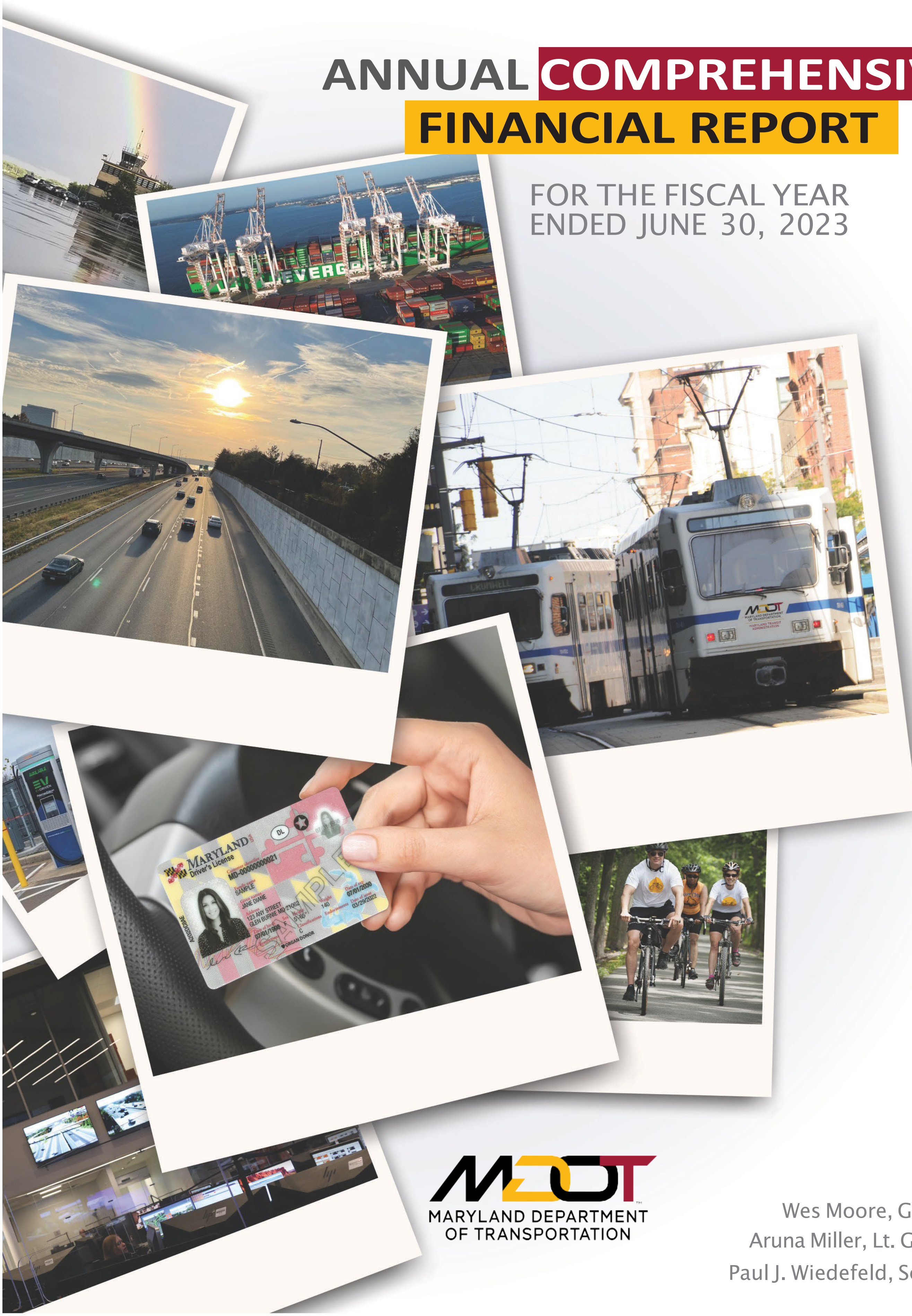
ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2023

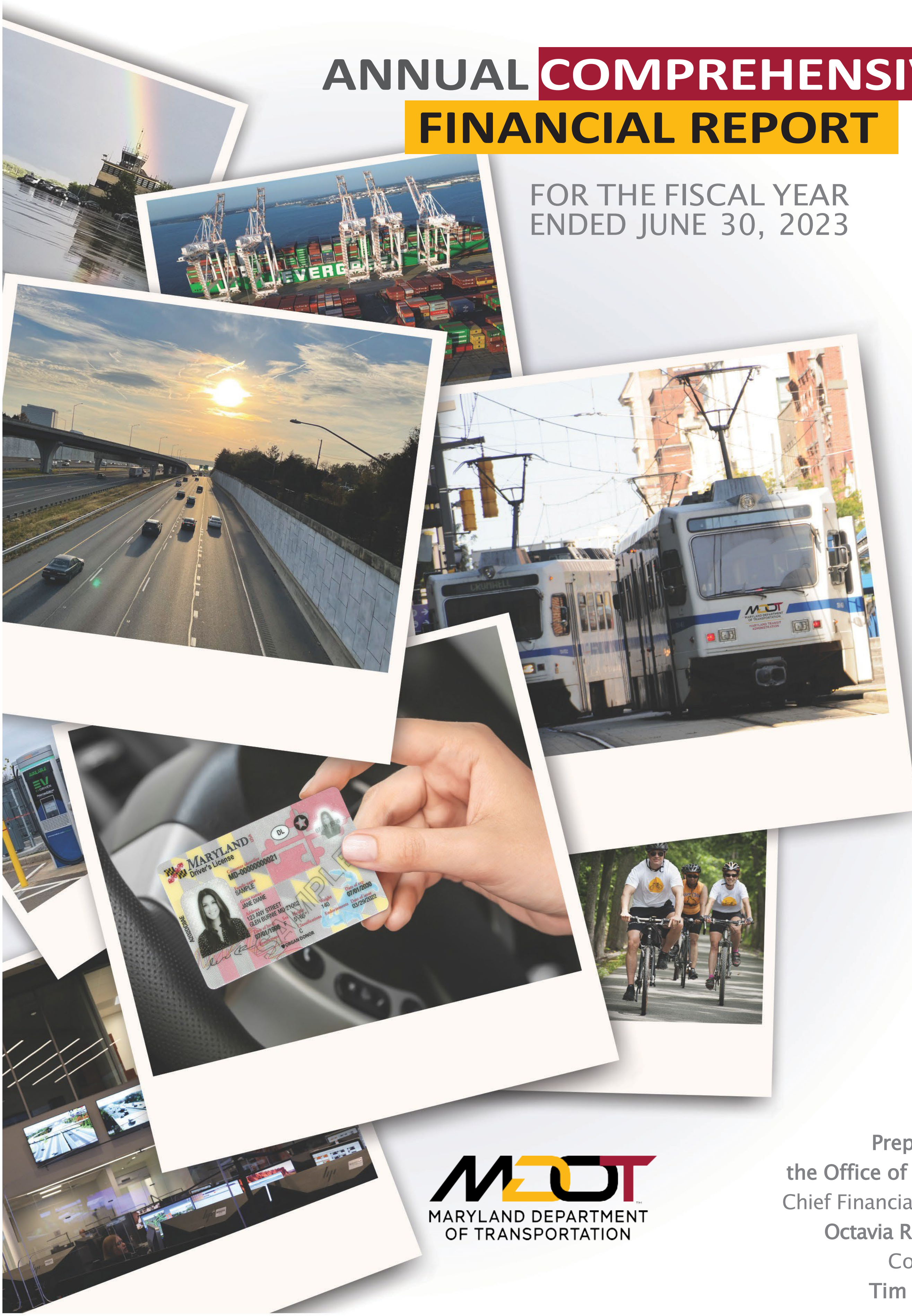


MARYLAND DEPARTMENT
OF TRANSPORTATION

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2023



MARYLAND DEPARTMENT
OF TRANSPORTATION

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

MDOT
MARYLAND DEPARTMENT OF TRANSPORTATION

Our Mission

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

Our Goals

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

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

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

This page was intentionally left blank

Introductory Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT
MARYLAND DEPARTMENT OF TRANSPORTATION

This page was intentionally left blank

MARYLAND DEPARTMENT OF TRANSPORTATION

Wes Moore
Governor

Aruna Miller
Lieutenant Governor

Paul J. Wiedefeld
Secretary

December 18, 2023

Mr. Paul J. Wiedefeld
Secretary
Maryland Department of Transportation
7201 Corporate Center Drive
Hanover MD 21076

Dear Secretary Wiedefeld:

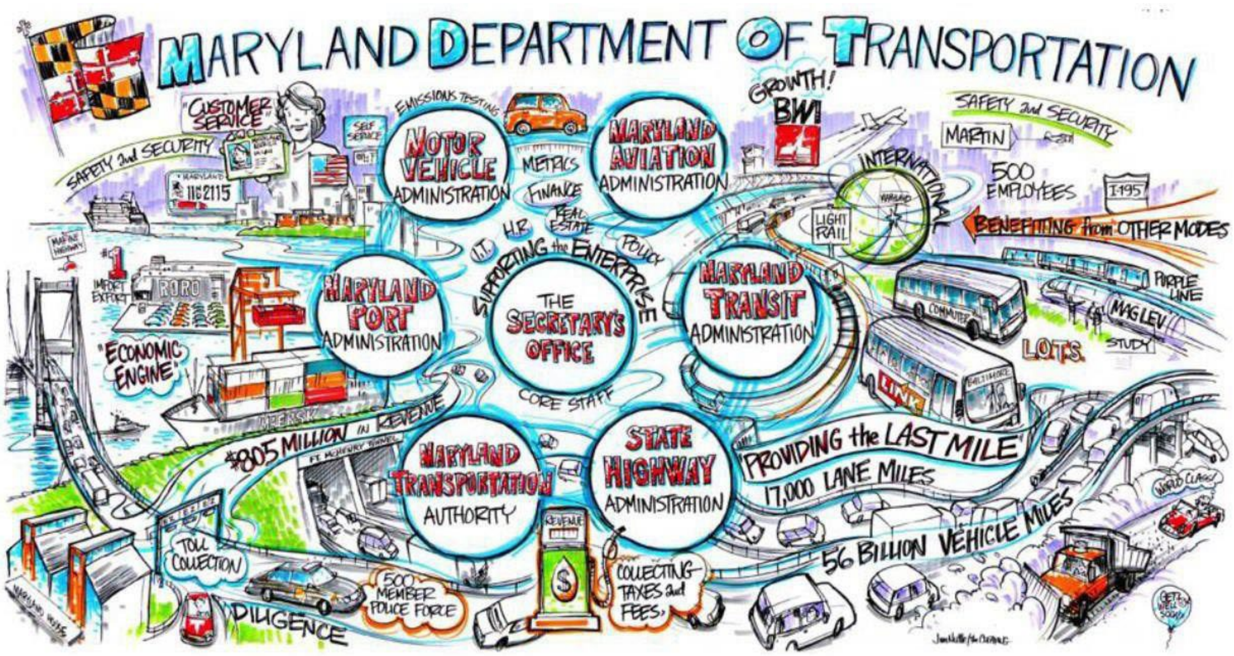
I am pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Maryland Department of Transportation (Department) for the fiscal year ended June 30, 2023, which includes the financial statements of the Department. The data is reported in a manner designed to present fairly the financial position and changes in financial position of the Department. All disclosures necessary to enable the reader to gain a maximum understanding of the Department's financial affairs have been included. This ACFR is a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the Department. Consequently, management assumes full responsibility for the completeness and reliability of all information presented within this report. To provide a reasonable basis for making these representations, the Department's management has established internal controls designed to protect the Department's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Department's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh their benefits, the Department's comprehensive framework 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 this financial report is complete and reliable in all material respects.

The Department, in conjunction with the State of Maryland (State), requires an audit of the Department's basic financial statements by a firm of licensed certified public accountants. The Department has complied with this requirement, and the independent audit report of CliftonLarsonAllen, LLC is presented on page 27 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, 2023, 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, 2023, are fairly presented in conformity with GAAP.

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Department's MD&A can be found starting on page 30 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 modal administrations and one authority: the Maryland Aviation Administration (MAA), theMaryland Port Administration (MPA), the Maryland Transit Administration (MTA), the Motor VehicleAdministration (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 entitieswith separate fiscal operations and management and are not financially accountable to the Department. Both entities are excluded from the Department's financial statements (other than money paid by the Department to these entities) and produce their own financial statements.

The Department brings together all of the State's modes of transportation into one organization that allows modal administrations 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 totransportation across the State. The Department embraces one unified mission statement across all modal administrations that serves as the guiding light for all of the Department's operations and interactions withits customers.

MARYLAND DEPARTMENT OF TRANSPORTATION

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

Maryland Aviation Administration

The MAA fosters the vitality of aviation statewide and promotes safe and efficient operations, economic viability, and environmental stewardship. The State of Maryland owns, and MAA operates the Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall Airport) and Martin State Airport and supports public-use airports across the State of Maryland. BWI Marshall Airport averages 298 daily departures to 89 nonstop destinations by 18 airlines. The airport served 24.7 million passengers in fiscal year 2023. Southwest Airlines is the busiest carrier at BWI Marshall Airport, serving about 70% of the airport's passenger traffic, and BWI Marshall Airport is one of the busiest airports in Southwest's network. BWI Marshall Airport is a major transportation resource and economic development engine for the State of Maryland and the entire National Capital region, producing a total economic impact of $9.3 billion and supporting more than 106,000 jobs throughout the State.

Busiest domestic routes from BWI (June 2022 – May 2023)[99]

Rank	City	Passengers	Carriers
1	Atlanta, Georgia	826,000	Delta, Southwest, Spirit, Frontier
2	Orlando, Florida	732,000	Frontier, Southwest, Spirit
3	Fort Lauderdale, Florida	496,000	Southwest, Spirit
4	Denver, Colorado	383,000	Frontier, Southwest, Spirit, United
5	Boston, Massachusetts	380,000	Delta, JetBlue, Southwest
6	Charlotte, North Carolina	356,000	American, Southwest, Spirit
7	Tampa, Florida	355,000	Southwest, Spirit
8	Miami, Florida	314,000	American, Frontier, Southwest
9	Las Vegas, Nevada	297,000	Southwest, Spirit
10	Chicago–O'Hare, Illinois	295,000	American, Southwest, Spirit, United

99. *"Baltimore, MD: Baltimore/Washington International Thurgood Marshall (BWI)". Bureau of Transportation Statistics. Research and Innovative Technology Administration. Retrieved August 15, 2023.*

Maryland Port Administration

The Helen Delich Bentley Port of Baltimore set a record for cargo volume in its 2023 fiscal year, which ended June 30. The port handled 11.6 million tons of general cargo, topping the previous record of 11 million tons set in fiscal 2019, the year before pandemic-related supply chain issues crimped the international maritime industry. The Port of Baltimore ranks No. 11 nationwide for foreign cargo handled and is the top-ranked U.S. port for auto imports, heavy machinery and gypsum import volumes. It is responsible for $3.3 billion in wages and salaries and about 15,300 direct jobs.

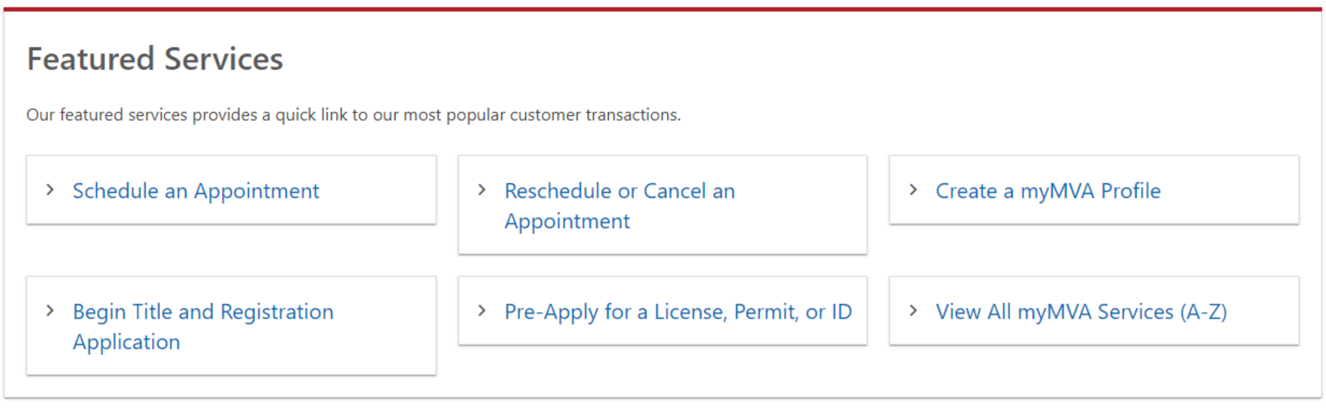
Maryland Transit Administration

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 on this promise by offering more online service options, increasing customer convenience, and decreasing customer wait times. Nearly 76% of MVA transactions in fiscal year 2023 were delivered through alternative service delivery (ASD) methods, which include web transactions, self-service kiosks, mail-in options and others. These ASDs provide reliable and convenient service delivery to customers and allow the MVA to operate more efficiently. The following table shows the rapidly increasing adoption of these customer service driven initiatives. The MVA is home to the Maryland Highway Safety Office and is committed to decreasing traffic fatalities through a comprehensive Strategic Highway Safety Plan.

Some of the on-line services available on the MVA website:



State Highway Administration

The SHA operates, maintains, and rebuilds the major highways (numbered, non-toll routes) in Maryland's 23 counties, including more than 17,000 lane-miles and 2,572 bridges. The Department's Coordinated Highways Action Response Team (CHART) continuously monitors traffic and provides emergency patrols that assist with incident responses, disabled vehicles, and traffic management operations for special and weather-related events. In calendar year 2022, CHART drivers responded to 63,474 incidents and disabled vehicles on the road. Their efforts saved motorists $2.0 billion in user costs through fuel savings and crash reductions and helped reduce delays by 40.9 million vehicle-hours. Construction projects at SHA sustain thousands of jobs in the highway industry for contractors, suppliers, engineering firms and small and minority businesses. The State highway system supports Marylanders' quality of life by connecting communities, schools, recreation, worship, and the world through BWI Marshall Airport and the Port of Baltimore.

Maryland Transportation Authority

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

Washington Metropolitan Area Transit Authority

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

Transportation Trust Fund

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

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

State law requires that certain transportation revenues be shared with the counties and municipalities across the State as a capital grant once all of the Department's debt service obligations and operating expenses are paid. The amount of funding for local transportation aid is established in State law through a formula based on certain percentages of certain revenues less certain statutory deductions. In fiscal year 2023, 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.

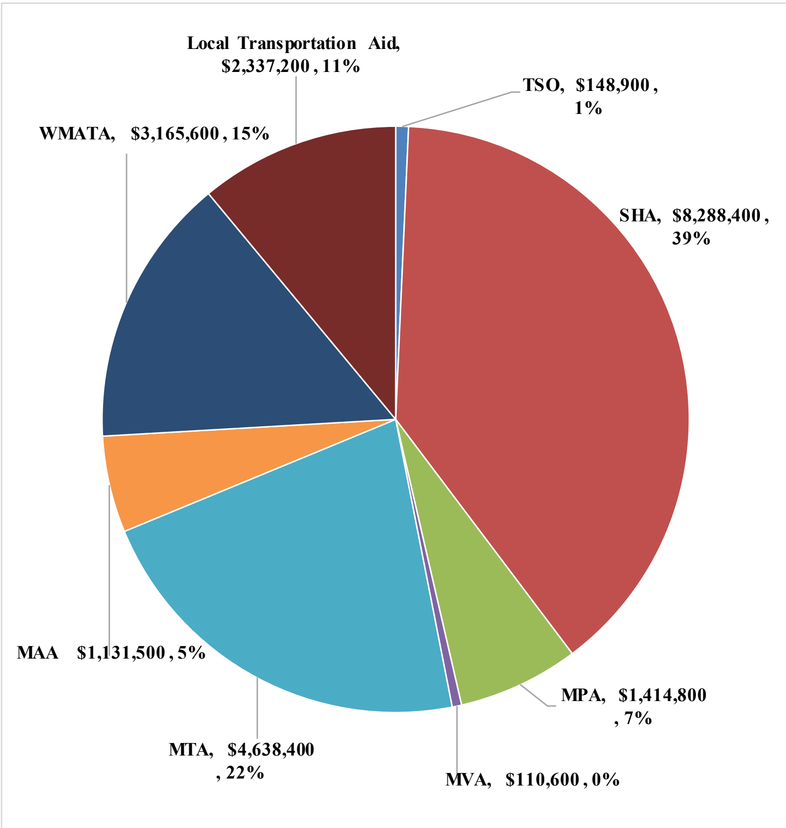
The Maryland Transportation Plan and the performance measures reported in the Annual Attainment Report are based on the 2040 Maryland Transportation Plan Goals (listed below) that were last updated in January 2019. Over the last year, the Department has been working on an update of the Maryland Transportation Plan, scheduled to be released in January 2024. These documents are updated every five years following extensive outreach efforts and collaboration with the public, local jurisdictions, and State agencies to ensure they reflect the needsand priorities of Marylanders. The CTP and Annual Attainment Report are updated on an annual basis.

2040 Maryland Transportation Plan Goals

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

The Department publishes the draft CTP in September of each year and the final CTP in January of the next calendar year. The Department's draft CTP for fiscal years 2024-2029 includes projects totaling $21.2 billion for the Department's multi-modal transportation network during the next six years. Funding for the draft CTP includes $9.0 billion in State funds (revenues and bond proceeds of theDepartment), $8.4 billion in federal funds, and $1.8 billion in other funds. Other funds include other funding sources not received through the TTF, such as passenger facility charges and customer facility charges at BWI Marshall Airport, the proceeds of Special Transportation Project Revenue Bonds, capital funding received from the State, and federal funds received directly by WMATA. The draft CTP includes a funding shortfall of $2.1 billion that must be filled through reduced expenditures or increased revenues before the final CTP is published in January.

FY 2024-2029 Draft Consolidated Transportation Program
Spending by Modal Administration
($ in thousands)



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

Total 6-year capital program
$21.2 billion

Relevant Financial Policies

The Department's annual budget serves as the foundation for its financial planning and control. The Maryland Constitution requires the Governor to submit, and the General Assembly to adopt, a balanced budget containing a complete plan of proposed expenditures and estimated revenues for the ensuing fiscal year, including 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 if 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 101 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 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 2023, the annual debt outstanding limit was $3.32 billion, and the debt outstanding was $3.30 billion as of June 30, 2023.

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 2023, the ratio of pledged taxes was 5.10 and the ratio of net income was 4.21.

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

Major Initiatives

Future station in Silver Spring of the Purple Line, a 16-mile light rail line that will extend from Bethesda in Montgomery County to New Carrollton in Prince George's County.

The Maryland Department of Transportation stands as a customer-driven leader, dedicated to delivering transportation solutions that are safe, sustainable, intelligent, exceptional, and inclusive. The Department has an overarching commitment that revolves around connecting customers to life's opportunities through a comprehensive approach. Prioritizing safety and security, the Department works diligently to ensure a resilient transportation system. While promoting fiscal responsibility, the Department makes prudent decisions in resource allocation. Ultimately, the Department strive to provide better transportation choices and connections, encapsulating the Department's multifaceted mission in serving Maryland's diverse and dynamic transportation needs.

Port of Baltimore

Ship docked to deliver containerized cargo to the Port of Baltimore.

The Port of Baltimore has accomplished exceptional performance and has made strategic investments that have fueled its continuous growth with cargo volumes up for targeted commodities . State-owned terminals witnessed a remarkable 28 % increase in roll-on/roll-off farm and construction machinery, a six % rise in container volumes, and a commendable three %increase in overall general cargo surpassing the record numbers achieved in the preceding year, signifying the port's resilience and operational excellence. In calendar year 2022 the Port of Baltimore set a record with $74.3 billion worth of foreign cargo, and the handling of 43.3 million tons showcasing its robust performance, despite challenges in the international maritime landscape attesting to the port's outstanding reliability as an economic engine for the state. The Port of Baltimore's rebound and continued growth are attributed to its strong reputation for customer service, state-of-the-art infrastructure, and reliability in bringing goods to market.

The Port of Baltimore achieved a historic milestone this fiscal year by setting a record with 6,383 container moves off a single vessel—the Maersk Eindhorn. As a 13,000-plus Twenty-foot Equivalent Unit (TEU) container ship, the Eindhorn's successful handling underscores the Port of Baltimore's capabilities facilitated by ultra-large, Neo-Panamax cranes and a 50-foot-deep channel. This accomplishment not only solidifies the Port of Baltimore's position among leading ports but also exemplifies its commitment to operational excellence and efficiency. The significance of the Port of Baltimore extends beyond its operational achievements. Generating approximately 15,300 direct jobs and influencing nearly 140,000 jobs overall, the port plays a pivotal role in the local and regional economy. It stands out nationally as the foremost port for autos and light truck volume, roll-on/roll-off farm and construction machinery, and imported gypsum.

Site visit by the Maryland House Environment & Transportation Committee after the arrival of four Neo-Panamax cranes.

In response to the evolving dynamics of global trade, the Port of Baltimore continues to demonstrate resilience and adaptability. The introduction of ZIM Shipping Lines' E-Commerce Baltimore Express service from China and Southeast Asia to the U.S. East Coast reflects Baltimore's strategic importance in international trade routes. ZIM's expansion, with increased frequency and larger ships, positions Baltimore as a preferred gateway amidst port congestion and supply chain challenges experienced by many U.S. ports. Additionally, the port's exceptional handling of nearly 100 "ad hoc" ship calls during the pandemic's recovery stages emphasizes its operational flexibility and commitment to mitigating disruptions in the supply chain. The Port of Baltimore's steadfast commitment to security is evident in its 14th consecutive top security grade from the U.S. Coast Guard, focusing on cyber security and comprehensive security procedures. As the Port of Baltimore continues to set records, adapt to industry trends, and contribute significantly to the region's economy, these major initiatives underscore its leadership in the maritime industry.

A significant investment is underway within the CSX network, featuring an expansion initiative for the Howard Street Tunnel in Baltimore. This expansion project aims to enable the transit of double-stacked container rail cars through the Howard Street Tunnel, thereby establishing seamless double-stack capacity along the East Coast from Maine to Florida. Commencing in November 2021, the project is scheduled for completion in 2025. Funding for this strategic venture stems from a collaborative partnership involving the federal government, Maryland, Pennsylvania, and CSX.

In fiscal year 2023, the reconstruction of the roll-on/roll-off berths at the state-owned Dundalk Marine Terminal was completed to enhance the Port of Baltimore's capacity to accommodate larger and heavier roll-on/roll-off cargo, including combines, harvesters, and other sizable items that Baltimore routinely handles. Now operational, the Dundalk Marine Terminal Berth 3 features a broader deck. Similar renovations are scheduled for other berths, addressing the condemnation of the existing structure. The replacement contract involved the removal of the deteriorated deck and timber piles, with the installation of approximately 47,815 square feet of new marginal wharf. Furthermore, the berth face was extended 30 feet channel-ward to align with the recently reconstructed berths 4, 5, and 6. The successful completion of the Berth 3 project underscores the Port of Baltimore's commitment to substantial investments in port infrastructure, demonstrating its dedication to fostering business growth.

Newly constructed roll-on/roll-off berth at the Port of Baltimore.

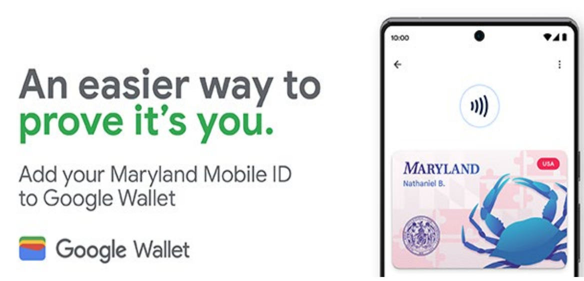
Motor Vehicle Administration

In fiscal year 2023, MVA embarked on a series of transformative initiatives, symbolizing an unwavering commitment to elevate service standards, foster accessibility, and prioritize safety for the residents of Maryland.

A pivotal milestone was achieved through the implementation of service enhancements, extending the time allocated for Commercial Driver's License (CDL) testing. In mid-2022, MVA successfully executed a new modernized skills test, encompassing pre-trip and road assessments. This initiative followed Maryland's participation as one of three states in a pilot program facilitated by the Federal Motor Carrier Safety Administration, positioning Maryland at the forefront of commercial driver training. The updated examination assesses an applicant's understanding by incorporating the latest information on vehicle features and emphasizes the essential skills required to safely operate a commercial vehicle.

In an effort to foster inclusivity and accommodate Maryland's diverse population, MVA announced the rollout of nine additional translations for the learner's permit knowledge test and the Maryland Driver's Manual. With a total of 17 languages, including plain language and American Sign Language, this initiative ensures that essential driving resources are accessible to all, reflecting MVA's dedication to a multicultural and multilingual community. Enhancing accessibility for the driver's knowledge test and study materials is imperative to cater to Maryland's linguistically diverse population. The MVA is dedicated to the safety of every new driver and is committed to ensuring that all applicants comprehend the materials clearly and undergo a positive testing experience.

The MVA successfully resumed standard testing operations for driving tests that were temporarily modified as necessitated by the COVID-19 pandemic. This strategic decision ensures the continuity of essential services, maintaining the integrity of the licensing process while adapting to evolving circumstances. The resumption of operations to pre-pandemic levels is crucial for restoring normalcy, ensuring the efficient functioning of essential services, and revitalizing economic activities. The MVA's constant objective is to ensure that all customers feel comfortable and secure while remaining committed to delivering top-notch customer service and prioritizing the safety of testing applicants and employees.



Maryland Mobile ID Now Available in Google Wallet

In the realm of digital identification, Maryland made history by launching the Maryland Mobile ID in Google Wallet, becoming the first state in the nation to offer digital licenses and IDs on two major mobile operating systems. Maryland's Digital License/ID program, *Maryland Mobile ID* is a great addition to the collection of services and tools the MVA has assembled for its customers to provide a truly premier customer experience. This groundbreaking initiative aligns with the technological landscape, providing residents with a secure and convenient identification option. MVA's commitment to streamlined administrative processes and enhanced accessibility was further demonstrated through the expansion of the birth certificate printing service to an additional branch, bringing the total to seven statewide. This expansion facilitates smoother access to vital records, ensuring efficiency for Maryland residents as the MVA continues to expand its one-stop approach to government services.

The MVA also continues to ensure that Marylanders will be ready for the federal deadline of May 2025, to have a REAL ID compliant driver's license or identification card to board commercial aircraft or enter federal government buildings. Maryland's compliance rate is approximately 88% - one of the highest rates in the nation. The MVA was the first in the nation to have its REAL ID process recertified by the U.S. Department of Homeland Security. The federal REAL ID Act, created post-9/11, creates a security standard for driver's licenses and identification cards nationwide.

BWI Marshall Airport

In the fiscal year 2023, BWI Marshall Airport experienced a robust rebound in airline and passenger traffic, nearing pre-pandemic levels. The airport recorded its busiest day since the onset of the global pandemic, with 34,984 departing passengers. Notably, nearly 25 million passengers traveled through BWI Marshall, showcasing the resilience and recovery of air travel. While passenger levels are not yet fully restored to pre-pandemic levels, emplaned passenger numbers for fiscal year 2023 witnessed a significant increase of 15.6% compared to the previous year.

Rendering of BWI Marshall Airport largest terminal improvement project, the A/B Connector and Baggage Handling System.

A major initiative that further positions BWI Marshall as a leading airport is the A/B Connector and Baggage Handling System Improvement project. This strategic project involves the implementation of a sophisticated baggage handling system, a direct connection between concourses A and B, expanded holdroom areas, upgraded restrooms, and additional space for food and retail concessions. These enhancements are tailored to benefit both the airport and its largest airline partner, Southwest Airlines, which accounts for about 70% of BWI Marshall's passenger traffic. The ongoing construction project spans multiple years and stands as the most extensive terminal enhancement initiative ever undertaken by the airport, with an expected completion date in 2026.

Beyond terminal improvements, BWI Marshall Airport is collaborating with Southwest Airlines on a new $135 million maintenance facility—the airline's first in the northeastern United States. Site preparation for the 27-acre facility is underway, and it will include a hangar capable of accommodating three Boeing 737 aircraft, apron space for eight Southwest Airlines jets, and associated office and workshop space. Moreover, as part of ongoing efforts to enhance passenger experience, BWI Marshall has opened the first set of improved restrooms, with plans to expand and modernize six sets of restrooms across Concourses B, C, and D. This commitment to passenger comfort and satisfaction was underscored when Cintas Corporation named BWI Marshall Airport the winner of the 2023 America's Best Restroom contest, recognizing its cleanliness, visual appeal, innovation, functionality, and unique design elements.

BWI Marshall Airport award winning restroom upgrades.

Adding to the airport's global connectivity, Copa Airlines, based in Panama City, inaugurated new international service between BWI Marshall Airport and Panama City, Panama. The four weekly flights not only strengthen BWI Marshall's position as a major U.S. destination but also offer efficient connections to destinations across Latin America, highlighting the airport's role as a key player in international air travel.

The significant surge in e-commerce during the COVID-19 pandemic has accelerated the rapid expansion of cargo operations at BWI Marshall Airport. Playing a pivotal role in the region, the airport manages 60% of all cargo operations. In fiscal year 2023, the total cargo operations amounted to 19.5 metric tons, marking a slight decrease from the record high in fiscal year 2021 but demonstrating a substantial 20% increase compared to pre-pandemic cargo volumes. This growth is predominantly driven by major players such as Amazon, whose Baltimore facility ranks among the company's top five busiest locations worldwide. Additionally, the contributions of UPS, FedEx, and DHL further underscore BWI Marshall Airport's pivotal role in facilitating the region's thriving cargo operations.

Transit

MTA buses sent to the scene of a multiple-alarm fire to support and provide shelter for displaced residents and rehab for first responders.

During the initial peak of COVID-19 cases in the spring of 2020, ridership on MTA's system witnessed a substantial decline, ranging from 60% to 95% across all modes. The widespread reduction in personal travel was a consequence of residents largely staying home, venturing out only for essential purchases. The shift to remote work and learning further contributed to a decline in transit usage for commuting. Nevertheless, essential employees, crucial for providing food, healthcare, and essential services, continued to depend on MTA for transportation. Throughout the pandemic, MTA demonstrated adaptability by adjusting services based on evolving ridership patterns, the needs of major job centers, and the overall recovery of the economy. Priority was consistently given to maintaining transit-critical services for essential workers and households most reliant on transit. As riders gradually return to the system, MTA remains focused on serving these prioritized riders. Recognizing the prolonged recovery period, the agency acknowledges that it will take several years to fully restore ridership to pre-pandemic levels. Core bus and MobilityLink ridership is expected to recover more quickly than other modes, with MARC and commuter bus ridership anticipated to experience a lengthier recovery process, possibly leading to long-term ridership loss.

With a commitment to delivering safe, efficient, and reliable transit services with world-class customer service, MTA has introduced the convenience of CharmPass mobile transit fare payments to Mobility riders. This innovation replaces traditional ticket books, offering a more accessible and secure method for Mobility customers to pay transit fares through the user-friendly CharmPass app on their smartphones.

In alignment with its commitment to greater bicycle-transit connectivity, MTA is undertaking cyclist-centered initiatives throughout Maryland. Under the $43 million Fast Forward: Customer Experience Enhancement Project, bike racks are being added at 29 key locations, including Local Bus, Light Rail, Metro Subway, MARC Train, and Park and Ride facilities. The administration is retrofitting MARC IIA train cars into "bike cars," accommodating the growing demand for bicycles on MARC trains. Moreover, MTA is designing a pedestrian/bicycle bridge near the Patapsco Light Rail Station, enhancing safety for pedestrians and cyclists crossing Patapsco Avenue.

The MTA is actively involved in infrastructure improvement projects, with construction initiated in fiscal year 2023 to replace the pedestrian bridge at the Rogers Avenue Metro Subway Station. The new bridge, scheduled for completion in early 2024, aims to improve access to the Metro Subway for riders. Additionally, MTA completed a project to install a new concrete grade crossing at the Timonium Business Park Light Rail stop, contributing to the safety and reliability of light rail services.

A MARC Train on its journey, connecting communities and commuters with seamless transit.

The agency's commitment to excellence has been recognized with three Awards of Excellence from Maryland Quality Initiatives (MdQI). The notable Project of the Year Over $5 Million award was presented for the North Avenue Corridor Improvement Project, a $27.3 million initiative completed in June 2022 under the North Avenue Rising initiative. This comprehensive project included dedicated bus lanes, transit signal priority, roadway repaving, enhanced bus stops, and improved bicycle facilities along Baltimore's vital North Avenue, supporting economic revitalization.

As MTA plays a critical role in supporting transit operations statewide, it released an updated Capital Needs Inventory and Prioritization Report, outlining the need to address over $6.3 billion in capital costs over the next decade. Despite increased total needs, the funding gap has decreased by more than $1.1 billion due to historic levels of investment, including projects like Camden Station replacement, Kirk Bus Garage modernization, Metro SubwayLink railcar replacements, MARC Train track and guideway enhancements, and various other improvements in the Consolidated Transportation Program between 2022 and 2031. The agency's progress in reducing the State of Good Repair backlog showcases a dedication to maintaining assets in optimal condition and meeting the evolving needs of Maryland's transportation landscape.

State Highway System

The SHA is dedicated to maintaining Maryland's infrastructure in optimal condition, ensuring a safe, convenient, and accessible transportation network for all users across communities. Maryland's highways play a crucial role in connecting residents to various aspects of life, including friends, family, schools, jobs, and recreation. SHA's commitment extends to investing in transportation solutions that alleviate congestion and propel the state's citizens and economy forward. A robust and well-kept highway system is essential for fostering a resilient economy, facilitating the movement of people and goods within and across the State, ensuring the safety of travelers, and enhancing the overall quality of life for Maryland's residents.

In a significant development, the U.S. Department of Transportation Federal Highway Administration granted SHA an $11.9 million Advanced Transportation Technology and Innovation grant. This funding aims to enhance safety and reduce congestion on US 50 (Ocean Gateway) on Maryland's Eastern Shore. The grant empowers SHA to deploy cutting-edge technology, including software, sensors, traffic cameras, and message signs, spanning 113 miles of US 50.

In its commitment to pedestrian and bicycle safety, SHA introduced the state's first Pedestrian Safety

Action Plan, a vital tool in ongoing efforts to enhance safety and mobility. The plan supports Maryland's Vision Zero mission, aspiring to achieve zero motor vehicle-related fatalities or serious injuries. SHA has allocated $75 million to address the needs of vulnerable road users, emphasizing physical improvements to state roadways and implementing policies and strategies related to pedestrian and bicycle safety.

Operation Clean Sweep Maryland, launched by SHA, significantly intensified litter removal efforts along Maryland roads. During the initial two weeks of the statewide blitz, crews removed over 120 tons of debris, underscoring SHA's commitment to maintaining a clean and safe transportation environment.

Operation Clean Sweep transforms Maryland highways, showcasing the dramatic before-and-after impact on litter removal, enhancing the beauty and cleanliness of Maryland's roadways.

The SHA's ongoing projects include a $39.8 million initiative to rehabilitate bridge decks and parapets at the I-95 interchange with I-695 in southwestern Baltimore County. This project aims to improve interstate highway safety and ride quality. Another noteworthy accomplishment is the $93 million project completion to reconstruct and expand the I-270/MD 85 (Buckeystown Pike) interchange in Frederick County. The project enhances safety, reduces congestion, and expands traffic capacity in a heavily traveled residential and commercial area. The SHA initiated a $26.8 million project to replace the I-70 bridges over Crystal Falls Drive in Washington County, near South Mountain State Park. Anticipated to conclude by summer 2025, the project exemplifies MDOT's commitment to modernizing Maryland's transportation network for enhanced safety.

In 2023, the SHA successfully completed several key infrastructure projects, showcasing their commitment to improving Maryland's transportation network. One notable achievement was the $12.8 million restoration of the MD 51 (Oldtown Road) bridge over the C&O Canal in Oldtown, Allegany County. The project, addressing the bridge's aging structure from its original 1932 construction, involved comprehensive tasks such as replacing the bridge deck, repairing structural steel, cleaning and painting all structural components, resurfacing approaches, and constructing a stormwater management facility. Another significant accomplishment was the conclusion of the $93 million project to reconstruct and expand the I-270/MD 85 (Buckeystown Pike) interchange in Frederick County. This initiative aimed to enhance safety, reduce congestion, and expand traffic capacity in a heavily traveled residential and commercial area. The SHA initiated a $74.7 million project to enhance the MD 175/MD 295 interchange in Anne Arundel County, a critical initiative to support the growth, safety, and intermodal connectivity near Fort Meade—one of the county's largest employers and a rapidly expanding area.

The remarkable before-and-after of the MD 108 (Clarksville Pike) intersection at Centennial Lane/Beaverbrook Road in Columbia, Howard County, as infrastructure improvements enhance safety and traffic flow.

The SHA's commitment to modernizing Maryland's transportation network extends to various projects, including bridge replacements, interchange improvements, and safety enhancements. These initiatives collectively contribute to SHA's overarching goal of maintaining a robust and efficient transportation infrastructure for the benefit of Maryland's residents and visitors.

Economic Outlook

Maryland's population surpassed six million for the first time, experiencing a 7% increase from 2010 to 2020. As Maryland's economy maintains overall stability, the state faces challenges exacerbated by national inflation, particularly impacting families with low to moderate incomes. Initial post-COVID economic growth, fueled by federal pandemic assistance and loose monetary policies, experienced a shift as the Federal Reserve tightened its policies to curb inflation during fiscal year 2023.

Maryland closed fiscal year 2023 with a fund balance of $2.584 billion in the General Fund. Of this amount $2.029 billion was assigned by the 2023 General Assembly for fiscal year 2024 operations leaving an unassigned fund balance of $555 million.

The economic and revenue growth slowed due to the Federal Reserve's measures to slow spending growth and reduce inflation. Inflation slowed but remains above the Federal Reserve's target, contributing to a modest 1.7% growth in the General Fund—a notable deceleration from recent years. This low growth is the result of the slowing economy and significant decrease in nonwage income which has contributed to the recent rapid growth. The trajectory of future revenue growth hinges on the pace and sustainability of the economic recovery, with inflation dynamics and Federal Reserve actions playing crucial roles in shaping Maryland's economic outlook.

Despite Maryland's economic growth decelerating, the labor market displayed resilience with a more than 5% increase in withholding income tax revenues during the fiscal year. The Federal Reserve's actions to combat inflation, including raising interest rates, contributed to the slowdown. The deceleration in sales tax revenue growth indicates that many low- and moderate-income Maryland residents tapped into their pandemic-acquired savings to cope with escalating prices for essential goods.

Transportation Trust Fund

The TTF is credited with all transportation taxes and fees, federal transportation funds, and bond proceeds and it is the primary source of funding for transportation spending across the State. The Department prepares financial plans for a six-year period that coincides with the six-year capital program. Revenue forecasting relies on the condition and outlook for the State as a whole, as well as the condition and outlook for each major revenue source. In September 2023, the Department published its six-year draft capital program totaling $21.2 billion. Total projected revenues for fiscal years 2024-2029 for the Department totaled $37.5 billion.

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

Motor Fuel Tax: As of July 1, 2023, the motor fuel tax rates are 47.4 cents per gallon for gasoline and 48.15 cents per gallon for diesel fuel. These rates include three components: a base rate of 23.5 and 24.25 cents per gallon for gasoline and diesel, respectively; an annual inflation adjustment based on the average percentage growth in the Consumer Price Index for All Urban Consumers, and a sales and tax use equivalent rate of 5% on the average retail price of gasoline. Modest growth is expected as vehicle miles traveled continue to recover from COVID-19 declines and inflation and gas prices remain high in the near-term. This revenue source is projected to provide $8.5 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 $6.7 billion during the six-year period.

Motor Vehicle Fees: This includes a number of fees for various vehicle and licensing services. The six-year forecast assumes revenues will increase an average of 1% per year over the program period. This revenue source is projected to provide $3.9 billion during the six-year period.

Corporate Income Tax: The Department received 17.2% of the State's 8.25% corporation income tax in fiscal year 2023. The Department's share will vary during the six-year period as the result of legislation passed during the 2022 legislative session, peaking at 22% in fiscal years 2026 and 2027. The State's Board of Revenue Estimates forecasts these revenues for both the State and the Department. This revenue source is projected to provide $2.5 billion for the Department during the six-year period.

Operating Revenues: The activities of MAA, MPA, and MTA generate operating revenues. Revenues from the MTA include rail and bus fares. The MPA's revenues include terminal operations, rent revenue collected for office space, and other Port-related revenues. Revenue from the MAA include flight activities, rent and user fees, parking, airport concessions, and other aviation-related fees. The Transportation Trust Fund receives the net revenues from airport activities after accounting for debt service due on Special Transportation Project Revenue Bonds. Operating revenues are projected at $2.9 billion during the six-year period, including $2.0 billion from MAA, $0.6 billion from MTA, and $0.3 billion from MPA.

Federal Aid: The Department expects to receive funds totaling $9.2 billion from various federal grant programs over the six-year period to support its operating and capital programs. The Department continues to benefit from COVID relief funding from the federal American Rescue Plan Act and has programmed additional transportation funding associated with higher funding levels available under the Infrastructure Investment and Jobs Act (IIJA). IIJA provides a multi-year reauthorization of many critical transportation programs.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Maryland Department of Transportation for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. It was the 23rd consecutive year that the Department received this prestigious award. To be awarded a Certificate of Achievement, the Department must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements.

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

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

Sincerely,

Octavia N. Robinson

Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Maryland Department of Transportation

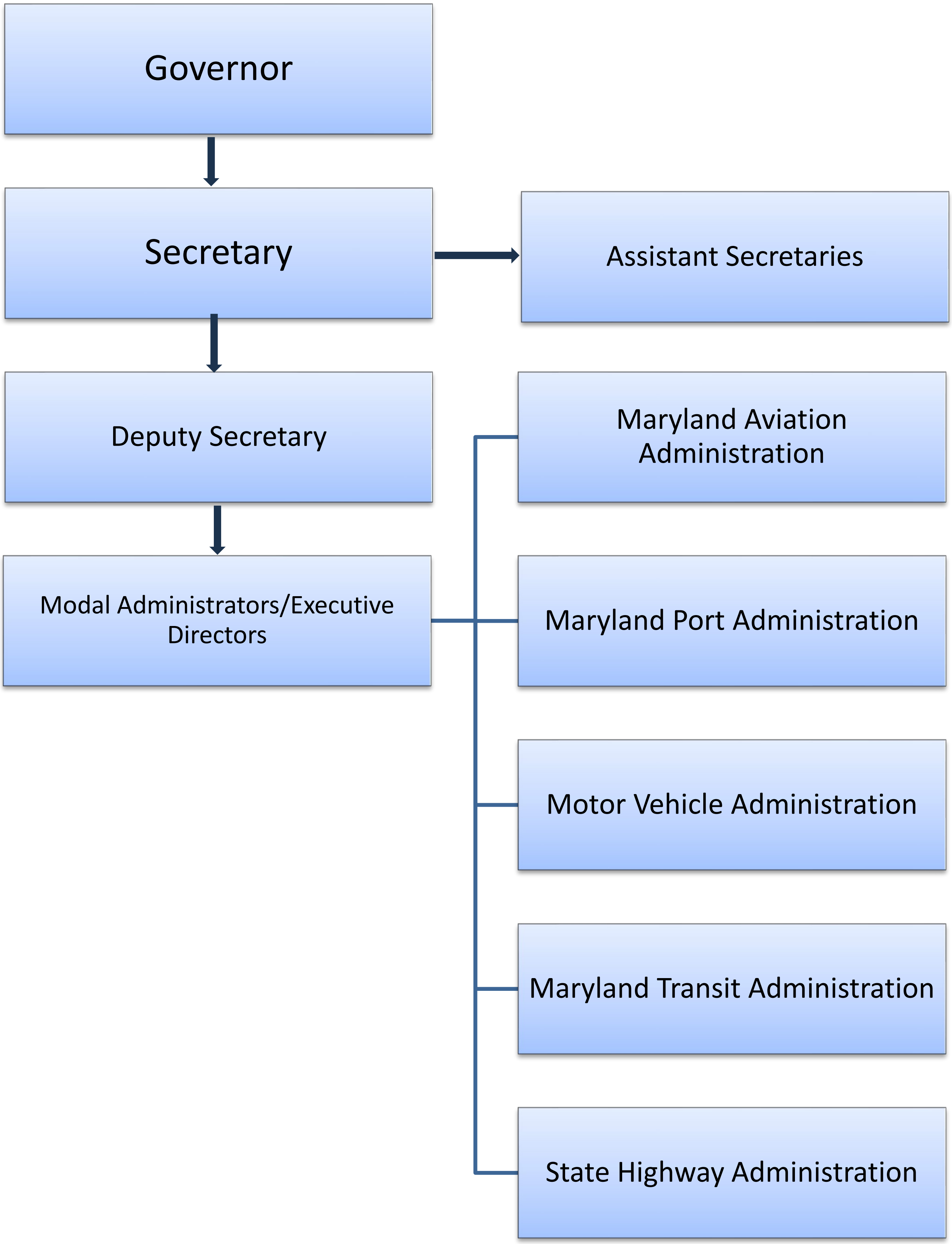
For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

MARYLAND DEPARTMENT OF TRANSPORTATION
Organizational Chart



MARYLAND DEPARTMENT OF TRANSPORTATION
List of Principal Department Officials
As of June 30, 2023

Title	Name
Secretary of Transportation	Paul J. Wiedefeld
Deputy Secretary of Transportation	Samantha Biddle
Maryland Aviation Executive Director	Ricky D. Smith, Sr.
Maryland Port Interim Acting Executive Director	Brian Miller
Maryland Transit Administrator	Holly Arnold
Motor Vehicle Administrator	Christine Nizer
State Highway Administrator	Tim Smith, P.E.

This page was intentionally left blank

Financial Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT
MARYLAND DEPARTMENT OF TRANSPORTATION

INDEPENDENT AUDITORS' REPORT

Secretary Paul J. Wiedefeld
Maryland Department of Transportation
Hanover, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Maryland Department of Transportation (the Department of Transportation), a Special Revenue Fund of the State of Maryland, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Department of Transportation as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements the Department of Transportation implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription- Based Information Technology Arrangements* for the year ended June 30, 2023, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Department of Transportation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Department of Transportation'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, and the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023, on December 18, 2023 our consideration of the Department of Transportation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department of Transportation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Department of Transportation's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
December 18, 2023

MARYLAND DEPARTMENT OF TRANSPORTATION
Management's Discussion and Analysis

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

Financial Highlights

- The assets and deferred outflows of resources of the Department exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year in the amount of $17,773,743,000 (net position). Of this amount, $1,762,583,000 represents the unrestricted deficit primarily related to the noncurrent liabilities of the Department.

- The Department's governmental funds reported a combined ending fund balance, as of the close of the current fiscal year, of $625,105,000, an increase of $2,017,000 compared to the prior fiscal year.
- The Department's Consolidated Transportation Bonds debt outstanding totaled $3,297,030,000, which was a decrease of $346,445,000, or 9.5%, from the prior fiscal year. This includes the settlement of $143,585,000 par value Forward Refunding Bonds, issued at a premium that allowed for the defeasance of $161,910,000 in bonds. This refunding resulted in a gain with a net present value of $15,203,668.

Overview of the Financial Statements

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

Government-wide financial statements

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

Both of the government-wide financial statements distinguish functions of the Department that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions. The government-wide financial statements include only the Department (a Special Revenue Fund of the State of Maryland) and does not include the Maryland Transportation Authority (MDTA), which is a separate enterprise fund of the State of Maryland. The government-wide financial statements can be found starting on page 44 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 46 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 101 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 50 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 52 of this report.

Changes in Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) previously issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements; and Statement No. 96, Subscription-Based Information Technology Arrangements, which the Department implemented during the year ended June 30, 2023. The Department entered into an availability payment arrangement for the Purple Line Light Rail Project. The Project is currently under construction. Once it is placed in service it will be accounted for as an availability payment arrangement in accordance with Statement No. 94. Statement No. 96 had a material effect on the Department's financial statements.

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

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Department's Maryland Transit Administration (MTA) OPEB Plan, MTA Pension Plan, and the Department's participation in the Maryland State Retirement Pension Plan, as well as the budget and actual comparison schedule. Required supplementary information can be found starting on page 95 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. For the Department, assets and deferred outflows exceeded liabilities and deferred inflows by $17,773,743,000 at the end of fiscal year 2023. The largest portion of the Department's net position reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure), less any outstanding related debt used to acquire those assets. The Department maintains and safeguards the majority of the capital assets owned by the State of Maryland.

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

The Department's net position increased by $1,499,317,000 during the fiscal year ended June 30, 2023. One factor was the increase in Capital Assets. This includes a recovery for an impaired asset, see note 9 for additional information. Long-term liabilities added to the increase. The only debt issuance was more than offset by the debt refunded it was issued for, see notes 10 & 11 for additional information. The Department takes seriously its responsibility to operate and maintain the transportation network in a safe and secure manner for all travelers. A robust and data-driven asset management program is utilized to identify and prioritize capital needs.

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

Maryland Department of Transportation
Net Position Summary

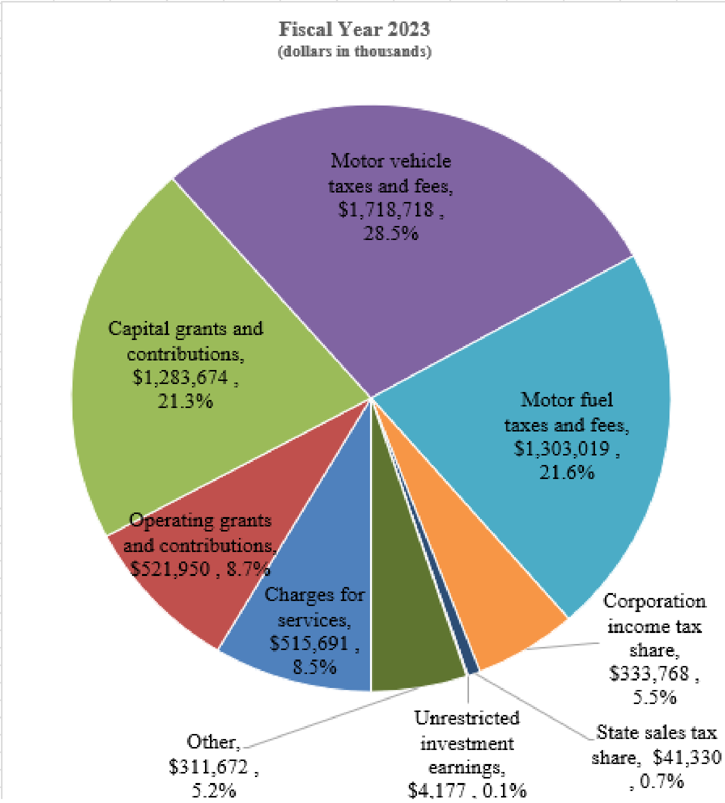
	For Fiscal Years Ended June 30,			
Governmental Activities	**2023**	**2022**	**Variance**	**% Change**
Current and other assets	$ 2,222,072	$ 2,166,695	$ 55,377	2.6%
Capital assets	23,942,992	23,310,841	632,151	2.7%
Total assets	26,165,064	25,477,536	687,528	2.7%
Deferred amount related for pensions	291,254	355,472	(64,218)	-18.1%
Deferred amount related for OPEB	94,417	113,241	(18,824)	-16.6%
	385,671	468,713	(83,042)	-17.7%
Long-term liabilities outstanding	6,709,908	7,261,301	(551,393)	-7.6%
Other liabilities	852,004	1,028,343	(176,339)	-17.1%
Total liabilities	7,561,912	8,289,644	(727,732)	-8.8%
Deferred service concession arrangement receipts	210,356	226,379	(16,023)	-7.1%
Deferred amount for refunding bonds	19,024	7,444	11,580	155.6%
Deferred amount related for leases	234,216	225,002	9,214	4.1%
Deferred amount related for pensions	394,131	776,898	(382,767)	-49.3%
Deferred amount related for OPEB	357,353	146,455	210,898	144.0%
	1,215,080	1,382,178	(167,098)	-12.1%
Net position:				
Net Investment in capital assets	19,536,326	18,540,714	995,612	5.4%
Unrestricted deficit	(1,762,583)	(2,266,288)	503,705	-22.2%
Total net position	$ 17,773,743	$ 16,274,426	$ 1,499,317	9.2%

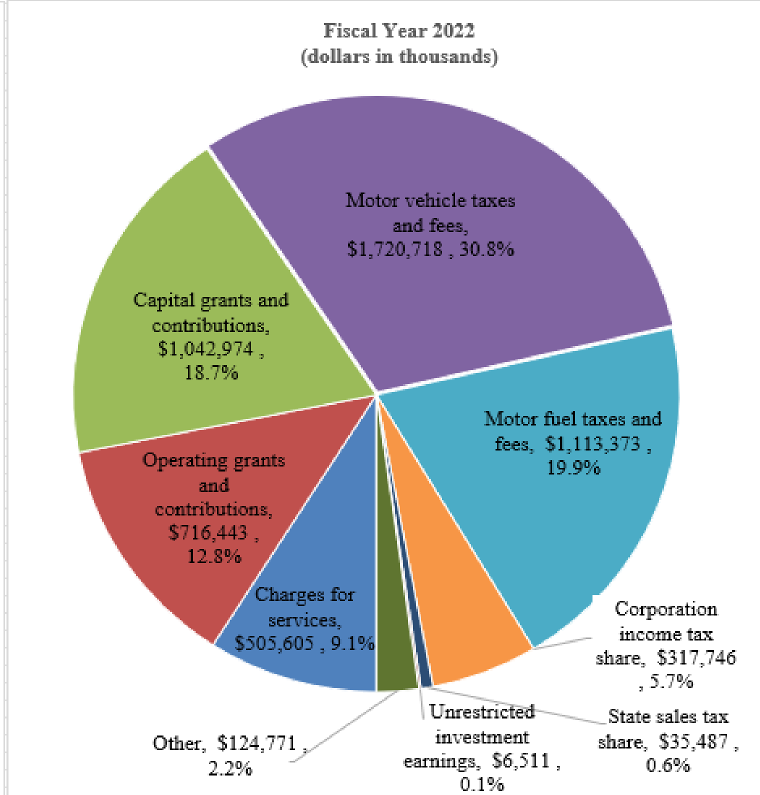
The Department's primary revenue sources are motor vehicle taxes and fees, which includes revenues from the titling tax and various driver and vehicle fees, and motor fuel taxes and fees. Motor fuel taxes and fees increased by 17% from the previous year, driven by higher fuel prices. Approximately 3 billion gallons of fuel are sold in Maryland each year. The motor vehicle taxes and fees revenue was flat with higher vehicle prices offsetting a decrease in units sold. About 1 million vehicles were sold in Maryland in fiscal year 2023. Capital grants and contributions revenue and expenses for the Maryland Transit Administration were impacted by the impaired asset recovery discussed in Note 9. Other includes a transfer from the State to support the annual funding contribution to the Washington Metropolitan Area Transit Authority (WMATA). The key elements of the Department's governmental activities are as follows (amounts expressed in thousands):

Maryland Department of Transportation
Statement of Activities

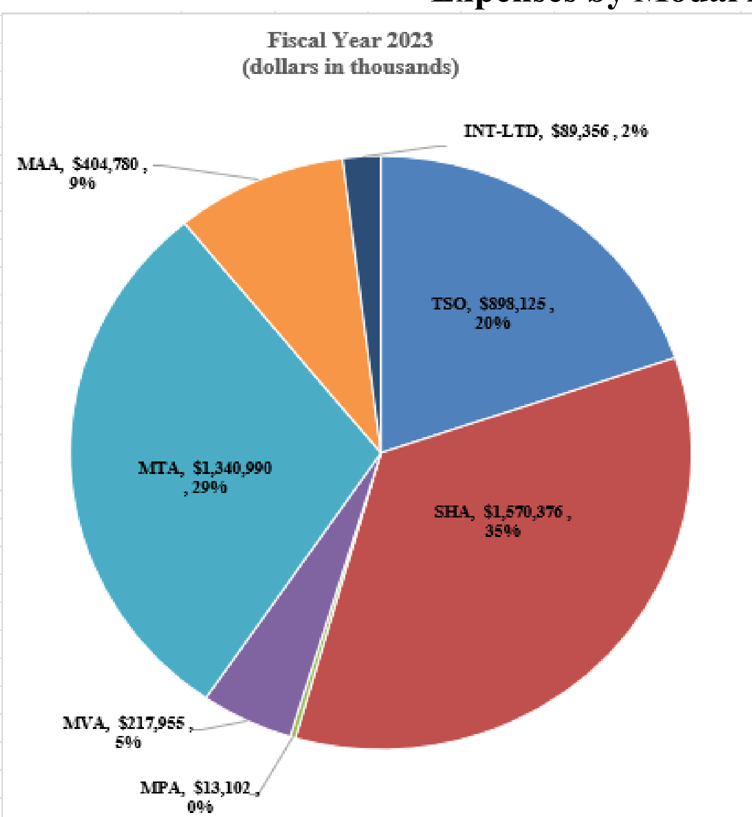
	For Fiscal Years Ended June 30,			
Governmental Activities	**2023**	**2022**	**Variance**	**% Change**
Revenues:				
Program revenues:				
Charges for services	$ 515,691	$ 505,605	$ 10,086	2.0%
Operating grants and contributions	521,950	716,443	(194,493)	-27.1%
Capital grants and contributions	1,283,674	1,042,974	240,700	23.1%
General revenues:				
Motor vehicle taxes and fees	1,718,718	1,720,718	(2,000)	-0.1%
Motor fuel taxes and fees	1,303,019	1,113,373	189,646	17.0%
Corporation income tax share	333,768	317,746	16,022	5.0%
State sales tax share	41,330	35,487	5,843	16.5%
Unrestricted investment earnings	4,177	6,511	(2,334)	-35.8%
Other	311,672	124,771	186,901	149.8%
Total revenues	6,034,000	5,583,628	450,372	8.1%
Expenses:				
Secretary's Office	898,125	970,195	(72,070)	-7.4%
State Highway Administration	1,570,376	1,809,037	(238,661)	-13.2%
Port Administration	13,102	104,879	(91,777)	-87.5%
Motor Vehicle Administration	217,955	215,319	2,636	1.2%
Transit Administration	1,340,990	1,028,956	312,034	30.3%
Aviation Administration	404,780	349,741	55,039	15.7%
Interest on long-term debt	89,356	105,198	(15,842)	-15.1%
Total expenses	4,534,684	4,583,325	(48,641)	-1.1%
Change in net position	1,499,317	1,000,303	499,014	49.9%
Net position – July 1	16,274,426	15,274,123	1,000,303	6.5%
Net position – June 30	$ 17,773,743	$ 16,274,426	1,499,317	9.2%

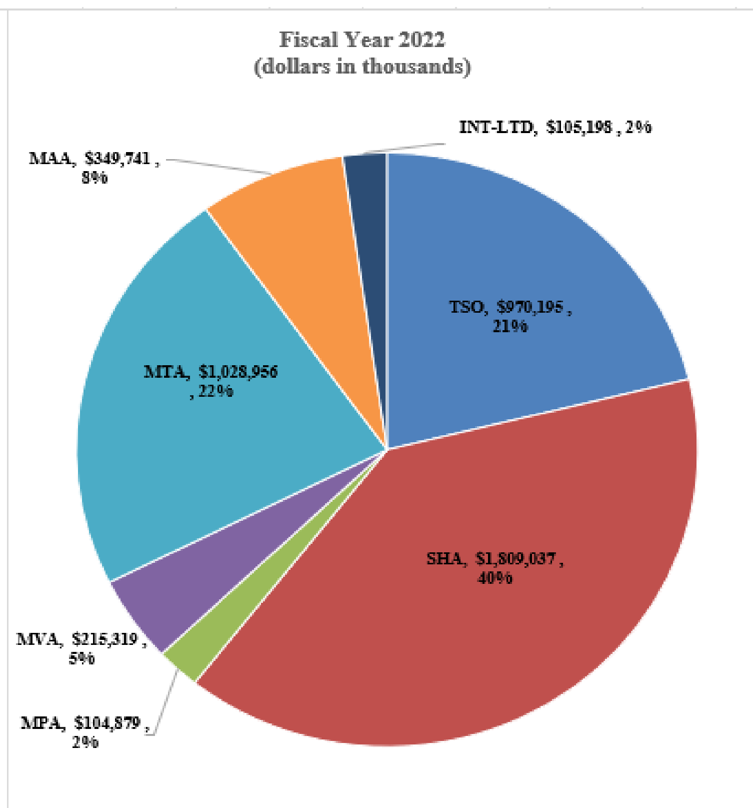
Revenues by Source





Expenses by Modal Administration





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 $625,105,000, an increase of $2,017,000 from the prior fiscal year. The Special Revenue Fund accounts for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes. Even the Department's Unassigned fund balance is restricted. Also included in the fund balance are two non-spendable designations, Inventories for $105,092,000 and prepaid items for $199,731,000

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 $625,105,000 to total Special Revenue Fund expenditures of $5,364,863,000. The total fund balance represents 11.7% of the total fund expenditures.

Capital Asset and Debt Administration

Capital assets

The Department's investment in capital assets as of June 30, 2023, amounts to $23,942,991,000 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure, and construction in progress. Additional information on the Department's capital assets can be found in Note 8.

In the current fiscal year, the Department's investments in capital assets increased by $618,893,000. 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 2023; infrastructure assets for the State Highway Administration at the close of the current fiscal year reached $26,928,602,000, an increase of $1,072,349,000, or 4.1%, from the prior fiscal year.
- Various transit projects were ongoing in the current fiscal year; construction in progress as of June 30, 2023, was $8,690,373,000, with additions of $1,074,045,000 and transfers of completed projects of $471,863,000.

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

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

	For Fiscal Years Ended June 30,			
Governmental Activities	**2023**	**2022**	**Variance**	**% Change**
Land	$ 3,025,140	$ 3,002,525	$ 22,616	0.8%
Buildings and improvements	1,537,218	1,602,405	(65,187)	-4.1%
Machinery and equipment	687,632	739,493	(51,861)	-7.0%
Infrastructure	9,961,491	9,849,026	112,465	1.1%
Seagirt Assets	41,137	42,457	(1,320)	-3.1%
Construction in progress	8,690,373	8,088,191	602,182	7.4%
Total	$ 23,942,991	$ 23,324,098	$ 618,893	2.7%

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

Long-term debt

The Department issues long-term debt to fund construction and improvements to its capital assets. Long-term debt includes Consolidated Transportation Bonds and Special Transportation Project Revenue Bonds. These bonds have separate repayment sources, credit ratings, coverage limits, and debt outstanding limits and thus will be discussed separately. Additional information on the Department's long-term debt can be found in Note 10 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 $3,297,030,000. The Department's Consolidated Transportation Bonds outstanding debt decreased by $346,445,000, or 9.5%, from the prior fiscal year. This change includes the issuance of $143,585,000 to refund prior year debt of $161,910,000 and principal payments of $328,120,000.

As provided by State law, the maximum outstanding aggregate amount of Consolidated Transportation Bonds that may be outstanding is $4,500,000,000. In addition, the General Assembly sets an annual limit on the amount of debt outstanding. For fiscal year 2023, that amount was $3,321,205,000. The Department's Consolidated Transportation Bonds outstanding as of June 30, 2023, 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,		Increase	
Governmental Activities	**2023**	**2022**	**(Decrease)**	**% Change**
Debt Outstanding	$ 3,297,030	$ 3,643,475	$ (346,445)	-9.5%
Statutory Limit of Debt Outstanding	4,500,000	4,500,000	-	0.0%
Available Legal Debt Margin	$ 1,202,970	$ 856,525	$ 346,445	

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 Special Transportation Project Revenue Bonds outstanding of $410,365,000. These bonds are secured by a gross pledge of airport revenues, exclusive of passenger facility charges and customer facility charges. These bonds maintain an “A” rating with Fitch Ratings and an “A1” rating with Moody’s Investors Services, Inc.

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

Maryland Department of Transportation
Special Transportation Project Revenue Bonds

	For Fiscal Years Ended June 30,		Increase	
Governmental Activities	**2023**	**2022**	**(Decrease)**	**% Change**
Debt Outstanding	$ 410,365	$ 410,365	$ -	0.0%

Intergovernmental financing agreements and certificates of participation

At the end of the current fiscal year the Department had intergovernmental financing agreements and certificates of participation outstanding of $260,331,000.The Department’s obligations related to the agreements increased by a net amount of $12,266,000, during the current fiscal year primarily due to the decrease in funds held in trust. The Department maintains an “AA+” rating with Standard & Poor’s, an “Aa2” rating with Moody’s Investors Services, Inc. and an “AA” with Fitch Ratings for the Certificates of Participation. Additional information on these agreements can be found in Note 12 of this report.

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

Maryland Department of Transportation
Intergovernmental Financing Agreements and Certificates of Participation

Governmental Activities	**For Fiscal Years Ended June 30, 2023**	**2022**	**Increase (Decrease)**	**% Change**
Intergovernmental Financing Agreements and Certificates of Participation	$ 260,331	$ 248,065	$ 12,266	4.9%

Leases and Subscriptions

The Department implemented GASB Statement No. 87 as of July 1, 2021. At the end of the current fiscal year, the Department recognized a long-term liability of $39,661,000 related to GASB 87 Leases. The Department implemented GASB Statement No. 96 as of July 1, 2022. At the end of the current fiscal year, the Department recognized a long-term liability of $9,812,000 related to GASB 96 Subscriptions.

Special Revenue Fund Budgetary Highlights

Between the original and final amended budgets, the Department's appropriations increased by $107,544,000 for special funds and increased by $98,799,000 for federal funds. The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual can be found on page 101 of this report.

Economic Factors and Next Year's Budgets and Rates

Fiscal year 2023 financial results were held steady with rate increases offsetting volume decreases. This is true for our largest revenue line items, motor vehicle and motor fuel taxes and fees. Motor fuel revenues are being challenged by Maryland's move to electric vehicles. The State will require all new cars sold to be electric by 2035. Several initiatives have started to replace this revenue.

Interest Rates have increased and are expected to be "higher for longer". Almost all of the Department's debt instruments are fixed rate and we have experienced little impact, yet, with limited recent issuances.

Airline enplanements are almost back to normal operating levels; public transit is not. The 12.4 million Enplaned Passenger count for fiscal year 2023 is just 8.1% lower than the recent peak, 13.5 million in fiscal year 2018. The Maryland Transit Administration reports ridership on Core and Commuter Buses, Metro, Light Rail and MARC Trains. In this ACFR's 10-year statistical reporting period, ridership peaked in 2015 at 109.8 million and is down to 56.3 million for fiscal year 2023 a decrease of 48.7%. On a positive note, the downward ridership trend has changed. Fiscal year 2021 reported 40.5 million riders. The 56.3 million reported in this fiscal year, is a 39.0% increase from that recent low.

This current fiscal year, 2024 is the last year MDOT will receive significant dollars from the federal government for COVID-19 relief. Those funds have helped sustain MDOT's operations for the past several years.

The fiscal year 2024 draft Consolidated Transportation Plan (CTP), the Department's 6 year capital plan contained a $2.1B funding shortfall, creating challenges. (Maryland code) Chapter 455 of 2023 created the Maryland Commission on Transportation Revenue and Infrastructure Needs to address the short- and long-term sustainability of the Transportation Trust Fund.

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. Octavia Robinson, Chief Financial Officer, Maryland Department of Transportation, 7201 Corporate Center Drive, Hanover, MD, 21076.

This page was intentionally left blank

Basic Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT
MARYLAND DEPARTMENT OF TRANSPORTATION

This page was intentionally left blank

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

		Total Governmental Activities
ASSETS:		
Cash and cash equivalents - restricted	$	167,864
Taxes receivable, net		166,098
Intergovernmental receivable		637,990
Other accounts receivable		452,438
Due from other State agencies		250,004
Lease receivable		242,855
Prepaids		199,731
Inventories		105,092
Capital assets not depreciated:		
Construction in progress		8,690,374
Land		3,025,140
Capital assets (net of depreciation/amortization):		
Buildings and improvements		1,537,218
Machinery and equipment		687,633
Infrastructure		9,961,490
Seagirt assets		41,137
Total assets		26,165,064
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount for pensions		291,254
Deferred amount for OPEB		94,417
Total deferred outflows of resources		385,671
LIABILITIES:		
Salaries payable		23,928
Accounts payable and other current liabilities		616,420
Accounts payable to political subdivisions		75,651
Due to other State agencies		66,700
Unearned revenue		31,790
Accrued interest payable		37,515
Noncurrent liabilities:		
Due within one year		446,849
Due in more than one year		6,263,059
Total liabilities		7,561,912
DEFERRED INFLOWS OF RESOURCES:		
Deferred service concession arrangement receipts		210,356
Deferred amount for refunding bonds		19,024
Deferred amount for leases		234,216
Deferred amount for pensions		394,131
Deferred amount for OPEB		357,353
Total deferred inflows of resources		1,215,080
NET POSITION:		
Net investment in capital assets		19,536,326
Unrestricted deficit		(1,762,583)
Total net position	$	17,773,743

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

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

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Positon: Total Governmental Activities
Governmental activities:					
Secretary's Office	$ 898,125	$ 10,984	$ 10,149	$ 5,890	$ (871,102)
State Highway Administration	1,570,376	48,802	73,502	637,509	(810,563)
Port Administration	13,102	67,088	-	8,896	62,882
Motor Vehicle Administration	217,955	142	9,367	-	(208,446)
Transit Administration	1,340,990	94,356	428,177	611,931	(206,525)
Aviation Administration	404,780	294,319	755	19,448	(90,258)
Interest on long-term debt	89,356	-	-	-	(89,356)
Total governmental activities	$ 4,534,684	$ 515,691	$ 521,950	$ 1,283,674	(2,213,369)
General revenues:					
Motor vehicle taxes and fees					1,718,718
Motor fuel taxes and fees					1,303,019
Corporation income tax share					333,768
State sales tax					41,330
Unrestricted investment earnings					4,177
Other revenue					311,672
Total general revenues					3,712,685
Change in net position					1,499,317
Net position, July 1, 2022					16,274,426
Net position, June 30, 2023					$ 17,773,743

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

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

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

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

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

Amounts reported for governmental activities in the statement of net assets are different because:		2023
Amount in governmental funds, fund balance (page 46)	$	625,105
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements.		23,942,991
Accrued interest payable on bonds and capital leases		(37,515)
Long-term liabilities not due and payable in the current period and, therefore, are not reported in the fund financial statements, includes the following:		
Unavailable revenue		548,262
Deferred amount on refunding bonds		(19,024)
CTB Bonds payable		(3,297,030)
Special Transportation Revenue Bonds		(410,365)
Intergovernmental financing agreements		(260,331)
Lease Payable		(39,661)
Subscription Payable		(9,812)
Pollution liability		(37,959)
MTA OPEB liability		(750,748)
Net pension liability		(1,373,482)
Premium on bonds not liquidated with current financial resources		(354,866)
Workers' compensation costs		(72,313)
Energy savings liability		(15,577)
Compensated absences		(87,764)
Net deferred outflows and inflows related to pensions and OPEB		(365,813)
Deferred service concession arrangement receipts		(210,356)
Net position of governmental activities (page 44)	$	17,773,743

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

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

	Special Revenue	Nonmajor Governmental Fund: Debt Service	Total Governmental Funds
REVENUES:			
Taxes:			
Motor vehicle taxes and fees	$ 1,718,718	$ -	$ 1,718,718
Motor vehicle fuel taxes and fees	1,303,019	-	1,303,019
Revenue sharing of State corporation income tax	333,768	-	333,768
Revenue sharing of State sales tax	41,330	-	41,330
Federal reimbursements	1,217,302	-	1,217,302
Charges for services	515,691	-	515,691
Passenger facility charges	45,520	-	45,520
Customer facility charges	9,430	-	9,430
Investment earnings	4,177	-	4,177
Impaired asset recovery	399,893	-	399,893
Other	231,260	-	231,260
Total revenues	5,820,108	-	5,820,108
EXPENDITURES:			
Current:			
Department administration, operating, and maintenance expenditures:			
Secretary's Office	179,463	-	179,463
State Highway Administration	304,001	-	304,001
Port Administration	100,677	-	100,677
Motor Vehicle Administration	218,287	-	218,287
Transit Administration	922,406	-	922,406
Aviation Administration	329,340	-	329,340
Intergovernmental:			
Highway user revenue distributions and federal fund pass-thru to local subdivisions	366,291	-	366,291
Washington Metropolitan Area Transit Authority grants	716,664	-	716,664
Debt service:			
Principal repayment	-	328,120	328,120
Interest	-	152,341	152,341
Impaired asset recovery	399,893	-	399,893
Capital outlay	1,827,841	-	1,827,841
Total expenditures	5,364,863	480,461	5,845,324
Excess of expenditures over revenues	455,245	(480,461)	(25,216)
OTHER FINANCING SOURCES (USES):			
Issuance of Consolidated Transportation Bonds refunding bonds	143,585	-	143,585
Premium on CTB refunding bonds	21,740	-	21,740
Payment to refund CTB debt	(161,910)	-	(161,910)
Issuance of lease agreements	23,817	-	23,817
Debt service transfer	(480,461)	480,461	-
Total other financing sources and (uses)	(453,228)	480,461	27,233
Net change in fund balances	2,017	-	2,017
Fund balances, July 1, 2022	623,088	-	623,088
Fund balances, June 30, 2023	$ 625,105	$ -	$ 625,105

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

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

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds (page 48)		$ 2,017
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period.		
Capital outlays	$ 1,827,841	
Loss on disposal of assets	(14,740)	
Depreciation/amortization expense	(1,194,208)	
		618,893
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue		213,890
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Premium on bonds	$ (21,740)	
Reductions of premium	82,880	
Principal repayment of bonds	328,120	
Debt issued, Consolidated Transportation Bonds (CTB)	(143,585)	
CTB refunding payments to escrow agent from refunding bonds	161,910	
Intergovernmental financing agreements	(12,266)	
Lease and Subscription Payable	(12,479)	
		382,840
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.		
Accrued interest	$ 6,595	
Compensated absences	(8,469)	
Energy savings liability	5,458	
Pollution obligations	115,343	
Workers compensation	5,716	
State net pension liability	(168,447)	
MTA net pension liability	(6,958)	
MTA OPEB obligation	239,167	
		188,405
Deferred financing inflows (outflows)		
Pension activity	$ 318,550	
OPEB activity	(229,722)	
Amortization of deferred concession receipts	16,023	
Refunding bonds	(11,580)	
		93,271
Change in net position of governmental activities (page 45)		$ 1,499,317

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

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

	Maryland Transit Administration Pension Plan Trust Fund	Custodial Fund
ASSETS		
Cash and cash equivalents	$ 9,330	$ 26,262
Receivables:		
Accrued investment income	1,487	-
Investment sales proceeds	3,291	-
Total receivables	4,778	-
Investments:		
U.S. Government obligation	46,985	-
Domestic corporate obligations	27,588	-
International obligations	11,943	-
Domestic stocks	78,100	-
International stocks	71,984	-
Mortgages and mortgage related securities	12,477	-
Alternative investments	231,610	-
Total investments	480,687	-
Collateral for loaned securities	43,231	-
Total assets	538,026	26,262
LIABILITIES		
Obligation for collateral for loaned securities	43,231	-
Manager fees payable	92	-
Accounts payable and accrued liabilities	7,337	9,788
Total Liabilities	50,660	
NET POSITION:		
Restricted for pension	$ 487,366	
Restricted for other governments		$ 16,474

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

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

	Maryland Transit Administration Pension Plan Trust Fund	Custodial Fund
ADDITIONS:		
Contributions from employer	$ 54,648	-
Contributions from employees	8,302	-
Total Contributions	62,950	
Funding offset to political subdivision		$ 15,625
INVESTMENT INCOME:		
Interest and Dividend Income	21,574	-
Net Appreciation (Depreciation) in Fair Value of Investments	(3,688)	-
Less: Investment Expenses	(3,278)	-
Net Income from Securities Lending Activities	177	-
Net Investment Income (Loss)	14,785	-
Total additions	77,735	15,625
DEDUCTIONS:		
Benefit payments/Contribution withdrawals	50,465	-
Debt Service payments	-	14,443
Reimbursement to political subdivision	-	9,796
Administrative expenses	146	-
Total deductions	50,611	24,239
Change in net postion	27,124	(8,614)
Net positon, July 1, 2022	460,242	25,088
Net position, June 30, 2023	$ 487,366	$ 16,474

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

Index for Notes to the Financial Statements

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

1. Summary of Significant Accounting Policies:

A. Reporting Entity:

The Maryland Department of Transportation (Department), a department of the State of Maryland, was established by statute in 1971. The Department is responsible for carrying out the Governor's policies in the area of transportation under statutory mandates, guidelines and constraints established by the Maryland General Assembly. The Department has the responsibility for most State-owned transportation facilities and programs, including planning, financing, constructing, operating, and maintaining various modes of transportation and carrying out related licensing and administrative functions. The Department includes the Secretary's Office (TSO), which provides overall policy direction, guidance, and support to five modal administrations and one authority: the Maryland Aviation Administration (MAA), the Maryland Port Administration (MPA), the Maryland Transit Administration (MTA), the Motor Vehicle Administration (MVA), the StateHighway 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 generalrule, 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 fundfinancial statements, as fiduciary assets are not available for the Department's use. Separate financial statements are provided for the MTA Employee Pension Plan Trust Fund, additional information at Note 15. The custodial fund is used to report on the County Transportation Revenue Bond program on behalf of Baltimore City, currently the only political subdivision using this program.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function areoffset by program revenues. Direct expenses are those that are clearly identifiable with a specific function.Program revenues include:

- 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 itemsnot 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 whenearned 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 providerhave been met.

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

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

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

The Department collects and receives various types of motor vehicle taxes and fees. These taxes and 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 portionof the State's corporation income tax and the sales tax on short-term vehicle rentals, wharfage fees, a portion of landing fees, fare box revenues, bond proceeds, federal grants for transportation purposes, andother 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 arededicated to the payment of Consolidated Transportation Bonds and constitute the sole sources to which holders of Consolidated Transportation Bonds may legally look for repayment.

The Department reports the following non-major governmental fund:

Debt Service Fund:

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

Additionally, the Department reports the following fund types:

MTA Employee Pension Plan Trust Fund:

The MTA Employee Pension Plan Trust Fund (MTA Pension Trust Fund) accounts for the activities of the MTA Employee Pension Plan, which accumulates resources for pension benefit payments to qualifiedMTA employees. The MTA Pension Trust Fund accounts for plan assets at their fair value. Additional information regarding the MTA Employee Pension Plan is included in Note 15. The accounts of the 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 arerecorded at the time the liabilities are incurred, and pension benefits are recorded when paid.

Custodial Fund:

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

D. New Pronouncements:

The Governmental Accounting Standards Board (GASB) previously issued:

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

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

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

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

- Statement No. 101, *Compensated Absences*.

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

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

A. All Funds:

Deposits and investments:

The State Treasurer's Office operates a centralized cash receipt, investment, and disbursement function for the majority of the State's funds as required by statute. Certain pension funds, agency funds, and other fundsare specifically exempt from this function by law. Individual fund equity in pooled invested cash is 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 StateTreasurer's Office and the Department's Special Revenue Fund retains its interest earnings per statute. Statelaw establishes allowed investments and other investment criteria that the State Treasurer's Office must follow. The Department's cash on hand, demand deposits and short-term investments maturing within 90 days from the date purchased are considered as cash and cash equivalents. The Department's investmentsare recorded at fair value and changes in fair value are recognized as revenue. Additional information on permitted investments is available in the State's Annual Comprehensive Financial Report, available at: https://www.marylandtaxes.gov/reports/cafr.php.

The cash and cash equivalents and investments of the MTA Pension Trust Fund are maintained by the 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 tomake investments subject to the terms, conditions, limitations and restrictions imposed by the Board of Trustees of the System. The System's investments are commingled in three combined investment funds. Twoinvestment funds consist principally of bonds and other fixed income investments, while the other investmentfund consists principally of common stocks.

Receivables and payables:

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

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

Inventories and prepaid items:

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In governmental fund 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 throughan executed grant agreement.

Capital assets:

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

Capital assets are recorded at historical cost if purchased or constructed. The cost of constructed assets includes materials, labor, design, and any other costs directly related to putting the asset in use. Donated capital assets or donated works of art are recorded at acquisition value at the date of donation. Also, capital assets received in a service concession arrangement should be reported at acquisition value. 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
Transit vehicles and equipment	10-25
Buildings and improvements	5-50
Other vehicles	3-10
Office equipment	3-10
Computer equipment	3-10
Lease assets	Lease term

Deferred outflows/inflows of resources:

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense) until then. The

Department has two items that qualify for reporting in this category: deferred amount for pensions and the deferred amount for other post-employment benefits (OPEB). Additional information concerning pensions can be found in Note 15 and for OPEB, Note 16.

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

- Service concession arrangements - Note 9;
- Refunding bonds - Note 11;
- Leases – Page 59
- Pensions - Note 15
- OPEB, Note 16.

Compensated absences:

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

All full-time State employees accrue annual leave based on the number of years employed up to a maximum of 25 days per calendar year. Earned annual leave may be accumulated up to a maximum 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 reportedas liabilities. Bond premiums and discounts adjust the carrying value of the bonds and are amortized overthe life of the bonds. Bond issuance costs are expensed as incurred.

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

Fund balance:

The Department's Balance Sheet for the reservation of fund balance includes the following categories:

- (1) Non spendable fund balance (which includes inventories and prepaid items),
- (2) Restricted fund balance (for debt service items),
- (3) Committed fund balance (imposed by legislative action),

- (4) Assigned fund balance (for loans receivable, agency activities and other function related activities), and
- (5) Unassigned fund balance. The Unassigned fund balance is the residual classification for the Department and includesall 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 userestricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources are available for use it is the Department's policy to use committedresources first, then assigned, and then unassigned as they are needed.

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

Leases/Subscription Based Information Technology Arrangements (SBITAs):

The Department acts as both a lessee/SBITA subscriber and a lessor.

The Department is a lessee for noncancellable leases of buildings and infrastructure and a subscriber of subscription-based information technology arrangements for noncancellable software arrangements. The Department recognizes a lease/SBITA liability and an intangible right-to-use lease asset (lease asset)/SBITA asset in the government-wide financial statements. Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term debt on the Statement of Net Position.

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

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

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

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

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

Estimates:

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

The remainder of this page was intentionally left blank.

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

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

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

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

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

- (1) net investment in capital assets,
- (2) restricted (distinguishing between major categories of restrictions), and
- (3) unrestricted.

The remainder of this page was intentionally left blank.

4. Deposits and Investments:

Investments at Fair Value:

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

As reported by the Maryland State Retirement and Pension System (MSRPS), the fiduciary funds have the following fair value measurements as of June 30, 2023 (amounts expressed in millions):

Investments by fair value level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Government obligations	$ 47	$ 47	$ -	$ -
Domestic corporate obligations	28	-	28	-
International obligations	12	-	12	-
Mortgages & mortgage related securities	13	-	-	13
Total debt securities	100	47	40	13
Equity Securities				
Domestic stocks (including REITs)	78	78	-	-
International stocks (including REITs)	72	72	-	-
Total equity securities	150	150	-	-
Alternative Investment	-	-	-	-
Total investment by fair value level	**$ 250**	**$ 197**	**$ 40**	**$ 13**
Investment measured at the net asset value (NAV)				
Equity Open-End Fund	$ 33			
Private Funds (includes equity, real estate, credit, energy, infrastructure and timber)	135			
Real Estate-open ended	32			
Multi-asset	1			
Hedge Funds				
Equity long/short	6			
Event-driven	4			
Global macro	7			
Relative value	12			
Opportunistic	1			
Total investment measured at the NAV	**231**			
Total	**$ 481**			

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

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Funds (includes equity, energy, credit, infrastructure, timber, commodity and real estate (1)	$ 135	$ 73		
Real Estate-open ended (3)	32		Quarterly	45 - 90 days
Equity open-end fund (2)	18		Daily	1 day
	12		Monthly	7-30 days
	3		Triennially	150 days
Multi-asset (9)	1		Monthly	5 days
Hedge Funds				
Equity long/short (5)	5		Monthly	30 - 45 days
	2		Quarterly	60 days
Event-driven (6)	1		Quarterly	15 days
	1		Quarterly	60 - 90 days
	1		Quarterly	120 days +
Global macro (4)	2		Monthly	5 - 30 days
	5		Monthly	60 - 90 days
	1		Quarterly	60 - 90 days
Relative value (7)	1		Monthly	30 days
	3		Quarterly	30 days
	7		Quarterly	45 - 90 days
Opportunistic (8)	1		Quarterly	90 days
Total	$ 231	$ 73		

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

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

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

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

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

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

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

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

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

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

Security Lending Transactions

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

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

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

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

MSRPS maintains the right to terminate the securities lending transactions upon notice. The lending agent reinvests the cash collateral received on each loan utilizing indemnified repurchase agreements (repos). As of June 30, 2023, such repos had average days to maturity of 6.28 days. MSRPS cannot pledge or sell collateral securities received unless (and until) a borrower defaults. At year-end, MSRPS had no credit risk exposure to borrowers because the amount MSRPS owed the borrowers exceeded the amount the borrowers owed MSRPS. The fair value of securities on loan and cash value of collateral held as of June 30, 2023 (in thousands) was $42,410,000 and $43,231,000, respectively.

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

Securities Lent	Fair Value Loaned Securities	Collateral Fair Value	Percent Collateralized
Lent for cash collateral			
U.S. government and agency	$ 26,101	$ 26,650	103.4%
Domestic bond & equity	16,129	16,393	103.3%
International fixed	25	25	102.5%
International equity	155	163	106.9%
Total securities lent	$ 42,410	$ 43,231	103.4%

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

The Department discloses investment risk as follows:

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

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

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

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

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

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

5. Receivables and Unearned Revenue:

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

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

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

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

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

The Department's Lease receivable is related to the leases held by MPA of $208,777,000 and held by MAA of $34,079,000.

The Department's due from other State agencies totals $250,004,000 and includes $156,170,000 for the amount due from the State Comptroller's Office for cash transfers related to the collection of certain transportation revenues not transferred to the Department as of June 30, 2023; $83,331,000 due from the

MDTA for airport passenger facility charge (PFC) and $9,170,000 for customer facility charge (CFC) collections; $1,189,000 due from the Maryland Department of Budget and Management for the health benefits refund; and $145,000 due from the MDTA for the Intercounty Connector.

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

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

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

Unavailable Revenue	Special Revenue Fund
Federal receivables	$ 455,762
MAA PFC and CFC Improvement Funds	92,500
Total unavailable revenue	$ 548,262

6. Interfund Transfers:

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

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

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

7. Due to Other State Agencies:

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

8. Capital Assets:

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

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

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

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

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

9. Service Concession Arrangements:

The Department entered into a long-term lease with Ports America Chesapeake in 2009 to manage, operate and maintain the Seagirt Marine Terminal. This agreement satisfies the criteria established to be considered a service concession arrangement. Under the terms of the ground lease, the Department transfers certain rights to Ports America Chesapeake for a term of 50 years. After 50 years the Department has the option to buy Ports America Chesapeake's equipment. Ports America Chesapeake charges and collects fees from users for container lifts, short tons of roll on-roll off, breakbulk, and bulk cargo and pays the operating costs, management fee and debt service associated with the project. The Department has the ability to approve what services the operator is required to provide. As of June 30, 2023, the capital assets, net accumulated depreciation, and deferred receipts, were $41,137,000.

The Department entered into a public-private partnership agreement for the design, construction, financing, operation, and maintenance of a new light rail line, the Purple Line. This agreement satisfies the criteria established to be considered an availability payment arrangement. The agreement was originally entered into in 2016 and was subsequently modified in 2022. Under the terms of the agreement, the Department transfers certain rights to Purple Line Transit Partners, LLC for a construction term of 10 years and an operation and maintenance period of 30 years. Purple Line Transit Partners, LLC was selected through a competitive process as the concessionaire. As of June 30, 2023, the Purple Line construction is estimated to be 50% complete with $2,300,000,000 of expenses included in Construction In Progress accounts. The amounts reported in the June 30, 2023, balances include a $399,893,000 addition for the recovery of an impaired asset. In fiscal year 2020 management expensed this amount over uncertainty regarding the status of the design-build contract. Since that time a new design-build contractor was competitively selected and construction resumed. The Department and concessionaire are fully committed to the successful completion of this project.

10. Long-term Liabilities:

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

Changes in Long-Term Liabilities
(amounts expressed in thousands)

Governmental activities:	**Beginning Balance July 1, 2022**	**Additions**	**Reductions**	**Ending Balance June 30, 2023**	**Due Within One Year**
Transportation bonds (1)	$ 3,643,475	$ 143,585	$ (490,030)	$ 3,297,030	$ 292,120
Special transportation project revenue bonds (1)	410,365	-	-	410,365	26,755
Intergovernmental financing agreements (1&4)	248,065	38,116	(25,850)	260,331	27,010
Lease Payable (1)	23,737	29,295	(13,371)	39,661	7,632
Subscriptions payable (1&3)	13,257	-	(3,445)	9,812	3,493
Pollution obligations (2)	153,302	24,311	(139,654)	37,959	4,450
MTA OPEB liability	989,915	-	(239,167)	750,748	-
State Employees' Plan net pension liability	466,405	168,447	-	634,852	-
MTA Plan net pension liability	731,672	6,958	-	738,630	-
Premium on bonds (1)	416,006	21,740	(82,880)	354,866	57,039
Workers' compensation costs	78,029	14,152	(19,868)	72,313	10,847
EPC obligations (1)	21,035	-	(5,458)	15,577	5,223
Compensated absences	79,295	40,023	(31,554)	87,764	12,280
Total long-term liabilities – governmental activities	$ 7,274,558	$ 486,627	$(1,051,277)	$ 6,709,908	$ 446,849

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

(2) Change in estimate.

(3) GASB 96 implementation.

(4) Additions are the year over year change (decrease) for funds held in trust.

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

11. Long-Term Debt:

Consolidated Transportation Bonds

The Department issues Consolidated Transportation Bonds to provide funds for the acquisition and construction of major capital facilities. Consolidated Transportation Bonds are limited obligations issued by the Department for highway, port, airport, rail or mass transit facilities or any combination of such facilities. Pursuant to the State Constitution, tax-supported debt such as Consolidated Transportation Bonds must be fully paid within 15 years from the date of issue. As provided by State law, the General Assembly establishes in the budget for each fiscal year a maximum outstanding aggregate amount of Consolidated Transportation Bonds as of June 30 of the respective fiscal year that may not exceed $4,500,000,000. The aggregate principal amount of those bonds that were allowed to be outstanding as of June 30, 2023, was $3,321,205,000. The aggregate principal amount of Consolidated Transportation Bonds outstanding as of June 30, 2023, was $3,297,030,000. Consolidated Transportation Bonds are paid from the Debt Service Fund. As of June 30, 2023, the Department has no defeased debt outstanding.

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

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

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

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

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

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

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

Special Transportation Project Revenue Bonds

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

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

Series 2021A Bonds were issued in February 2021 in the amount of $219,880,000 to redeem previous intergovernmental financing agreements. The Series 2021A Bonds are dated with maturities ranging from 2024 to 2031, at annual interest rates ranging from 0.36%-1.69%. Series 2021B were issued in July 2021 in the amount of $190,485,000 to finance the construction of the Concourse A/B Connector and Baggage Handling System Replacement project. The Series 2021B Bonds are dated with maturities ranging from 2026 to 2051, at annual interest rates ranging from 4.0%-5.0%. At the end of the current fiscal year the Department had total Special Transportation Project Revenue Bonds outstanding of $410,365,000.

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

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

County Transportation Revenue Bonds

County Transportation Revenue Bonds, enacted during the 1993 session of the General Assembly, are issued by the Department and the proceeds are used by participating counties and Baltimore City to fund local road construction, reconstruction and other transportation projects and facilities and to provide local participating funds for federally aided highway projects. Debt service on these bonds is payable from, and the obligation of, the respective county or Baltimore City.

Baltimore City is the only jurisdiction currently participating in the program. Unexpended bond proceeds in the amount of $10,994,310 and certain debt service sinking fund amounts aggregating $15,267,514 were invested in money market accounts and with the State Treasurer as of June 30, 2023. These funds are reported as restricted cash and cash equivalent in the agency funds. The two amounts are restricted for project funds and county bond debt service respectively. As of June 30, 2023, $76,020,000 in County Transportation Revenue Bonds was outstanding.

12. Intergovernmental Financing Agreements and Certificates of Participation:

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

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

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

- $3,270,000 in obligations related to Project Certificates of Participation for Maryland Transit Administration Projects, Series 2010 (refunding), issued on December 1, 2010, at annual coupon rates ranging from 3.0-5.0%;
- $2,295,000 in obligations related to Project Certificates of Participation for the Maryland Port Administration Facility Project, Series 2016 (refunding), issued on November 30, 2016, at an annual coupon rate of 5%.
- $18,625,000 in obligations related to Project Certificates of Participation for the Maryland Aviation Administration's Shuttle Bus Fleet Acquisition, Series 2019, issued on March 27, 2019, at annual coupon rates ranging from 3.0-5.0%.
- $64,755,000 on long-term obligations for bonds issued by the MDTA related to the financing of BWI Marshall Airport's Consolidated Rental Car Facility, Series 2002, issued on June 18, 2002, at annual coupon rates ranging from 2.74-6.65%.
- $28,220,000 on long-term obligations for bonds issued by the MDTA related to the financing of a connector hallway between Concourses B and C at BWI Marshall Airport, Series 2012, issued on April 25, 2012, at annual coupon rates ranging from 4.0-5.0%.
- $73,350,000 on long-term obligations for bonds issued by the MDTA related to the financing of BWI Marshall Airport's runway safety and paving improvement projects, Series 2012, issued on December 13, 2012, with fixed rate bonds with coupon rates ranging from 2.0-4.0%, and variable rate demand bonds with an interest rate of 2.37% as of June 30, 2023.
- $26,290,000 on long-term obligation for bonds issued by the MDTA related to the financing of a connector hallway between Concourses C and D at BWI Marshall Airport, Series 2014, issued on December 18, 2014, at annual coupon rates ranging from 3.0-5.0%; and
- $97,295,000 on long-term obligations for bonds issued by the MDTA related to various improvements at BWI Marshall Airport, Series 2019, issued on June 19, 2019, at annual coupon 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 Intergovernmental Financing Agreement and Certificates of Participation obligations and the net value of these minimum payments as of June 30, 2023, were as follows (amounts expressed in thousands):

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

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

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

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

13. Leases and Subscription Based Information Technology Agreements (SBITA)

Department as Lessor (lease receivable):

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

Department as Lessee/SBITA subscriber (lease and SBITA payable):

The Department has entered into various lease agreements as lessee for noncancellable leases of office space and infrastructure (parking) and a subscriber of subscription-based information technology arrangements (SBITAs) for noncancellable software arrangements. Certain real estate leases require additional payments for common area maintenance, real estate taxes, and insurance, which are expensed as incurred as variable lease payments. If the interest rate implicit in the leases is not readily determinable, the Department utilizes its incremental borrowing rate to discount the lease payments, estimated at 3%.

As of June 30, 2023, the Statement of Net Position includes the following amounts relating to leases and SBITAs (amounts expressed in thousands):

Governmental activities		
Lease assets/SBITAs:		
Building & improvements	$	26,192
Infrastructure		15,352
SBITAs		13,257
Total lease assets/SBITAs		54,801
Less accumulated amortization for:		
Lease assets:		
Building & improvements		12,563
Infrastructure		2,913
SBITAs		3,445
Total accumulated amortization		18,921
Total lease assets/SBITAs, net:		
Building & improvements		13,629
Infrastructure		12,439
SBITAs		9,812
Total	$	35,880

Lease/SBITA Payable		
Current	$	8,204
Non-current		41,269
Total	$	49,473

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

Year Ended June 30,	Principal	Interest	Total
2024	$ 11,125	$ 1,452	$ 12,577
2025	10,110	1,126	11,236
2026	7,823	824	8,647
2027	4,626	586	5,212
2028	3,245	450	3,695
2029-2101	12,544	3,766	16,310
Total	$ 49,473	$ 8,204	$ 57,677

14. Pollution Remediation Obligations:

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

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

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

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

Regulator or the Department has legally obligated itself under Section 7-201 of the Environment Article of the Annotated Code of Maryland.

Cost estimates for the Department's pollution remediation, due to site contamination from hazardous materials, are based on managerial cost estimates. The estimated long-term costs that the Department may be responsible for over the next 15 years include: various cleanup projects related to several MTA construction sites and projects related to cleanup of underground hazardous substances at the MPA's Dundalk Marine Terminal and land recently purchased for a dredge material disposal site. The Dundalk Marine Terminal's pollution remediation liability was reviewed, and the present value of the estimated liability was significantly reduced during the fiscal year ended June 30, 2023 due to reduced yearly remediation expenses.

15. Retirement Systems and Pension Plans:

The Department is a member of the Maryland State Retirement System and Pension System (MSRPS) and sponsors a pension plan covering the employees of MTA. The Department recognized a $90,795,000 expense from the system and the MTA plan recognized a gain of $28,056,000, for a Department wide pension expense of $62,739,000.

M*aryland State Retirement and Pension System:*

The Department and its employees contribute to MSRPS. 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 MSRPS receive separate actuarial valuations in order to determine their respective funding levels and actuarial liabilities.

While MSRPS 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 MSRPS pooled assets rather than from assets relating to a particular plan participant.

The State Retirement Agency is the administrator of MSRPS. MSRPS 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. MSRPS prepares a separately audited Annual Comprehensive Financial Report, which can be obtained from the System and is available at: http://www.sra.maryland.gov/ -annual-financial-reports and includes additional information about MSRPS actuarial assumptions, long-term expected rate of return on pension plan investments, discount rate and pension plan fiduciary net position.

Plan description:

MSRPS 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, aminimum of 10 years of eligibility service are required on the date of retirement. The annual pension allowance for a member equals 1.5% of the member's five-year AFS multiplied by the number of years of creditable service. A member may retire with reduced benefits at age 60 with at least 15 years of eligible service. Benefits are reduced by 0.5% per month for each month remaining until the retiree reaches the normal retirement service age. The normal retirement service age is 65, with a maximum reduction of 30%.

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

Funding policy:

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

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

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

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

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

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Changes of assumptions	$ 69,255	$ 6,311
Change in experience	-	44,915
Contribution after measurement date	82,028	
Change in proportionate share	1,398	2,117
Net difference between projected and actual earning on pension plan investments	1,585	-
Total	$ 154,266	$ 53,343

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

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

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

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

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Department's net pension liability, calculated using a single discount rate of 6.80%, a change from the prior year's 7.40% rate, as well as what the net position liability would be if the single discount rate is 1-percentage-point lower or 1-percentage-point higher (amounts expressed in thousands):

	1% Decrease 5.80%	Discount Rate 6.80%	1% Increase 7.80%
Proportionate share of the State's net pension liability	$ 974,064	$ 634,852	$ 353,384

Maryland Transit Administration Employee Pension Plan:

Plan description:

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

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

Benefits Provided:

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

Funding Policy:

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

During fiscal year 2023, the MTA contributed $54,648,000 to the plan, $1,278,000 less than the actuarially determined contribution due to a year end timing issue. The contribution equals 32.15% of covered payroll.

Assumptions and other inputs:

The actuarial method and significant assumptions listed below were used in the actuarial valuation of the Plan for the MTA Plan as of July 1, 2023:

Actuarial Cost Method:	Entry Age – Level Dollar Normal Cost
Amortization Method:	Level Dollar Closed
Wage Inflation: Salary increases: Investment rate of return: Municipal bond rate: Single discount rate: Retirement age:	2.75% 2.40% to 10.55% including inflation 6.80% 3.86% 5.37% Age-based table of rates that are specific to the type of eligibility condition.
Mortality:	• Pre-retirement: 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.

Plan Fiduciary Net Position:

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

Net Pension Liability of the Plan:

The total pension liability of the MTA Plan was determined by an actuarial valuation as of July 1, 2023.

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

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

Total pension liability	$ 1,225,996
Less: Plan fiduciary net position	(487,366)
Employer net pension liability	$ 738,630
Plan fiduciary net position as a percentage of the total pension liability	39.75%

The sensitivity of the net pension liability to changes in the discount rate:

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

	1% Decrease 4.37%	**Discount Rate 5.37%**	**1% Increase 6.37%**
Net pension liability	$ 905,838	$ 738,630	$ 599,604

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 18,251	$ 46,414
Changes of assumptions	104,273	294,374
Net difference between projected and actual earning on pension plan investments	14,464	-
Total	$ 136,988	$ 340,788

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 ended June 30,	Amount
2024	$ (49,223)
2025	(40,767)
2026	(41,328)
2027	(71,259)
2028	(1,223)
Total	$ (203,800)

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

Total Pension Liability	
Service cost	$ 29,389
Interest on the Total Pension Liability	62,495
Changes of benefit terms	-
Differences between expected and actual experience	21,902
Change of assumptions	(29,238)
Benefit payments, including refunds of member contributions	(50,465)
Net Changes in total pension liability	34,082
Total pension liability - beginning	1,191,914
Total pension liability - ending	$1,225,996
Plan fiduciary net position	
Contributions - employer	54,648
Contributions - member	8,302
Net investment income	14,786
Benefit payments, including refunds of member contributions	(50,465)
Administrative expense	(146)
Net Changes in plan fiduciary net position	27,124
Plan fiduciary net position - beginning	460,242
Plan fiduciary net position - ending	487,366
Net pension liability - ending	$ 738,630

16. Other Postemployment Benefits:

State Employee and Retiree Health and Welfare Benefits Program of Maryland

Plan Description:

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

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

Funding Policy:

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

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

The State subsidizes a portion of the covered medical, dental, prescription, and hospitalization costs, depending on the type of insurance plan. The Plan assesses a surcharge for postemployment health care benefits, which is based on health care insurance charges for State employees. The State does not distinguish employees by employer/State agency. For the years ended June 30, 2023, 2022, 2021, 2020, and 2019, the State did not allocate postemployment health care costs to participating employers and as a result did not require 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 OPEB Plan

Plan Description:

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

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

Funding Policy:

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

Actuarial Methods and Assumptions:

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

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

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

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

Discount rate:

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

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

The following presents the plan’s OPEB liability, calculated using as single discount rate of 3.69%, as well as what the plan’s OPEB liability would be if it were calculated using a single discount rate, that is 1-percentage-point lower or 1-percentage-point higher (amounts expressed in thousands):

	1% Decrease 2.69%	Discount Rate 3.69%	1% Increase 4.69%
Total OPEB Liability	$ 868,446	$ 750,748	$ 654,427

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

The following presents the MTA Health Plan's OPEB liability, calculated using the health care cost trend assumption (trend vector) that changes over the years. The trend vector used in this valuation begins with a near-term trend assumption and declines over time to an ultimate trend rate. Also included are the plan's OPEB liability with the trend vector adjusted 1% lower and 1% higher (amounts expressed in thousands):

	1% Decrease	Health Trend	1% Increase
Total OPEB Liability	$ 636,962	$ 750,748	$ 916,291

OPEB Liability of the MTA Health Plan:

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

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

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 12,342	$114,247
Changes of assumptions	82,075	243,106
Total	$ 94,417	$357,353

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

17. Risk Management and Insurance:

Workers' Compensation:

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

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

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

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

Insurance:

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

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

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

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

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

18. Energy Performance Contracts:

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

19. Commitments:

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

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

20. Related Party Transactions:

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

21. Federal Revenue:

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

22. Passenger Facility Charges:

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

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

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

23. Net Position/Fund Balance:

The unrestricted deficit for the governmental activities on the government-wide Statement of Net Position is \$1,762,583,000.

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

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

24. Contingent Liabilities:

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

25. Subsequent Events:

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

Required Supplementary Information

ANNUAL COMPREHENSIVE FINANCIAL REPORT
MARYLAND DEPARTMENT OF TRANSPORTATION

This page was intentionally left blank

MARYLAND DEPARTMENT OF TRANSPORTATION

Required Supplementary Information

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

(amounts expressed in thousands)

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

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

Notes to Schedule:

Information for FY 2017 and earlier is not available.

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

	Fiscal Year Ended June 30									
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Total Pension Liability:										
Service Cost	$ 19,438	$ 24,718	$ 48,499	$ 36,334	$ 37,195	$ 36,027	$ 42,308	$ 43,827	$ 50,802	$ 29,389
Interest	43,472	39,236	31,181	57,880	54,904	56,519	55,831	56,406	51,485	62,495
Changes of benefit terms	-	-	82,510	2,133	3,105	(203)	208	-	-	-
Difference between expected and actual experience	4,025	(19,621)	(15,024)	(20,741)	17,385	(8,527)	(17,140)	(11,809)	(50,063)	21,902
Changes of assumptions	38,643	53,480	338,950	(162,606)	(36,903)	(58,176)	101,716	140,735	(390,469)	(29,238)
Benefit payments, including refunds of member contributions	(32,598)	(30,636)	(35,283)	(39,062)	(37,203)	(42,724)	(44,432)	(44,735)	(47,453)	(50,465)
Net change in total pension liability	72,980	67,177	450,833	(126,062)	38,483	(17,084)	138,491	184,424	(385,698)	34,082
Total pension liability - beginning	768,371	841,351	908,528	1,359,361	1,233,299	1,271,782	1,254,698	1,393,189	1,577,613	1,191,914
Total pension liability - ending (a)	$ 841,351	$ 908,528	$ 1,359,361	$ 1,233,299	$ 1,271,782	$ 1,254,698	$ 1,393,189	$ 1,577,613	$ 1,191,914	$ 1,225,996
Plan fiduciary net position:										
Contributions - employer	$ 39,749	$ 35,400	$ 40,997	$ 40,997	$ 40,997	$ 41,597	$ 43,249	$ 59,280	$ 68,606	$ 54,648
Contributions - member	-	-	-	3,094	3,316	3,006	4,610	7,311	6,833	8,302
Net investment income	15,783	14,045	12,768	27,740	20,550	31,023	12,832	93,213	(10,986)	14,786
Benefit payments, including refunds of member contributions	(32,598)	(30,636)	(35,283)	(39,062)	(37,203)	(42,724)	(44,432)	(44,736)	(47,453)	(50,465)
Administrative expense	(1,587)	(1,851)	(1,967)	(1,914)	(2,213)	(2,325)	(2,652)	(3,601)	(4,135)	(146)
Other	-	-	-	(2,631)	-	(6,720)	-	-	-	-
Net change in plan fiduciary net position	$ 21,347	$ 16,958	$ 16,515	$ 28,224	$ 25,447	$ 23,857	$ 13,607	$ 111,467	$ 12,865	$ 27,124
Plan fiduciary net position - beginning	189,957	211,303	228,261	244,776	273,000	298,447	322,304	335,911	447,378	460,242
Plan fiduciary net position - ending (b)	$ 211,303	$ 228,261	$ 244,776	$ 273,000	$ 298,447	$ 322,304	$ 335,911	$ 447,378	$ 460,242	$ 487,366
Net pension liability - ending (a)-(b)	$ 630,048	$ 680,267	$ 1,114,585	$ 960,299	$ 973,335	$ 932,394	$ 1,057,278	$ 1,130,235	$ 731,672	$ 738,630
Plan fiduciary net position as a percentage of the total pension liability	25.11%	25.12%	18.01%	22.14%	23.47%	25.69%	24.11%	28.36%	38.61%	39.75%
Covered payroll	$ 137,596	$ 135,545	$ 137,427	$ 137,154	$ 145,834	$ 148,445	$ 149,768	$ 164,553	$ 163,102	$ 170,004
Net pension liability as a percentage of covered payroll	457.90%	501.88%	811.04%	700.16%	667.43%	628.11%	705.94%	686.85%	448.60%	434.48%
Expected average remaining service years of all participants	7	7	7	7	7	6	6	6	6	6

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

Notes to Schedule:

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

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

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

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

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

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

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

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

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

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

	Fiscal Year Ended June 30									
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Actuarially determined contribution	$ 39,749	$ 40,807	$ 44,736	$ 62,217	$ 66,495	$ 64,649	$ 55,213	$ 58,842	$ 53,639	$ 55,926
Actual contribution	(39,749)	(35,400)	(40,997)	(40,997)	(40,997)	(41,597)	(43,249)	(59,280)	(68,606)	(54,648)
Contribution deficiency (excess)	$ -	$ 5,407	$ 3,739	$ 21,220	$ 25,498	$ 23,052	$ 11,964	$ (438)	$ (14,967)	$ 1,278
Covered payroll	$137,596	$ 135,545	$ 137,427	$ 137,154	$ 145,834	$ 148,445	$ 149,768	$ 164,553	$ 163,102	$170,004
Contribution as a percentage of covered payroll	28.89%	26.12%	29.83%	29.89%	28.11%	28.02%	28.88%	36.02%	42.06%	32.15%

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

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 in the FY 2022 actuarial valuation

Actuarial cost method	Entry-Age - Level Dollar Normal Cost
Amortization method	Level Dollar Closed
Wage Inflation	2.75%
Salary increases	2.40% to 10.55% including inflation
Investment rate of return	6.80%
Municipal bond rate	3.86%
Single discount rate	5.37%
Retirement age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	**Pre-retirement:** 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 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**	**2022**
Proportion of the Maryland State Retirement System Net Pension Liability (asset)	2.86%	2.85%	3.36%	3.28%	3.12%	3.35%	3.35%	3.40%
Proportionate share of the State net pension liability (asset)	$ 634,087	$ 581,413	$ 704,025	$ 676,059	$ 705,942	$ 705,942	$ 466,405	$ 634,852
Covered payroll	$ 372,296	$ 369,543	$ 371,857	$ 380,156	$ 393,924	$ 410,152	$ 399,377	$ 402,813
Net pension liability as a percentage of covered payroll	170.32%	157.33%	189.33%	177.84%	179.21%	172.12%	116.78%	157.60%
Plan fiduciary net position as a percentage of the total pension liability	68.78%	65.79%	69.38%	71.18%	72.34%	70.72%	76.90%	77.20%

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

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

	Fiscal Year Ended June 30								
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Actuarially determined contribution	$ 52,723	$ 56,643	$ 65,517	$ 66,910	$ 66,263	$ 67,221	$ 73,195	$ 72,457	$ 82,028
Contribution in relation to the actuarially determined contribution	(52,723)	(56,643)	(65,517)	(66,910)	(66,263)	(67,221)	(73,195)	(72,457)	(82,028)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 372,296	$ 369,543	$ 371,857	$ 380,156	$ 393,924	$ 410,152	$ 399,377	$ 402,813	$ 375,838
Contribution as a percentage of covered payroll	14.16%	15.33%	17.62%	17.60%	16.82%	16.39%	18.33%	17.99%	21.83%

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

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

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

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

Stewardship, Compliance and Accountability:

Budgeting and budgetary control:

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

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

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

Budgetary fund equities and other accounts:

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

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

The Department's original and amended budget adopted by the General Assembly for special and federal funds is presented in the Required Supplementary Information - Special Revenue Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual schedule on page 101 of this report. The Department's budgetary fund structure and basis of budgeting, which is the modified accrual basis with certain exceptions, differs from that utilized to present financial statements in conformity with GAAP. The budgetary system's principal departures from the modified accrual basis are the classification of the Department's budgetary funds and the timing of recognition of certain revenues and expenditures. The GAAP Special Revenue Fund is an aggregate of the special and federal budgetary funds.

A summary of the effects of the fund structure differences and exceptions to the modified accrual basis of accounting, as of June 30, 2023, is as follows (amounts expressed in thousands):

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

Classification of budgetary fund equities and other accounts into governmental funds' fund structure:	Special Revenue Fund
Special fund-fund balance (page 101)	$ 822,094
Accounting principle and timing differences:	
Assets recognized in governmental funds financial statements not recognized for budgetary purposes:	
Inventory	105,092
Taxes receivable	5,989
Health insurance receivable	1,189
Cash Held in Escrow for Maryland Aviation Administration	177,153
Maryland Aviation Administration interest income from bond proceeds	8,910
Capital lease adjustments	10,331
Liabilities recognized in governmental funds financial statements not recognized for budgetary purposes:	
Deferral of accrued federal revenue - Maryland Transit Administration	(336,346)
Deferral of accrued federal revenue - State Highway Administration	(119,415)
Maryland Aviation Administration Capital disbursements from bond proceeds	(49,892)
Financial statement governmental funds' fund balance, June 30, 2023	$ 625,105

Statistical Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT
MARYLAND DEPARTMENT OF TRANSPORTATION

MARYLAND DEPARTMENT OF TRANSPORTATION

This page was intentionally left blank

MARYLAND DEPARTMENT OF TRANSPORTATION
STATISTICAL SECTION
June 30, 2023

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

Table of Contents **Pages**

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

	Fiscal Year Ended June 30,									
	2014 (1)	**2015**	**2016**	**2017 (2)**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Governmental activities:										
Net Investment in capital assets	$ 14,063,378	$ 14,472,903	$ 15,248,583	$ 16,210,472	$ 16,838,969	$ 16,643,603	$ 17,677,016	$ 17,969,875	$ 18,540,714	$ 19,536,326
Unrestricted (deficit)	(363,200)	(1,450,994)	(1,826,709)	(1,897,379)	(2,517,120)	(2,548,182)	(2,809,227)	(2,695,752)	(2,266,288)	(1,762,583)
Total governmental activities net assets	$ 13,700,178	$ 13,021,909	$ 13,421,874	$ 14,313,093	$ 14,321,849	$ 14,095,421	$ 14,867,789	$ 15,274,123	$ 16,274,426	$ 17,773,743

(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:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Secretary's Office	$ 570,596	$ 624,378	$ 626,299	$ 652,965	$ 938,626	$ 977,303	$ 944,346	$ 939,833	$ 975,459	$ 898,125
State Highway Administration	1,436,114	1,399,446	1,337,696	1,203,216	1,213,310	1,477,133	1,522,930	1,744,380	1,810,024	1,570,376
Port Administration	99,996	126,885	148,231	126,432	171,714	182,300	139,364	108,351	105,190	13,102
Motor Vehicle Administration	207,342	213,896	206,117	208,783	272,318	239,324	219,570	213,062	219,989	217,955
Transit Administration	886,966	937,286	1,058,861	1,031,072	1,153,718	1,509,847	898,637	1,046,800	1,033,638	1,340,990
Aviation Administration	354,180	337,596	374,475	339,270	448,647	317,838	328,835	386,970	349,049	404,780
Interest on long-term debt	122,894	69,902	80,888	43,547	62,770	183,064	132,760	123,262	89,976	89,356
Total governmental activities expenses	3,678,088	3,709,389	3,832,567	3,605,285	4,261,103	4,886,809	4,186,442	4,562,658	4,583,325	4,534,684
Program Revenues:										
Charges for services:										
Secretary's Office	3,262	7,133	3,307	4,564	3,721	3,753	3,837	951	6,174	10,984
State Highway Administration	40,586	46,435	52,155	60,802	67,394	95,203	95,795	51,540	60,278	48,802
Port Administration	54,099	52,411	55,999	51,641	157,474	64,968	55,267	64,710	47,193	67,088
Motor Vehicle Administration	4	4	-	10	11	14	14	17	107	142
Transit Administration	139,769	142,363	156,524	149,147	190,862	169,748	118,297	90,055	119,063	94,356
Aviation Administration	328,094	339,958	346,836	361,971	377,982	252,988	223,185	181,213	272,790	294,319
Operating grants and contributions	90,574	92,238	87,324	94,499	99,533	90,795	569,263	496,623	716,443	521,950
Capital grants and contributions	800,019	741,846	722,764	858,187	885,245	851,866	1,044,752	902,584	1,042,974	1,283,674
Total governmental activities program revenues	1,456,407	1,422,388	1,424,909	1,580,821	1,782,222	1,529,335	2,110,410	1,787,693	2,265,022	2,321,315
Net (expense) revenue governmental activities	(2,221,681)	(2,287,001)	(2,407,658)	(2,024,464)	(2,478,881)	(3,357,474)	(2,076,032)	(2,774,965)	(2,318,303)	(2,213,369)
General Revenues and Other Changes in Net Assets:										
Taxes:										
Motor vehicle taxes and fees	1,389,066	1,465,022	1,541,596	1,579,384	1,547,450	1,618,524	1,490,462	1,670,450	1,720,718	1,718,718
Motor fuel taxes	807,739	918,483	1,013,144	1,078,312	1,084,195	1,140,220	1,076,207	1,025,501	1,113,373	1,303,019
Corporation income tax share	162,609	166,051	186,803	146,224	150,784	189,878	193,315	268,718	317,746	333,768
State sales tax share	48,653	30,788	30,780	31,566	31,691	34,471	31,686	21,374	35,487	41,330
Unrestricted investment earnings	2,156	2,096	3,819	627	2,322	2,929	1,918	(774)	6,511	4,177
Other revenue	16,518	64,516	31,481	79,570	134,573	145,024	54,813	196,030	124,771	311,672
Transfers out	-	-	-	-	-	-	-	-		
Total governmental activities general revenues:	2,426,741	2,646,956	2,807,623	2,915,683	2,951,015	3,131,046	2,848,400	3,181,299	3,318,606	3,712,685
Change in Net Position:										
Total Governmental Activities	205,060	359,955	399,965	891,219	472,134	(226,428)	772,368	406,334	1,000,303	1,499,317

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	Corporate Income Tax	State Sales Tax	Total
2014	$ 1,389,066	$ 807,739	$ 162,609	$ 48,653	$ 2,408,067
2015	1,465,022	918,483	166,051	30,788	2,580,344
2016	1,541,596	1,013,144	186,803	30,780	2,772,323
2017	1,579,384	1,078,312	146,224	31,566	2,835,486
2018	1,547,450	1,084,195	150,784	31,691	2,814,120
2019	1,618,343	1,140,401	189,878	34,471	2,983,093
2020	1,490,462	1,076,207	193,315	31,686	2,791,669
2021	1,670,450	1,025,501	268,718	21,374	2,986,043
2022	1,720,718	1,113,373	317,746	35,487	3,187,324
2023	1,718,718	1,303,019	333,768	41,330	3,396,835

MARYLAND DEPARTMENT OF TRANSPORTATION
Maryland's Largest Employers
(Sorted alphabetically by 2023 employers)

Companies in FY 2023	Number of 2023 employees	Companies in FY 2014
Giant Food Stores	10,000 (+)	Giant Food Stores
Home Depot	7,500-9,999	Home Depot
Johns Hopkins University School of Medicine	7,500-9,999	Johns Hopkins Univeristy
McDonalds	10,000 (+)	
Medstar Health	10,000 (+)	
Naval Air Warfare Center Aircraft Division	10,000 (+)	
Northrop Grumman Corporation	10,000 (+)	Northrop Grumman Corporation
Safeway	5,000-7,499	Safeway
University of Maryland Medical Center	10,000 (+)	University of Maryland Medical System
Walmart	10,000 (+)	Walmart Associates
		Helix Health System Inc
		Johns Hopkins Hospital
		Target

Source: Maryland Department of Labor, Major Employer Lists

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,									
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Special Revenue Fund										
Nonspendable	$ 192,871	$ 197,847	$ 211,726	$ 103,510	$ 240,924	$ 257,039	$ 94,604	$ 91,175	$ 93,438	$ 304,823
Committed	26,989	27,930	23,871	15,402	12,547	8,908	-	-	-	-
Assigned	135,279	130,488	-	83,890	793	850	-	-	-	-
Unassigned	-	-	(124,502)	-	(235,155)	(18,085)	(56,612)	178,819	529,650	320,282
Total Special Revenue Fund	$ 355,139	$ 356,265	$ 111,095	$ 202,802	$ 19,109	$ 248,712	$ 37,992	$ 269,994	$ 623,088	$ 625,105
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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Motor vehicle and fuel taxes and fees	$ 2,196,805	$ 2,383,505	$ 2,554,740	$ 2,657,696	$ 2,631,645	$ 2,758,744	$ 2,566,669	$ 2,695,951	$ 2,834,091	$ 3,021,737
Revenue sharing of State taxes	211,262	196,839	217,583	177,790	182,475	224,349	225,001	290,092	353,233	375,098
Federal reimbursements	902,719	833,040	718,951	966,547	847,267	1,005,159	1,319,634	1,478,200	1,749,741	1,217,302
Charges for services	452,406	460,668	486,151	496,438	571,999	453,011	496,395	388,909	505,605	515,691
Passenger facility charges and interest	43,919	44,745	48,056	49,032	51,781	51,356	39,583	39,583	39,019	45,520
Customer facility charges	12,613	12,733	13,579	13,559	13,195	12,933	10,959	10,959	8,415	9,430
Special parking revenues	54,649	52,551	62,582	63,520	62,483	66,015	48,339	27,599	2,153	-
Investment earnings	2,156	2,096	3,819	627	2,322	2,929	1,918	(774)	6,511	4,177
Impaired asset recovery	-	-	-	-	-	-	-	-	-	399,893
Other	14,255	63,384	65,255	65,746	44,721	34,973	83,461	127,750	48,192	231,260
Total revenues	3,890,784	4,049,561	4,170,716	4,490,955	4,407,888	4,609,469	4,791,959	5,058,269	5,546,960	5,820,108
Expenditures:										
Current:										
Department administration, operating and maintenance expenditures	1,841,195	1,793,321	1,804,794	1,645,987	1,980,911	2,457,431	1,675,124	2,167,839	2,217,795	2,054,174
Intergovernmental:										
Highway user revenues and federal funds	244,448	253,401	241,459	267,270	294,319	306,252	393,627	270,545	385,835	366,291
Washington Metropolitan Area Transit Authority Grants	404,995	441,964	448,577	448,196	496,698	542,371	770,088	764,185	738,653	716,664
Distributions to other State agencies	23,000	19,926	-	14,728	-	28,170	-	-	-	-
Debt service:										
Issuance expenditure	1,002	-	1,192	3,614	595	379	-	-	-	-
Principal	130,620	152,415	174,165	207,185	221,710	199,410	205,755	254,860	296,351	328,120
Interest	76,614	79,989	90,193	100,030	118,350	138,156	151,166	157,580	155,917	152,341
Impaired asset recovery	-	-	-	-	-	-	-	-	-	399,893
Capital outlays	1,471,040	1,746,878	1,985,949	2,455,869	2,128,115	1,529,103	2,361,517	1,601,321	1,973,797	1,827,841
Total expenditures	4,192,914	4,487,894	4,746,329	5,142,879	5,240,698	5,201,272	5,557,276	5,216,330	5,768,348	5,845,324
Other financing sources (uses):										
Intergovernmental Finanancing Agreements	2,519	5,733	917	(1,230)	(3,759)	132,195	-	(219,880)	-	-
Issuance of Consolidated Transportation Bonds (CTB)	325,000	661,250	300,000	892,525	555,000	630,680	490,000	300,000	295,000	-
Issuance of CTB refunding bonds	-	-	-	-	-	-			191,610	143,585
Issuance of Special Transportation Project Revenue Bonds	-	-	-	-	-	-	-	219,880	190,485	-
Sale of future revenue rights	-	(331,412)	-	(277,611)	-	-	-	-	-	-
Issuance of lease agreements										23,817
Premium on bonds	33,292	91,557	41,905	123,337	92,107	58,531	64,597	90,063	116,501	21,740
Payment to refund Consolidated Transportation Bonds	-	-	-	-	-	-	-	-	(219,114)	(161,910)
Total Other Financing Sources (Uses)	360,811	427,128	342,822	737,021	643,348	821,406	554,597	390,063	574,482	27,233
Net change in fund balances	$ 58,681	$ (11,205)	$ (232,791)	$ 85,097	$ (189,462)	$ 229,603	$ (210,720)	$ 232,002	$ 353,094	$ 2,017
Debt Service as a percentage of noncapital expenditures	7.61%	8.48%	9.58%	11.43%	10.93%	9.19%	11.17%	11.41%	11.92%	15.32%

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,									
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Revenues:										
Motor vehicle fuel tax and fees (1)	$ 812,915	$ 923,593	$ 1,017,870	$ 1,078,502	$ 1,084,373	$ 1,140,401	$ 1,076,358	$ 1,025,501	$ 1,113,373	$ 1,303,019
Motor vehicle titling tax	740,835	795,510	860,415	886,010	869,309	916,535	846,764	976,727	1,021,300	1,027,541
Licensing and registration	367,305	376,513	381,344	389,094	390,056	403,495	367,209	407,631	393,681	407,135
Corporation income tax (2)	162,609	166,051	186,803	146,224	150,784	189,878	193,546	268,488	312,389	333,768
Sales and use tax on rental vehicles	30,311	30,788	30,780	31,566	31,690	34,471	31,686	21,373	35,487	41,330
Total revenues	2,113,975	2,292,455	2,477,212	2,531,396	2,526,212	2,684,780	2,515,563	2,699,720	2,876,230	3,112,793
Deductions:										
1% portion -- Motor vehicle titling tax	(246,945)	(265,170)	(286,805)	(295,337)	(289,770)	(305,361)	(282,255)	(325,576)	(340,433)	(342,514)
Other to the Trust Fund	(121,401)	(180,913)	(283,832)	(342,237)	(348,418)	(400,323)	(408,100)	(376,088)	(387,617)	(605,699)
Other	(52,617)	(57,881)	(59,659)	(64,860)	(65,795)	(69,160)	(63,992)	(70,399)	(72,838)	(81,501)
Total deductions	(420,963)	(503,964)	(630,296)	(702,434)	(703,983)	(774,844)	(754,347)	(772,063)	(800,888)	(1,029,714)
Net Highway User Revenues	$ 1,693,012	$ 1,788,491	$ 1,846,916	$ 1,828,962	$ 1,822,229	$ 1,909,936	$ 1,761,216	$ 1,927,658	$ 2,075,342	$ 2,083,079
Allocations (Highway User Revenues): (3)(4)										
Share to the Department	$ 1,530,483	$ 1,616,796	$ 1,669,612	$ 1,653,382	$ 1,647,295	$ 1,726,589	$ 1,524,070	$ 1,667,393	$ 1,795,186	$ 1,801,863
Share to the General Fund	-	-	-	-	-	-	-	-	-	-
Share to counties and municipalities	32,167	33,981	35,091	34,750	34,622	36,283	91,345	100,250	107,912	108,320
Share to Baltimore City	130,362	137,714	142,213	140,830	140,312	147,065	145,801	160,015	172,244	172,896
Local Share to the General Fund	-	-	-	-	-	-	-	-	-	-
Total allocations	$ 1,693,012	$ 1,788,491	$ 1,846,916	$ 1,828,962	$ 1,822,229	$ 1,909,937	$ 1,761,216	$ 1,927,658	$ 2,075,342	$ 2,083,079

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 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.

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

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

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

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

	Fiscal Year Ended June 30									
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Annual debt limit	$ 2,292,670	$ 2,530,255	$ 2,855,105	$ 2,773,900	$ 3,021,675	$ 3,422,265	$ 3,773,000	$ 3,877,330	$ 3,675,580	$ 3,321,205
Net debt applicable to limit	1,812,670	2,020,250	2,146,085	2,578,385	2,911,675	3,342,945	3,627,190	3,672,330	3,643,475	3,297,030
Total legal debt margin	$ 480,000	$ 510,005	$ 709,020	$ 195,515	$ 110,000	$ 79,320	$ 145,810	$ 205,000	$ 32,105	$ 24,175
Net debt applicable to the limit as a percentage of debt limit	79.06%	79.84%	75.17%	92.95%	96.36%	97.68%	96.14%	94.71%	99.13%	99.27%

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

MARYLAND DEPARTMENT OF TRANSPORTATION
Ratio of Annual Debt Service Expenditures for Consolidated Transportation Bonds to Noncapital 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
2014	130,620	76,614	207,234	2,721,874	7.61
2015	152,415	79,989	232,404	2,741,016	8.48
2016	174,165	90,193	264,358	2,760,380	9.58
2017	207,185	100,030	307,215	2,687,210	11.43
2018	221,710	118,350	340,060	3,106,219	10.95
2019	199,410	138,156	337,566	3,672,169	9.19
2020	205,755	151,166	356,921	3,195,759	11.17
2021	254,860	157,580	412,440	3,615,009	11.41
2022	296,351	155,917	452,268	3,794,551	11.92
2023	328,120	152,341	480,461	3,137,129	15.32

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

	Governmental Activities					
Fiscal Year Ended June 30	Consolidated Transportation Bonds	Special Transportation Project Revenue Bonds	Intergovernmental Financing Agreements	Total Debt	Total Personal Income (1)	Percentage of Debt to Personal Income
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	219,880	260,947	4,153,157	422,173,000	0.98
2022	3,643,475	410,365	248,065	4,301,905	433,461,000	0.99
2023	3,297,030	410,365	260,331	3,967,726	456,132,000	0.87

(1) Source of personal income data: U.S. Department of Commerce, Bureau of Economic Analysis.
Data for 2013 - 2020 is from State Personal Income Summary data tables last updated September 23, 2021.
Data for 2021 - 2022 is from Personal Income, by State and Region, 2nd Quarter, released September 30, 2022.
Data for 2023 is from Personal Income, by State and Region, 2nd Quarter, released September 29, 2023.

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

	Fiscal year ended June 30									
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Revenues:										
Taxes pledged to bonds:										
Corporation income tax (1)	$ 146,113	$ 148,949	$ 167,957	$ 131,160	$ 135,321	$ 170,452	191,739	267,065	310,717	331,433
Fuel tax (2)	723,249	827,830	923,216	981,555	987,506	1,043,835	1,050,605	998,216	1,082,520	1,268,649
Titling tax	693,422	744,597	805,348	829,305	813,673	857,453	846,764	976,727	1,021,300	1,027,541
Sales and use tax on rental vehicles	27,983	28,424	28,416	29,142	29,257	31,823	31,686	21,373	35,487	41,330
Total taxes pledged to bonds	1,590,767	1,749,800	1,924,937	1,971,162	1,965,757	2,103,563	2,120,794	2,263,381	2,450,024	2,668,953
Fees:										
Motor vehicle licenses and registrations	305,525	310,385	312,771	316,742	317,433	326,555	328,496	363,489	351,013	359,959
Other	280,989	293,315	298,488	306,488	287,720	297,699	259,156	272,388	299,547	281,009
Total taxes and fees	2,177,281	2,353,500	2,536,196	2,594,392	2,570,910	2,727,817	2,708,446	2,899,258	3,100,584	3,309,921
Operating revenues:										
Port Administration	52,841	49,759	49,999	49,039	51,783	55,283	54,743	49,261	50,118	56,146
Transit Administration	139,821	142,414	156,579	149,249	150,911	140,094	108,074	50,060	64,179	72,793
Aviation Administration	217,290	222,117	229,993	243,132	257,218	257,929	231,521	184,300	275,272	284,203
Total operating revenues	409,952	414,290	436,571	441,420	459,912	453,306	394,338	283,621	389,569	413,142
Other	29,139	47,307	59,609	69,012	60,566	56,543	49,418	122,454	112,255	80,653
Investment income	2,154	2,090	3,819	627	2,322	2,928	1,918	-	-	-
Total revenues	2,618,526	2,817,187	3,036,195	3,105,451	3,093,710	3,240,595	3,154,120	3,305,333	3,602,408	3,803,716
Expenditures:										
Administration, operation and maintenance expenditures:										
The Secretary's Office	76,142	75,339	80,229	86,010	90,330	94,138	89,806	94,169	134,791	100,374
Washington Metro Transit Grants-in-Aid	268,340	284,844	318,917	321,349	362,519	388,583	465,894	425,303	399,491	458,547
State Highway Administration	326,560	301,488	297,190	264,039	294,566	311,364	267,038	321,297	318,893	321,589
Motor Vehicle Administration	184,698	194,887	199,153	201,546	199,910	198,520	206,694	201,924	207,484	218,922
Port Administration	45,504	47,867	47,521	46,841	45,869	48,082	47,038	46,414	48,624	51,635
Transit Administration	751,801	767,009	781,769	840,446	859,477	881,561	898,818	870,510	972,059	1,078,309
Aviation Administration	189,740	188,090	192,692	187,965	196,278	205,719	198,008	220,249	212,626	225,428
Total admin., operation and maintenance expend.	1,842,785	1,859,524	1,917,471	1,948,196	2,048,949	2,127,967	2,173,296	2,179,866	2,293,968	2,454,804
Less Federal funds:										
The Secretary's Office	(9,089)	(7,967)	(8,160)	(8,445)	(10,968)	(10,019)	(8,904)	(9,997)	(49,493)	(10,148)
State Highway Administration -- Highway Safety	(10,844)	(11,357)	(10,066)	(14,561)	(14,326)	(13,077)	(15,804)	(105,234)	(67,881)	(26,235)
Transit -- Planning and program development	(60,631)	(59,046)	(58,940)	(60,221)	(61,364)	(59,935)	(321,011)	(349,601)	(584,691)	(428,177)
Port Administration	-	-	-	(103)	(73)	(440)	-	-	-	-
Motor Vehicle Administration	(9,348)	(10,697)	(9,514)	(10,523)	(12,157)	(6,654)	(8,831)	(8,108)	(8,683)	(9,367)
Aviation Administration	(655)	(776)	(645)	(645)	(645)	(645)	(75,729)	(22,711)	(4,698)	(755)
Total Federal funds	(90,567)	(89,843)	(87,325)	(94,498)	(99,533)	(90,769)	(430,279)	(495,651)	(715,446)	(474,682)
Total expenditures	1,752,218	1,769,681	1,830,146	1,853,698	1,949,416	2,037,198	1,743,017	1,684,215	1,578,522	1,980,122
Net revenues	$ 866,308	$ 1,047,506	$ 1,206,049	$ 1,251,753	$ 1,144,294	$ 1,203,397	$ 1,411,103	$ 1,621,118	$ 2,023,886	$ 1,823,594
Maximum annual principal and interest	$ 270,527	$ 292,327	$ 305,197	$ 331,345	358,739	415,245	457,080	469,477	479,510	480,461
Ratio of taxes pledged to principal and interest	5.11	5.44	5.73	5.81	5.49	4.73	4.60	4.52	4.72	5.10
Ratio of net revenues to principal and interest	3.06	2.96	3.43	3.64	3.49	2.76	2.63	3.01	3.38	4.21

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

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

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

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

	Fiscal Year Ended June 30,							
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Number of Nonstop Destinations Served	80	88	91	88	68	77	87	89
Enplaned Passengers	12,331,941	12,875,954	13,534,033	13,415,606	10,034,304	6,645,250	10,694,176	12,365,276
% change from previous year	8%	4%	5%	-1%	-25%	-34%	61%	16%
Cost Per Enplaned Passenger	$ 9.51	$ 9.34	$ 9.33	$ 9.33	$ 12.55	$ 16.43	$ 11.95	$ 10.79
Operating Revenues								
Airline Flight Activities	$ 62,671,220	$ 66,055,412	$ 71,710,348	$ 68,153,431	$ 63,803,472	$ 53,872,442	$ 68,794,611	$ 72,862,829
Airline Other Revenues	$ 68,143,746	$ 69,621,114	$ 66,978,493	$ 67,908,074	$ 74,929,430	$ 69,054,170	$ 74,119,594	$ 83,876,553
Total Airline Revenues	$ 130,814,966	$ 135,676,526	$ 138,688,841	$ 136,061,505	$ 138,732,902	$ 122,926,612	$ 142,914,205	$ 156,739,382
Non-Airline Revenues	$ 102,604,285	$ 107,571,998	$ 118,525,204	$ 121,862,930	$ 94,348,764	$ 83,389,573	$ 216,306,676	$ 127,961,538
Total Operating Revenues (1)	$ 233,419,251	$ 243,248,524	$ 257,214,046	$ 257,924,435	$ 233,081,666	$ 206,316,186	$ 359,011,726	$ 284,700,920
Airline Revenue Percentage of Total	56%	56%	54%	53%	60%	60%	40%	55%
Non-Airline Revenue Percentage of Total	44%	44%	46%	47%	40%	40%	60%	45%
Operating Expenses	$ 192,046,750	$ 187,319,859	$ 195,714,493	$ 205,073,163	$ 197,386,583	$ 198,942,645	$ 211,980,993	$ 224,672,551
Net Operating Income	$ 41,372,501	$ 55,928,665	$ 61,499,553	$ 52,851,272	$ 35,695,083	$ 7,373,541	$ 147,030,733	$ 60,028,368
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	$ (102,511,004)	$ 6,045,060
Total State-funded capital program (2)	$ 126,270,933	$ 122,284,127	$ 110,199,574	$ 62,913,666	$ 63,184,193	$ 49,890,897	$ 44,519,729	$ 66,073,428

Source: Maryland Department of Transportation

Note: Data prior to FY 2016 is not available. Data includes revenues and expenses for BWI, Martin State and Regional Aviation.

(1) Revenues FY 2021 and subsequent are net of the debt service for the special transportation project revenue bonds.

(2) 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

	Fiscal Year Ended June 30,							
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Domestic scheduled								
Signatory								
Southwest	8,278,543	8,632,719	8,850,763	8,465,545	6,422,702	4,570,841	7,202,944	8,241,316
Spirit	587,150	823,536	1,104,570	1,315,662	1,075,637	668,757	887,925	1,005,712
American	1,007,490	880,180	875,283	875,110	659,129	453,568	628,212	551,758
Delta	1,047,350	1,028,406	1,048,574	1,073,870	756,811	355,612	759,983	895,484
United	510,232	482,260	529,636	531,441	358,470	180,358	377,251	464,784
Frontier (1)	-	-	-	16,541	49,786	74,948	188,506	335,499
Alaska (2)	100,955	128,266	191,805	205,564	138,640	38,946	60,033	74,446
JetBlue	213,927	271,098	258,668	184,735	85,324	50	108	68,105
Nonsignatory (a)	12,205	51,194	70,909	82,721	64,777	54,186	88,504	100,355
Subtotal Domestic	11,757,852	12,297,659	12,930,208	12,751,189	9,611,276	6,397,266	10,193,466	11,737,459
International scheduled								
Signatory								
Southwest	338,253	304,247	299,322	314,105	208,527	174,421	334,453	296,155
Spirit	-	-	35,834	81,401	59,479	17,462	61,428	56,182
Delta	-	5,158	5,219	4,015	1,068	473	163	366
Air Canada	42,261	48,693	54,822	68,523	52,451	-	5,309	31,052
British Airways	57,189	62,308	62,733	65,265	46,801	-	14,109	51,056
Condor	9,901	12,334	12,581	15,480	14,120	-	2,121	9,257
WOW Air (3)	49,547	74,223	77,300	56,865	-	-	-	-
Alaska	-	3,520	4,942	1,065	-	-	-	-
United	-	162	-	47	-	-	115	230
American	-	176	-	-	-	-	-	-
Frontier (1)	-	-	-	-	-	-	19,597	36,088
Nonsignatory (b)	14,003	12,609	3,000	11,600	-	-	16,351	79,669
Subtotal International	511,154	523,430	555,753	618,366	382,446	192,356	453,646	560,055
Charter airlines (c)	62,935	54,865	48,072	46,051	40,582	55,628	47,064	67,762
Total Enplaned Passengers (a+b+c)	12,331,941	12,875,954	13,534,033	13,415,606	10,034,304	6,645,250	10,694,176	12,365,276

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.

(a) Includes Allegiant, Avelo Airlines, Boutique Air, Contour Airlines, Southern Airways, Sun Country, and Via Air .

(b) Includes Air Senegal, Copa, Icelandair, Norwegian, PLAY, and Sunwing.

(c) Includes ATI, Atlas Air, Global Crossing Airlines, National Airlines, OMNI, Swiftair, and any charter flights by signatory airlines.

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

	Fiscal Year Ended June 30,							
	2016	2017	2018	2019	2020	2021	2022	2023
Domestic scheduled								
Signatory								
Southwest	67.1%	67.0%	65.4%	63.1%	64.0%	68.8%	67.4%	66.6%
Spirit	4.8	6.4	8.2	9.8	10.7	10.1	8.3	8.1
American	8.2	6.8	6.5	6.5	6.6	6.8	5.9	4.5
Delta	8.5	8.0	7.7	8.0	7.5	5.4	7.1	7.2
United	4.1	3.7	3.9	4.0	3.6	2.7	3.5	3.8
Frontier (1)	-	-	-	0.1	0.5	1.1	1.8	2.7
Alaska (2)	0.8	1.0	1.4	1.5	1.4	0.6	0.6	0.6
JetBlue	1.7	2.1	1.9	1.4	0.9	0.0	0.0	0.6
Nonsignatory (a)	0.1	0.4	0.5	0.6	0.6	0.8	0.8	0.8
Subtotal domestic	95.3%	95.5%	95.5%	95.0%	95.8%	96.3%	95.3%	94.9%
International scheduled								
Signatory								
Southwest	2.7%	2.4%	2.2%	2.3%	2.1%	2.6%	3.1%	2.4%
Spirit	-	-	0.3	0.6	0.6	0.3	0.6	0.5
Delta	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Air Canada	0.3	0.4	0.4	0.5	0.5	-	0.0	0.3
British Airways	0.5	0.5	0.5	0.5	0.5	-	0.1	0.4
Condor	0.1	0.1	0.1	0.1	0.1	-	0.0	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	-	-	0.0	0.0
American	-	0.0	-	-	-	-	-	-
Frontier (1)	-	-	-	-	-	-	0.2	0.3
Nonsignatory (b)	0.1	0.1	0.0	0.1	-	-	0.2	0.6
Subtotal international	4.1%	4.1%	4.1%	4.6%	3.8%	2.9%	4.2%	4.5%
Charter airlines (c)	0.5%	0.4%	0.4%	0.3%	0.4%	0.8%	0.4%	0.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

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

	Fiscal Year Ended June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
State Highway Administration:										
Mainline Miles of State Highway (1)	5,155	5,152	5,154	5,151	5,154	5,164	5,206	5,208	5,210	5,212
Lane Miles of State Highways (1)	17,063	17,117	17,132	17,143	17,179	17,210	17,286	17,302	17,361	17,364
Vehicle Miles Traveled on State Highways, in thousands	37,031,289	37,109,003	37,758,032	38,627,541	40,655,459	40,497,495	40,957,315	33,847,647	38,332,148	38,365,550
Motor Vehicle Administration:										
Motor Vehicle Titles Issued	1,001,118	1,090,530	1,156,244	1,156,262	1,134,701	1,151,818	1,019,112	1,343,398	1,029,246	997,797
Motor Vehicle Registration Transactions	4,872,481	4,950,003	4,992,358	5,032,374	5,078,313	5,123,131	5,155,566	5,069,111	5,123,342	5,090,649
Motor Vehicle Fuel - Gallons Sold, in thousands (2)	3,211,360	3,283,767	3,313,813	3,327,754	3,295,232	3,312,635	3,026,937	2,886,305	2,874,499	3,093,964
Maryland Port Administration:										
Port of Baltimore (3):										
Export Commerce (2,000 lbs.)	16,750,213	17,755,547	18,032,687	24,811,957	28,799,201	29,388,069	24,289,680	28,298,486	28,295,193	32,133,000
Import Commerce (2,000 lbs.)	12,759,986	14,703,255	13,802,320	13,631,719	14,193,921	14,171,665	13,146,680	13,817,741	15,036,302	15,727,000
Total Foreign Commerce (2,000 lbs.)	29,510,199	32,458,802	31,835,006	38,443,676	42,993,122	43,559,734	37,436,548	42,116,227	43,331,495	47,860,000
General Cargo (2,000 lbs.) (included above)	10,230,365	10,685,003	11,326,594	12,317,094	12,317,094	12,360,713	11,587,613	13,397,755	13,799,987	14,404,000
Maryland Aviation Administration:										
Passenger Traffic	22,238,226	22,761,893	24,669,946	25,686,293	26,991,216	26,715,027	20,044,527	13,263,192	21,451,020	24,705,253
Commercial Air Carrier Operations	232,609	224,246	231,354	238,492	254,202	216,717	187,290	151,105	181,865	201,158
Total Aircraft Operations	251,305	243,255	248,271	253,238	268,254	260,932	224,257	182,549	213,815	229,207
Maryland Transit Administration:										
Core and Commuter Bus Ridership	75,780,350	79,035,332	79,828,737	73,453,522	67,550,456	67,612,158	57,961,332	35,466,890	40,881,784	47,774,227
Metro Ridership	14,632,401	13,900,813	12,221,949	10,960,071	8,916,972	7,275,335	5,911,362	1,615,650	1,631,935	1,755,900
Light Rail Ridership	8,105,752	7,657,256	7,475,005	7,413,659	7,416,504	6,966,072	4,648,867	2,453,497	2,910,446	3,434,185
MARC Train Riderships	8,979,468	9,245,588	8,961,892	9,185,382	9,191,727	9,190,885	6,676,588	936,267	2,271,221	3,376,651
Number of MDOT State Employees (Filled Positions)	8,387	8,485	8,454	8,403	8,440	8,414	8,489	8,362	8,303	8,437

Source: Maryland Department of Transportation.

(1) Mileage as of January 1. Source: Maryland Department of Transportation State Highway Administration Annual Highway Mileage Reports 2012-2022 Form DSD-9

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

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

MARYLAND DEPARTMENT OF TRANSPORTATION
Paul J. Wiedefeld, Secretary
Samantha Biddle, Deputy Secretary

The Secretary's Office
Jaclyn Hartman, Assistant Secretary, Transportation Investment
Joe McAndrew, Assistant Secretary, Project Development and Delivery
Tony Bridges, Assistant Secretary, Transportation Equity and Engagement
Dianna Rosborough, Assistant Secretary, Administration
Jawauna Greene, Assistant Secretary, Public Affairs and Strategy
Cheryl A.C. Brown-Whitfield, Principal Counsel, Office of the Attorney General

Kerry Brandt, Director, Strategy and Project Communications
Monica Crusse (Acting), Director, Small and Minority Business Enterprise
Lyn Farrow, Director, External Affairs
Pilar Helm, Director, Government Affairs
Erin Henson, Director, Public Affairs
Sandy Hertz, Director, Climate Change Resilience and Adaptation
Kandese Holford, Director, Bicycle and Pedestrian Access
Christopher Holland, Director, Homeland Security
Chantal Kai-Lewis, Director, Small and Minority Business Policy
Deron Lovaas, Chief of Environment and Sustainable Transportation
Eddie Lukemire, Director, Environment
Drew Morrison (Acting), Director, Washington Metropolitan Area Transit Authority
Heather Murphy, Director, Planning and Capital Programming
Matt Nemphos (Acting), Director, Policy and Regulations
Valerie Radomsky, Chief Procurement Officer
Octavia Robinson, Chief Financial Officer
David Seman, Director, Fleet, Facilities and Administrative Services
Jason Silva (Acting), Chief Information Officer
Cheryl Sparks, Chief Strategy Officer
Joy Thomas, Chief of Performance, Integration and Compliance
Tracie Watkins-Rhodes, Director, Diversity and Equity
David Zaidain, Chief of Transit Oriented Development

Office of Finance

Octavia Robinson, Chief Financial Officer
Tim Hayden, Controller
Rafael Espinoza, Director of Financial Systems
Kina Johnson-Malcolm, Director of Debt Management
Monica Kearns, Director of Budget
Jo Ann McCumber, Director of Payroll
John Patermaster, Director of Financial Planning
George Zurek, Director of Accounting