviving spouses or other named beneficiaries on the death of participants receiving benefits.

Plan Termination

In the event of termination of the Plan, the Plan administrator will determine the share of the Plan's assets allocable to each participant based upon their actuarially determined liability to the total liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting

The Plan's financial statements are prepared using the economic resource measurement focus and on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, investment purchases and sales are recorded as of their respective trade dates. Employer and employee contributions are recognized in the period when due, pursuant to statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest and dividend income is recognized when earned. Capital gains and losses are recognized on trade date basis.

Investments and Valuation

The investments of the Plan are held and invested on behalf of the Plan by the Maryland State Retirement and Pension System (MSRPS). The investments are limited to those allowed for by the MSRPS. The State Personnel and Pensions Article of the Annotated Code of Maryland authorizes the MSRPS to invest the Plan assets in stocks, bonds, notes, certificates of indebtedness, mortgage notes, real estate, debentures or other obligations, subject to the terms, conditions, limitations and restrictions imposed by the Board of Trustees of the MSRPS. Additional information on the investment activity of the MSRPS can be found in their annual comprehensive financial report, available at https://sra.maryland.gov/annual-financial-reports.

Administrative and Investment Expenses

The Plan incurs administrative and investment expenses in proportion to its share of each investment pool for which it is involved. The Plan's investment expenses are funded from investment income. The administrative expenses are assessed by MSRPS. The MTA absorbs all internal administration costs related to the Plan. Administrative expenses paid directly by MTA are excluded from these financial statements.

Use of 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, liabilities, additions, deductions, and disclosures of contingent assets and liabilities at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

Tax Status

The Plan is established by and under the laws of the State of Maryland. As such, it is not subject to Internal Revenue Service or regulations outlined in the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA).

3. NET PENSION LIABILITY

Net Pension Liability of the Maryland Transit Administration

The components of the net pension liability of the Plan as of June 30, 2024, were as follows (amounts in thousands):

Total Pension Liability	$	**1,294,887**
Plan Fiduciary Net Position		**533,695**
Net Pension Liability	$	**761,192**

The Plan's fiduciary net position as a percentage of the total pension liability is 41.22%.

Significant methods and assumptions underlying the actuarial valuation in determining the total pension liability as of June 30, 2024, were as follows:

Actuarial cost method	Entry-age Level-Percent-of-Payroll Normal Cost
Wage Inflation	2.75%
Salary increases	2.75% to 10.55% including inflation
Investment rate of return	6.80%
Municipal bond rate	3.97%
Single discount rate	5.35%
Retirement age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	Pre-retirement: The fully generational Pri-2012 Amount-Weighted Blue Collar Employee mortality table, sex distinct, with generational mortality improvements from 2012 using scale MP-2021 Post-retirement Healthy lives: The fully generational Pri-2012 Amount-Weighted Blue Collar Healthy Retiree mortality table, sex distinct, with generational mortality improvements from 2012 using scale MP-2021. Post-retirement Disabled lives: The fully generational Pri-2012 Amount-Weighted Total Disabled Retiree mortality table, sex distinct, with generational mortality improvements from 2012 using scale MP-2021.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

3. NET PENSION LIABILITY (continued)

For each major asset class that is included in the target asset allocation as of June 30, 2024, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	34%	6.0%
Private Equity	16%	8.5%
Rate Sensitive	20%	2.4%
Credit Opportunity	9%	5.4%
Real Assets	15%	5.5%
Absolute Return	6%	3.9%
Total	100%	

The above was the Board of MSRPS adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2024.

Long-term Expected Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 6.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The single discount rate used to measure the total pension liability as of June 30, 2024 was 5.35%, a decrease from the prior year rate of 5.37%. The Plan's long-term expected net rate of investment return of 6.8% has been blended with the 3.97% yield corresponding to the 20-year maturity on a municipal general obligation AA bond yield curve published on Fidelity's Fixed Income Market Data webpage as of June 30, 2024. The accounting standards require that the Plan first allocate these contributions to the normal cost for future hires. Based on these assumptions, the Plan is expected to become insolvent in 2054. The Plan has determined the present value of payments through 2053 using the expected rate of return of assets 6.80% as the discount rate, and present value of benefit payments after 2053 using the June 30, 2024 bond rate of 3.97% as a discount rate. The equivalent single rate is 5.35%.

The projected benefits for purposes of this report include expected Cost-of-Living Adjustments (COLAs) to benefits for pensioners and beneficiaries of 2.0% per year. Although there is not a firm promise to provide COLAs, there is a pattern of providing annual increases and, as such, they have been included as part of the substantive plan.

3. NET PENSION LIABILITY (continued)

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated Plan benefits.

Sensitivity of the Net Pension Liability

Changes in the discount rate affect the measurement of the total pension liability (TPL). Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the net pension liability (NPL) can be very significant for a relatively small change in the discount rate. The following presents the net pension liability, calculated using the discount rate of 5.35%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.35%) or 1-percentage-point higher (6.35%) than the current rate.

	Dollar Amounts in Thousands		
	1% Decrease 4.35%	**Discount Rate 5.35%**	**1% Increase 6.35%**
Net Pension Liability	$ 937,966	$ 761,192	$ 614,523

4. CASH DEPOSITS AND INVESTMENTS

The cash deposits and investments of the Plan are commingled with MSRPS cash deposits. MSRPS indicated that they do not have any funds or deposits that are not covered by depository insurance, which are either uncollateralized, collateralized with securities held by the pledging financial institution's trust department or agent, but not in MSRPS' name. Nor does the MSRPS have any investments that are not registered in their name and are either held by the counterparty or the counterparty's trust department or agent but are not in MSRPS' name. As of June 30, 2024, the Plan has no investments in a single issuer that exceeds 5% of fiduciary net position. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded.

The investments included in the investment pools by MSRPS included U.S. government obligations, domestic corporate obligations, mortgage-related securities, domestic stocks, international obligations and international stocks. For a complete summary of the investments risk disclosure refer to the MSRPS' separately issued financial statements.

Fair Value Measurement

Governmental Accounting Standards Board Statement Number 72 (GASB 72), *Fair Value Measurements and Application*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements. GASB 72 established a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 – inputs-other than quoted prices included within Level 1 – that are observable for the asset or liability, either directly or indirectly (For example, quoted prices for similar assets or liabilities in active markets).

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

MSRPS categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

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. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

4. CASH DEPOSITS AND INVESTMENTS (continued)

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.

As of June 30, 2024, the Plan had the following recurring fair value measurements:

	Total	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	22	-	22	-
International obligations	8	-	8	-
Emerging markets debt	6	-	6	-
Mortgages & mortgage related securities	15	-	-	15
Total debt securities	98	47	36	15
Equity Securities				
Domestic stocks (including REITs)	56	56	-	-
International stocks (including REITs)	53	53	-	-
Total equity securities	109	109	-	-
Alternative Investment	3	3	-	-
Total investment by fair value level	**$ 210**	**$ 159**	**$ 36**	**$ 15**
Investment measured at the net asset value (NAV)				
Equity Open-End Fund	$ 55			
Real Estate-open ended	38			
Private Funds (includes equity, real estate, credit, energy, infrastructure and timber)	177			
Multi-asset	2			
Hedge Funds				
Equity long/short	9			
Event-driven	4			
Global macro	8			
Relative value	16			
Opportunistic	1			
Total investment measured at the NAV	**310**			
Total	**$ 520**			

4. CASH DEPOSITS AND INVESTMENTS (continued)

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

Investments measured at net asset value (NAV)
$ in Millions

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Private funds (includes equity, energy, credit, infrastructure, timber, commodity and real estate (1)	$ 177	$ 82	Illiquid	N/A
Real estate open-end fund (3)	38		Quarterly	45 - 90 days
Equity open-end fund (2)	30		Daily	1 day
	20		Monthly	5 - 30 days
	5		Triennially	150 days
Multi-asset (9)	2		Monthly	5 days
Hedge Funds				
Equity long/short (5)	7		Monthly	30 - 45 days
	2		Quarterly	60 days
Event-driven (6)	1		Quarterly	15 days
	2		Quarterly	60 - 65 days
	0		Quarterly	90 days
	1		Quarterly	120 days +
	0		N/A	Liquidating
Global macro (4)	-		Daily	2 days
	2		Monthly	5 - 30 days
	5		Monthly	60 - 90 days
	1		Quarterly	60 - 90 days
Relative value (7)	1		Monthly	30 days
	2		Monthly	90 days
	4		Quarterly	30 days
	9		Quarterly	45 - 90 days
Opportunistic (8)	1		Quarterly	90 days
	0		Semi Annual	90 - 120 days
	$ 310	**$ 82**		

4. CASH DEPOSITS AND INVESTMENTS (continued)

1. Private funds (includes equity, real estate, credit, energy, infrastructure, commodities, and timber): This type includes 426 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 one international developing equity, seven emerging market and three domestic equities. The fair values of the funds within this type have been determined using the net asset value (NAV) per share, which has been valued by the fund based on the characteristics of the underlying assets. Six funds have a 5 to 30 days liquidity structures and one fund is redeemable in five months with triennial redemption restrictions.

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

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

5. Equity long/short: This type includes investments in three hedge funds that invest both long and short primarily in U.S. and Asian common stocks. Management of each hedge fund has the ability to shift investment from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets. One fund has a two-year rolling (hard) lockup period with custom withdrawal periods on 60 days' notice, while the other requires a 60-day notice for quarterly redemption proceeds. Another fund has a one-year soft lock-up and requires a 30 to 45-day notice.

6. Event-driven: This type includes five investments, two of which two are credit hedge funds. These funds invest in equities and bonds of companies and governments at risk of or in the process of reorganizing to profit from economic, political, corporate, and government-driven events. The other three are focused

4. CASH DEPOSITS AND INVESTMENTS (continued)

on merger arbitrage and assets across the capital structure. The fair values of the funds within this type have been determined using the NAV per share, which has been valued by the fund based on the characteristics of the underlying assets. The other funds have a 15 to 90-day liquidity structure.

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

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

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

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

4. CASH DEPOSITS AND INVESTMENTS (continued)

Security Lending Transactions

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

The following table details the net income from securities lending for MTA for the year ended June 30, 2024 (in thousands):

Security Lending Income - MTA
FY 2024
(in thousands)

Interest Income	$ 2,415
Less:	
Interest expense	2,235
Program fees	9
Expenses from Securities Lending	2,244
Net Income from Securities Lending	$ 171

The Board of Trustees has authorized MSRPS to lend its securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. Deutsche Bank, pursuant to a written agreement, is permitted to lend long-term securities to authorized broker-dealers subject to the receipt of acceptable collateral. MSRPS lends securities for collateral in the form of either cash or other securities. The types of securities on loan as of June 30, 2024 included long-term U.S. government obligations, domestic and international equities, as well as domestic and international debt obligations. At the initiation of a loan, borrowers are required to provide collateral amounts of 102% (domestic securities and foreign securities that are denominated in the same currency as the collateral provided by the counterparty) and 105% (foreign securities that are not denominated in the same currency as the collateral provided by the counterpart). In the event the collateral fair value falls below 100% for domestic securities and foreign securities that are denominated in the same currency as the collateral or 103% on foreign securities not denominated in the same currency as the collateral provided by the counterparty, the borrower is required to provide additional collateral to the original levels by the end of the next business day. Deutsche Bank is obligated to indemnify the client if there are any losses of securities, collateral, or investments of the client in the Bank's custody arising out of or related to the negligence or dishonesty of the Bank.

4. CASH DEPOSITS AND INVESTMENTS (continued)

MSRPS maintains the right to terminate the securities lending transactions upon notice. The lending agent reinvests the cash collateral received on each loan utilizing indemnified repurchase agreements (repos). As of June 30, 2024, such repos had average days to maturity of 44.77 days. MSRPS cannot pledge or sell collateral securities received unless (and until) a borrower defaults. At year-end, MSRPS had no credit risk exposure to borrowers because the amount MSRPS owed the borrowers exceeded the amount the borrowers owed MSRPS. The fair value of securities on loan and cash value of collateral held as of June 30, 2024 (in thousands) was $31,446 and $32,185, respectively.

The following table presents the fair values of the underlying securities, and the value of the collateral pledged at June 30, 2024 for the MTA plan (in thousands):

	As of June 30, 2024		
Securities Lent	**Fair Value Loaned Securities**	**Collateral Fair Value**	**Percent Collateralized**
Lent for Cash collateral			
U.S. Government and Agency	$22,114	$22,629	102.3%
Domestic bond & Equity	9,103	9,317	102.4%
International Fixed	64	65	102.2%
International Equity	165	174	105.4%
Total Securities Lent	$31,446	$32,185	102.3%

There were no significant under-collateralization events as of June 30, 2024.

5. RISKS AND UNCERTAINTIES

The Plan may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities may occur in the near term, and that such changes could materially affect the amounts reported in the statement of net assets held in trust available for plan benefits.

The Plan's contributions are made, and the actuarial present value of accumulated plan benefits are reported, based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. It is at least reasonably possible that changes in these assumptions in the near term could materially affect the amounts reported and disclosed in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

MARYLAND TRANSIT ADMINISTRATION PENSION PLAN

Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years (Amounts in Thousands)

Fiscal year ending June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	$ 31,691	$ 29,389	$ 50,802	$ 43,827	$ 42,308	$ 36,027	$ 37,195	$ 36,334	$ 48,499	$ 24,718
Interest on the Total Pension Liability	65,255	62,495	51,485	56,406	55,831	56,519	54,904	57,881	31,181	39,237
Benefit Changes	-	-	-	-	208	(203)	3,106	2,133	82,510	-
Difference between Expected and Actual Experience	22,080	21,902	(50,063)	(11,809)	(17,140)	(8,528)	17,385	(20,741)	(15,024)	(19,621)
Assumption Changes	3,207	(29,238)	(390,469)	140,735	101,716	(58,176)	(36,903)	(162,606)	338,950	53,480
Benefit Payments, including refunds of contributions	(53,342)	(50,465)	(47,454)	(44,736)	(44,432)	(42,724)	(37,203)	(39,062)	(35,283)	(30,636)
Net Change in Total Pension Liability	68,891	34,082	(385,699)	184,423	138,492	(17,084)	38,483	(126,062)	450,833	67,177
Total Pension Liability - Beginning	1,225,996	1,191,914	1,577,613	1,393,190	1,254,698	1,271,782	1,233,299	1,359,361	208,528	841,351
Total Pension Liability - Ending (a)	$ 1,294,887	$ 1,225,996	$ 1,191,914	$ 1,577,613	$ 1,393,190	$ 1,254,698	$ 1,271,782	$ 1,233,299	$ 1,359,361	$ 908,528
Plan Fiduciary Net Position										
Employer Contributions	$ 56,111	$ 54,648	$ 68,606	$ 59,280	$ 43,250	$ 41,597	$ 40,997	$ 40,997	$ 40,997	$ 35,400
Employee Contributions	10,104	8,302	6,833	7,311	4,610	3,006	3,316	3,094	-	-
Pension Plan Net Investment Income	33,630	14,786	(10,986)	93,213	12,832	31,024	20,550	27,741	12,768	14,045
Benefit Payments, including refunds of contributions	(53,342)	(50,465)	(47,454)	(44,736)	(44,432)	(42,724)	(37,203)	(39,062)	(35,283)	(30,636)
Pension Plan Administrative Expense	(173)	(146)	(4,135)	(3,602)	(2,652)	(2,325)	(2,213)	(1,914)	(1,967)	(1,851)
Other	-	-	-	-	-	(6,720)	-	(2,631)	-	-
Net Change in Plan Fiduciary Net Position	46,329	27,124	12,864	111,466	13,608	23,858	25,447	28,225	16,515	16,958
Plan Fiduciary Net Position - Beginning	487,366	460,242	447,378	335,912	322,304	298,447	273,000	244,776	228,261	211,303
Plan Fiduciary Net Position - Ending (b)	$ 533,695	$ 487,366	$ 460,242	$ 447,378	$ 335,912	$ 322,304	$ 298,447	$ 273,000	$ 244,776	$ 228,261
Net Pension Liability - Ending (a) - (b)	$ 761,192	$ 738,630	$ 731,672	$ 1,130,235	$ 1,057,278	$ 932,394	$ 973,335	$ 960,299	$ 1,114,585	$ 680,267
Plan Fiduciary Net Position as a Position as a Percentage of Total Pension Liability	41.22%	39.76%	38.61%	28.36%	24.11%	25.69%	23.47%	22.14%	18.01%	25.12%
Covered Payroll	$ 187,150	$ 170,004	$ 163,102	$ 164,553	$ 149,768	$ 148,445	$ 145,834	$ 137,154	$ 137,427	$ 135,545
Net Pension Liability as a Percentage of Covered Payroll	406.73%	434.42%	448.60%	686.85%	705.94%	628.11%	667.43%	700.16%	811.04%	501.88%

Due to rounding, numbers presented her may not add up precisely to the totals shown

Notes:
Changes of assumptions: FY24 reflects a decrease to the single discount rate from 5.37% to 5.35%.
Employee Contribution changes: There were no changes in FY24; all Local 1300 were contributing 5% of earnings to the Plan as of January 8, 2023. All Local 2 were contributing 6% as of November 6, 2022. Local 1300 contributions increased to 6% as of July 1, 2024, which did not impact FY24.

Schedule of Employer Contributions
Last Ten Fiscal Years (Amounts in Thousands)

Significant methods and assumptions underlying the July 1, 2023 actuarial valuation in determining the actuarially determined contribution for the fiscal year ending June 30, 2024, were as follows:

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 54,407	$ 55,926	$ 53,639	$ 58,842	$ 55,213	$ 64,649	$ 66,495	$ 62,217	$ 44,736	$ 40,807
Contributions in relation of the actuarially determined contribution	56,110	54,648	68,606	59,280	43,250	41,597	41,597	40,997	40,997	35,400
Contribution Deficiency (Excess)	$ (1,703)	$ 1,278	$ (14,967)	$ (438)	$ 11,963	$ 23,052	$ 24,898	$ 21,220	$ 3,739	$ 5,407
Covered Payroll	187,150	170,004	163,102	164,553	149,768	148,445	145,834	137,154	137,427	135,545
Contributions as a Percentage of Covered Payroll	29.98%	32.15%	42.06%	36.02%	28.88%	28.02%	28.52%	29.89%	29.83%	26.12%

Actuarial cost method	Entry-Age - Level Dollar Normal Cost
Amortization method	Level dollar, closed
Remaining amortization period	3-21 years
Asset valuation method	5-Year smoothed market for funding
Inflation	2.75%
Salary increases	2.75% to 10.55% including inflation
Investment rate of return	6.80%
Retirement age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	Pre-retirement: The fully generational Pri-2012 Amount-Weighted Blue Collar Employee mortality table, sex distinct, with generational mortality improvements from 2012 using scale MP-2021. Post-retirement Healthy lives: The fully generational Pri-2012 Amount-Weighted Blue Collar Healthy Retiree mortality table, sex distinct, with generational mortality improvements from 2012 using scale MP-2021. Post-retirement Disabled lives: The fully generational Pri-2012 Amount-Weighted Total Disabled Retiree mortality table, sex distinct, with generational mortality improvements from 2012 using scale MP-2021.

MARYLAND TRANSIT ADMINISTRATION PENSION PLAN

Schedule of Investment Returns
Last Ten Fiscal Years (Amounts in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expenses	6.89%	3.11%	-2.92%	26.69%	3.50%	6.44%	8.08%	10.02%	1.46%	3.70%