

COMPREHENSIVE ANNUAL FINANCIAL REPORT

PETER FRANCHOT
COMPTROLLER
STATE OF MARYLAND

2019

Fiscal Year Ended June 30

LOCAL BUSINESSES:
THE FOUNDATION
OF
MARYLAND'S
ECONOMY



COMPTROLLER
OF
MARYLAND

Serving the People

**BALTIMORE
IN A BOX**



PHOTO: OFFICE OF COMMUNICATIONS, COMPTROLLER OF MARYLAND

Cottage Chic & The Silver Buckle, North East, Maryland.

Welcome to the 2019 Maryland Comprehensive Annual Financial Report.

*This year the Maryland Comptroller is dedicating the CAFR with gratitude
to all local businesses, the Foundation of Maryland's Economy.*

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30

2019



Capital Custom Clothier, Maryland Avenue, Annapolis.

PHOTO: JENNIFER CHASE PHOTOGRAPHY

GOVERNMENTAL BRANCHES OF MARYLAND

EXECUTIVE

LAWRENCE J. HOGAN, JR.
Governor

BOYD K. RUTHERFORD
Lieutenant Governor

PETER FRANCHOT
Comptroller

BRIAN E. FROSH
Attorney General

NANCY K. KOPP
Treasurer

LEGISLATIVE

THOMAS V. MIKE MILLER, JR.
President of the Senate

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

JUDICIAL

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



Brewer's Alley Restaurant Rooftop Bar, Historic Downtown Frederick, Maryland.

PHOTO: NATURAL ARTISTRY

AS ONE OF THE THIRTEEN ORIGINAL COLONIES, Maryland led the fledgling nation in planting the economic seeds that took root to create thriving communities. Centered around the Chesapeake Bay, colonists labored tirelessly to cultivate the land and establish vast trade networks to supply the slew

of growing settlements. At the close of the 18th century, the population eclipsed 300,000

and the towns that dotted the landscape witnessed an increase in the number of local proprietors along the main thoroughfares.

By the dawn of the 19th century, small manufacturers began to flourish in the brand-new, independent nation, with Maryland at the forefront. Seizing upon the technological advances coming out of the Industrial Revolution, the Old-Line State pioneered industry — home to the first public street lamp and gas lighting company in 1817, illuminating

the vendors and shops along Market Street in Baltimore. Ten years later, the Baltimore & Ohio Railroad became the first U.S. railway, transforming the nation's landscape and the economy.

Since that time, Maryland has seen incredible growth and innovation that has spurred employment,

fueling local economies, and built strong neighborhoods centered around these industries.

IT IS PRECISELY MAIN STREET BUSINESSES LIKE THESE THAT KINDLE THE ECONOMIC FIRE, MAKING MARYLAND ONE OF THE GREATEST STATES IN THE NATION FOR ENTREPRENEURS.

Today, Maryland is home to nearly 600,000 small businesses, one third of which are minority owned. Main Street enterprises employ over one million Marylanders, more than half of the state's workforce, making them essential to the evolution and prosperity of the Free State.

Small employers from Salisbury to Oakland are engaged, active participants in their communities — investing locally and giving back to the neighborhoods they call home.



**A MESSAGE FROM
COMPTROLLER
PETER FRANCHOT**

Dear Marylanders,

I have had the honor of serving as your Comptroller since 2007. As the state's fiscal watchdog, I have a strong track record of holding government accountable and making certain that taxpayer monies are spent wisely. Maryland's long-term fiscal health impacts your fiscal health and that is why I remain committed to responsible economic policies.

Today, most Maryland taxpayers file their returns electronically. The majority of those refunds are disbursed by my agency in less than three business days. This first-class customer service provided by our dedicated team is just one of the reasons we have earned the reputation as the most effective and efficient comptroller's office in the nation. Our team is also at the forefront of combatting tax fraud and identity theft by using advanced technologies and increased statutory powers to investigate and prosecute these unscrupulous felons.

I have long been an avid supporter of "Main Street" enterprises. Small businesses comprise more than 99% of all Maryland companies and are the backbone of our economy. I am committed to advancing reforms that reduce the prohibitive regulatory burdens placed upon Maryland businesses. Companies across the state ally with communities to build strong relationships toward economic prosperity by hiring locally, spending locally and investing locally. This is good for Maryland and something I will always champion.

I look forward to continuing to build upon this legacy of responsible fiscal policies that chart the lighted path forward to a brighter, more prosperous economic future.

Sincerely,

MARYLAND COMPTROLLER, PETER FRANCHOT

COMPTROLLER OF MARYLAND

PETER FRANCHOT
Comptroller

SHARONNE BONARDI
Deputy Comptroller

LEN FOXWELL
Chief of Staff

JOHN T. GONTRUM
Assistant Comptroller

BRIAN L. OLINER, ESQUIRE
Counsel to the Comptroller

DENNIS KRYSIAK, DIRECTOR
Administration and Finance

ANDREW M. SCHAUFELLE, DIRECTOR
Bureau of Revenue Estimates

DHIREN SHAH, DIRECTOR
Central Payroll Bureau

DANIEL C. RILEY JR., DIRECTOR
Compliance Division

JEFFREY A. KELLY, DIRECTOR
Field Enforcement Division

KARA BLOUIN, DIRECTOR
Human Resources

JOHN HITER, DIRECTOR
Information Technology Division

SUSAN O'BRIEN, DIRECTOR
Office of Communications

WAYNE P. GREEN, DIRECTOR
Revenue Administration Division

This report published by:

GENERAL ACCOUNTING DIVISION

SANDRA L. ZINCK, CPA
Director

**ACCOUNTING OPERATIONS
AND FINANCIAL REPORTING**

E. KENNETH HENSCHEN, CPA
Assistant Director

REPORTING MANAGERS

*George Cherupil
Kelly A. Hammond, CPA
Denitsa Myers, CPA*

ADMINISTRATIVE SUPPORT

Megan Arnold

ACCOUNTANTS

*Mahima Dave
Rosemary Gorsche
Tania Ivanova
Denise Latimer
Andrews Philip
Mark Sindt*



Retro Metro, Historic Downtown Frederick, Maryland.

PHOTO: COURTESY OF VISIT FREDERICK

MAIN STREET SHOP OWNERS THROUGHOUT

Maryland have one thing in common — service with a smile. There is a universal understanding that excellent customer service keeps patrons coming back time and again, particularly when it is backed by a quality product. Proprietors from Frederick to Bel Air are much more than

smiling faces, they take pride in the products they manufacture and sell and they can't wait to share them with customers.

Whether it is metro or retro, antique or modern, you can find it in Maryland with a warm welcome and a genuine smile.



Ka-Chunk Records, Maryland Avenue, Annapolis, Maryland.

PHOTO: JENNIFER CHASE PHOTOGRAPHY

AMIDST THE PHOTOGRAPHIC SCENERY

and eye-catching architecture, myriad shops adorn Main Streets in Maryland offering visitors a taste of the local flavors. The Smith Island Cake, Maryland's historic state desert with its luscious layers, full flavor and decadent frosting will leave any customer coming back for more.

Whether it's the fresh Choptank oysters in Cambridge, the stuffed ham in St. Mary's, the vintage vinyl shops in Annapolis, or the fresh cider straight from the orchard in Mountain Maryland, a true local gem is tucked away, just waiting to be discovered.



Union Craft Brewing, Baltimore, Maryland.

PHOTO: MAXIMILIAN FRANZ

MANUFACTURERS ARE THE OFT unheralded men and women that keep the lights on in Maryland. These entrepreneurs are as diverse as the neighborhoods where they live. Their contributions are not only breweries, packaging, technology companies and more — these entrepreneurs are also raising *communities*. They employ locally, spend locally, and invest locally. This investment spurs revitalization efforts in some of the most underserved areas of the state, creating opportunity along with an enticement that draws even more entrepreneurs — perpetually feeding the economic cycle. Breweries, distilleries and wineries in every corner of the state can't wait to serve up their tasty concoctions created from locally sourced ingredients provided by area farmers. The purchase of just one pint of a local brew

causes an economic ripple effect in communities across the state, from the farmer to the maltster, the glass maker to the artist that created the logo, sparking growth in the chain of companies that contributed — even in the smallest way to those glorious 16 ounces of liquid gold.

In Maryland, the impact of local manufacturers stretches beyond the bottom line, going beyond investment to involvement — most concertedly in philanthropic activities that give back to the neighbors that welcomed them.

Most importantly these proprietors truly care about the impact they have on their community. They cultivate an environment that is welcoming, supportive and gathers residents together toward a common purpose.



The Boardwalk, Ocean City, Maryland.

PHOTO: OCEAN CITY TOURISM

THE OLD-LINE STATE IS HOME TO

3,190 miles of coastline just waiting to be explored. The sandy beaches and bustling boardwalk of Ocean City provide an enticing family getaway, while the Chesapeake Bay and its tributaries offer scenic waterways and vast refuges for nature lovers. Visitors flock to the Free State for the divergent

climes and cultures, experiencing what they can't find anywhere else. The world-famous art galleries and restaurants are as much a destination as farm country where agro-tourism has blossomed, helping farmers find new ways to diversify by offering fun, educational experiences.

LIGHTING UP MAIN STREET



New Digz, Upper Marlboro, Maryland.



Liberty Shop, Downtown Westminster, Maryland.



Mixx112 Boutique, Cumberland, Maryland.

ANY SHOPPER WILL FIND SOMETHING to suit their fancy on Maryland's Main Streets. The eclectic mix of stores and products tantalize visitors to step beyond the catchy window displays and vibrant signage. Locally roasted coffees, hand sewn scarves or Baltimore's famous Otterbein's cookies prove irresistible to consumers, ensuring that if it is the first — it certainly won't be the last purchase they

make. From Port Deposit to Potomac and every town in between, Free State businesses spark the economy, revive disadvantaged neighborhoods, and help localities to thrive. They assist one another by carrying locally-sourced products and work together for the betterment of the community. They truly are the foundation of Maryland's economy.

MARYLAND COMPTROLLER WINS AWARD FROM
GOVERNMENT FINANCE OFFICERS ASSOCIATION



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

State of Maryland

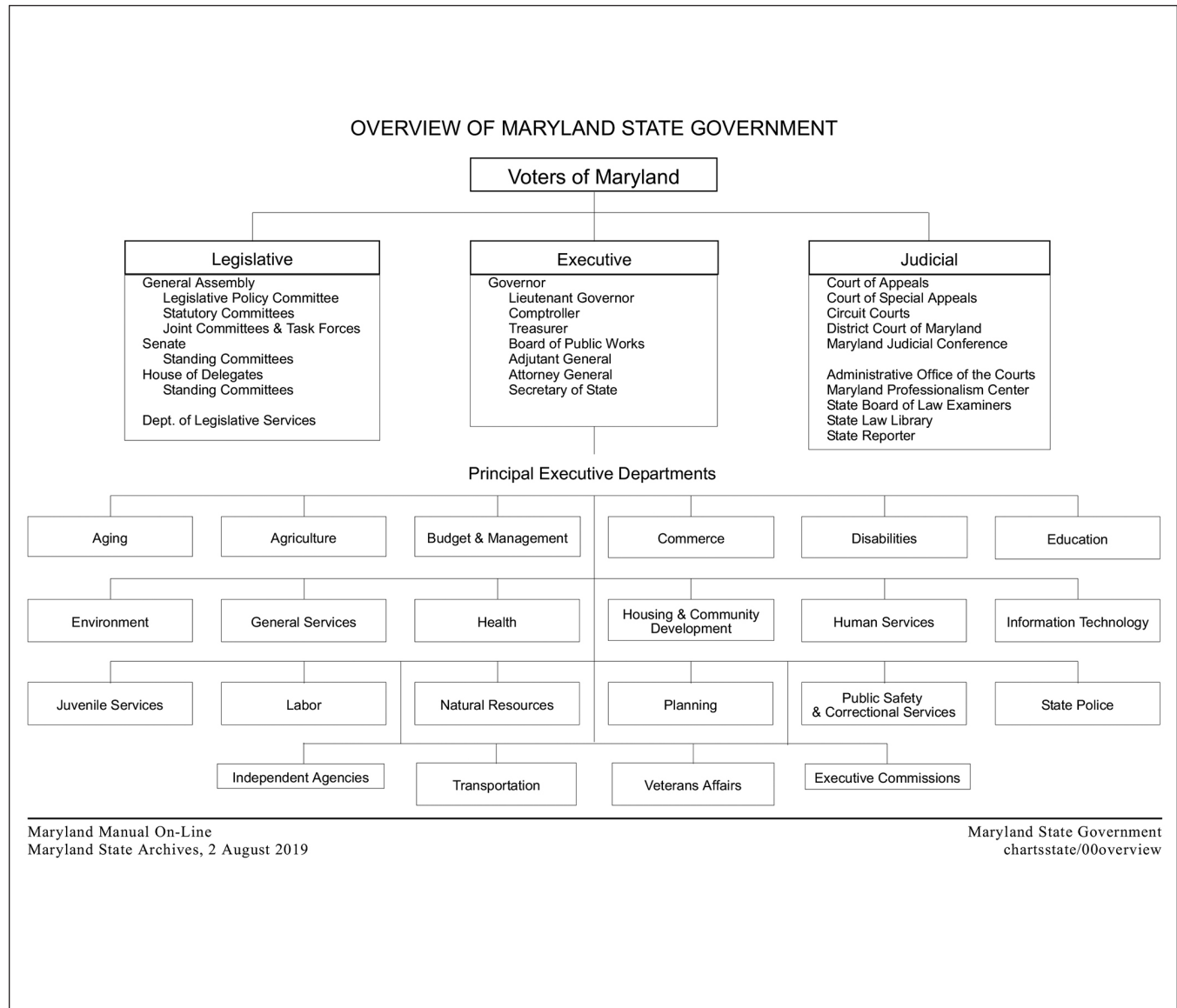
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO

MARYLAND STATE GOVERNMENT OVERVIEW:



COMPREHENSIVE ANNUAL FINANCIAL REPORT, STATE OF MARYLAND
FOR THE YEAR ENDED JUNE 30, 2019

Table of Contents

INTRODUCTORY SECTION

Selected State Officials	I
GFOA Certificate of Achievement.....	IX
Organization Chart.....	X
State Comptroller's Letter of Transmittal	3

FINANCIAL SECTION

Report of Independent Public Accountants.....	7
Management's Discussion and Analysis.....	10

BASIC FINANCIAL STATEMENTS 23

Government-wide Financial Statements 24

Statement of Net Position	24
Statement of Activities.....	26

Governmental Funds Financial Statements 28

Balance Sheet.....	28
Reconciliation of the Governmental Funds' Balance to the Statement of Net Position, Net Position Balance	29
Statement of Revenues, Expenditures, and Changes in Fund Balances	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31

Enterprise Funds Financial Statements 33

Statement of Fund Net Position	34
Statement of Revenues, Expenses and Changes in Fund Net Position.....	36
Statement of Cash Flows	37

Fiduciary Funds Financial Statements 39

Statement of Fiduciary Net Position.....	39
Statement of Changes in Fiduciary Net Position	40

Component Units Financial Statements 41

Combining Statement of Net Position	42
Combining Statement of Activities.....	44

Index for Notes to the Financial Statements 46

Notes to the Financial Statement	46
--	----

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues and Expenditures and Changes in Funds Balances (General Fund).....	102
Schedule of Revenues and Expenditures and Changes in Funds Balances (Special and Federal Funds)	103
Reconciliation of the Budgetary General and Special Fund, Fund Balances to the GAAP General and Special Revenue Fund, Fund Balances.....	104
Schedule of Employer Contributions for Maryland State Retirement and Pension System.....	105

**COMPREHENSIVE ANNUAL FINANCIAL REPORT, STATE OF MARYLAND
FOR THE YEAR ENDED JUNE 30, 2019**

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Schedule of Employer Net Pension Liability for Maryland State Retirement and Pension System	106
Schedule of Employer Contributions for Maryland Transit Administration Pension Plan.....	107
Schedule of Changes in Net Pension Liability and Related Ratios for Maryland Transit Administration Pension Plan	108
Schedule of Employer's Net Pension Liability for Maryland Transit Administration Pension Plan.....	109
Schedule of Investment Returns for Maryland Transit Administration Pension Plan	109
Schedule of Employer Contributions for Other Post-Employment Benefit Plan	110
Schedule of Changes in Net OPEB Liability and Related Ratios for Other Post-Employment Benefits Plan.....	111
Schedule of Employer's Net OPEB Liability for Other Post-Employment Benefit Plan.....	111
Schedule of Investment Returns for Other Post-Employment Benefit Plan	111
Schedule of Employer Contributions for Maryland Transit Administration Retiree Healthcare Benefits Plan	112
Schedule of Changes in Net OPEB Liability and Related Ratios for Maryland Transit Administration Retiree Healthcare Benefits Plan	113
Schedule of Net OPEB Liability for Maryland Transit Administration Retiree Healthcare Benefit Plan.....	113
Notes to Required Supplementary Information – Budgeting and Budgetary Control.....	114

COMBINING FINANCIAL STATEMENTS

Non-major Governmental Funds	117
Combining Balance Sheet.....	118
Combining Statement of Revenues, Expenditures, Other Sources and Uses Of Financial Resources and Changes in Fund Balances	119
Non-major Enterprise Funds	120
Combining Statement of Net Position	121
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	122
Combining Statement of Cash Flows	123
Fiduciary Funds	124
Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefits Trust Funds	125
Combining Statement of Changes in Plan Net Position – Pension and Other Employee Benefits Trust Funds	126
Combining Schedule of Fiduciary Net Position – Maryland State Retirement and Pension System.....	127
Combining Schedule of Changes in Plan Net Position – Maryland State Retirement and Pension System	128
Combining Schedule of Fiduciary Net Position – Deferred Compensation Plan.....	129
Combining Schedule of Changes in Plan Net Position – Deferred Compensation Plan	129
Combining Statement of Fiduciary Net Position – Agency Funds	130
Combining Statement of Changes in Assets and Liabilities – Agency Funds	131
Non-major Component Units	132
Combining Statement of Net Position	133
Combining Statement of Activities.....	134

**COMPREHENSIVE ANNUAL FINANCIAL REPORT, STATE OF MARYLAND
FOR THE YEAR ENDED JUNE 30, 2019**

STATISTICAL SECTION

Introduction.....	138
Net Position by Component, Primary Government - Last Ten Years	138
Changes in Net Position – Last Ten Fiscal Years.....	139
Expenses by Function, Primary Government - Last Ten Fiscal Years.....	141
Revenues, Primary Government – Last Ten Fiscal Years	142
Fund Balances, Governmental Funds – Last Ten Fiscal Years	143
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	144
Personal Income Tax Filers by Subdivision Tax Year Ended December 31, 2018	146
State Personal Income Tax and Sales Tax Rates – Last Ten Calendar Years	147
Personal Income Tax Filers and Liability by Income Level – Last Ten Tax Years Ended December 31st.	148
Sales and Use Tax Receipts by Principal Type of Business – Last Ten Fiscal Years.....	150
Schedule of Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	150
Ratio of General Bonded Debt to Actual Value and General Bonded Debt Per Capita – Last Ten Fiscal Years.....	151
Legal Debt Margin Information – Last Ten Fiscal Years	152
Schedule of Taxes Pledged to Consolidated Transportation Bonds and Net Revenues as Defined for Purposes of Consolidated Transportation Bonds Coverage Tests –Last Ten Fiscal Years	153
Ratio of Pledged Assets to Revenue Bonds, Community Development Administration - Last Ten Fiscal Years	154
Schedule of Demographic Statistics – Last Ten Fiscal Years	154
Schedule of Employment by Sector – Prior Year and Nine Years Prior	155
Maryland’s Ten Largest Private Employers.....	155
State Employees by Function/Program – Last Ten Fiscal Years.....	156
Schedule of Miscellaneous, Operating and Capital Asset Statistics by Function – Last Ten Fiscal Years.....	157

FINANCIAL SCHEDULES REQUIRED BY LAW

Schedule of Estimated and Actual Revenues by Source – Budgetary Basis	160
Schedule of Budget and Actual Expenditures and Encumbrances by Major Function – Budgetary Basis	162
Schedule of Changes in Fund Equities - Budgetary Basis.....	163
Schedule of Funds Transferred to Political Subdivisions	164
Schedule of Taxes Receivable from Collectors of State Property Taxes	165
Schedule of Estimated Revenues – Budgetary Basis.....	166
Schedule of General, Special, Federal, Current Unrestricted and Current Restricted Fund Appropriations – Budgetary Basis	167



Introductory Section

COMPREHENSIVE ANNUAL FINANCIAL REPORT, STATE OF MARYLAND





December 16, 2019

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

The Comprehensive Annual Financial Report (CAFR) of the State of Maryland (State), for the Fiscal Year ended June 30, 2019, includes the financial statements of the State as well as information required by Title 2, Section 102 of the State Finance and Procurement Article of the Annotated Code of Maryland. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Office of the Comptroller.

The statutes of the State require an audit of every unit of the Executive and Judicial branches of government, including the Comptroller of Maryland's records, by the Legislative Auditor at least every four years. The Legislative Auditor is required to be and is a certified public accountant. The Legislative Auditor makes fiscal, compliance and performance audits of the various agencies and departments of the State and issues a separate report covering each of those audits. The primary purpose of the reports is to present the Legislative Auditor's findings relative to the fiscal management of those agencies and departments.

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

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

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

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

Background Information on the State:

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

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

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

Also, the General Assembly created a Capital Debt Affordability Committee, the members of which are the Treasurer, the Comptroller, the Secretary of Budget and Management, the Secretary of Transportation, and one person appointed by the Governor. This Committee is required to submit to the Governor by October 1 of each year an estimate of the maximum amount of new general obligation debt that

prudently may be authorized. The Committee's recent reports encompass all tax supported debt, in addition to the general obligation debt, bonds issued by the Department of Transportation, bonds issued by the Maryland Stadium Authority and capital lease transactions. Although the Committee's responsibilities are advisory only, the Governor is required to give due consideration to the Committee's finding in preparing a preliminary allocation of new general obligation debt authorizations for the next ensuing fiscal year.

Information on the State's Economic Condition:

Maryland's economy is expected to continue expanding in line with recent trends. Growth in employment is expected to be 0.8% in 2019, down from 1.1% in 2018. Employment growth in 2020 is expected to decline to 0.6% and 0.5% in the out-years due to slower working age population growth. Growth in the average wage for 2019 is expected to be 2.9%. The rate of wage growth is expected to remain low relative to historical norms. Aggregate wage growth and personal income measures increase as employment and the average wage grow.

Growth in the traditional working age population (defined here as 25-64 years old) has been declining nationwide. In Maryland, the working age population recently began to shrink. Slowing growth in the number of workers, *ceteris paribus*, translates to proportionally slower growth in output. In reality, this has been partially ameliorated by increased labor participation of those 65 and older.

In the short run however, economic growth can deviate significantly from what economists expect to be the potential, or sustainable, rate of growth. In 2018, the federal government embarked on a large debt-financed stimulus in the midst of a mature economic expansion. The result was an uptick in both real GDP growth and inflation – which together equal nominal GDP – that is already dissipating. The duration and escalation of trade barriers is also restraining growth.

In light of these issues, we view the risk of a recession in Maryland's forecast horizon as elevated. However, we do not forecast a recession, in part because no one has been able to accurately predict recessions – a result consistent with economic theory. Furthermore, time since the last recession is not a reliable indicator of when the next recession will occur. Australia, for example, last had a recession in 1991. Rather we warn of heightened risk. This expansion is mature, but we cannot reliably answer the important questions of timing or magnitude of the next recession.

The national labor market continues to perform well in terms of low unemployment and steady job creation, particularly considering slowing growth in the working age population. In both the nation as a whole and Maryland in particular, job growth has outperformed population growth. In October 2019, the unemployment rates for both the nation and Maryland were 3.6%. After growing 1.1% in 2018, the number of non-farm payroll jobs in Maryland has grown 0.6% through October of this year according to the Current Employment Statistics (CES) payroll survey. The less timely but typically more accurate Quarterly Census of Employment and Wages (QCEW) has recorded marginally stronger employment growth for the past two years. Through June of this year, the QCEW reports job growth of 0.8%. Because of this we believe employment will grow 0.8% in 2019.

Growth in the number of jobs in Maryland has been below that of the nation for almost the entire expansion, and this divergence has recently worsened. However, it should be noted that the nation is experiencing higher population growth and would therefore be expected to experience faster job growth all else equal. Despite significant declines in unemployment, wage growth has remained subdued. The average wage, defined as total wages divided by the number of jobs, increase 2.7% in 2018 and is up 3.1% through the first two quarters of 2019.

The Federal Government's economic policy during this expansion has been characterized by uncertainty and contradiction. Relatively early in the recovery, the federal government implemented a policy of austerity in the form of tax increases and spending caps that restrained spending growth. Maryland's economy stagnated during this time. More recently, federal spending and deficits have substantially increased. Although the federal government is buying more from the private sector, direct federal employment in Maryland and D.C. began to decline in mid-2017. More recently, federal employment in Maryland appears to have bottomed out. During this time, income tax withholding from federal contractors, who are private sector employers, grew. The overall impact on federal government related employment is therefore ambiguous.

Federal budget sequestration is set to expire at the end of federal fiscal year 2021 (September 2021). There could be near-term benefits for Maryland if the private sector begins to invest in anticipation of greater federal outlays. Then, once the budget caps are removed, direct federal expenditures would likely increase to the benefit of the State's out-year forecast as well.

As usual, risks abound. One risk for Maryland, as ever, is oil prices. An increase in oil prices would be a drag on average consumer spending in Maryland. But while oil price changes still impact the economy, the rise of domestic shale oil producers and their ability to respond quickly means the US economy as a whole is less affected by swings in the international oil market. Increasing fuel and energy efficiency has similarly reduced the impact of oil price swings on the economy. However, whereas falling oil prices were once unambiguously beneficial to the US economy, domestic shale oil production falls when oil prices fall, causing regional declines in industrial production.

The evolution of trade policy is another international risk. There is considerable uncertainty as to the imposition, extent, and duration of tariffs and other barriers. Uncertainty itself can depress economic growth, and tariffs act as a tax on US consumption of such goods.

Continuing with trade policy, the Port of Baltimore is a significant east coast port. It is among a few that have the berth depths and infrastructure to handle "Post Panamax" ships – those that can pass through the expanded Panama Canal. As such, the port is liable to feel the impacts of increasing trade barriers. However, the Port benefits from trade regardless of which direction goods move. While trade barriers will make some goods more expensive to import, the overall trade balance is determined by the savings rates of the trading partners involved. Indeed the trade deficit has grown despite tariffs. The Port conceivably benefits from that increased demand for imports. More recently, interested parties in expanding the Howard Street tunnel may have reached agreement over funding, though nothing is final. This would

increase the Port of Baltimore's cargo handling capacity and might therefore boost near-term investment in the Port, apart from the tunnel expansion.

Major Initiatives and Long Term Financial Planning:

The fiscal year 2020 budget makes use of what is likely a one-time surplus to save for the future and to invest in the state's infrastructure. There is full funding of \$125 million for year one of the constitutional amendment guaranteeing that Education Trust Fund dollars from casino revenues supplement public education. The Building Opportunity Fund is established to assist in providing \$3.5 billion in school construction funding over the next five years. Investment in Opportunity Zones throughout the state is encouraged by providing \$56.5 million in new incentives and through the More Opportunities for Marylanders Act of 2019. More than \$1.3 billion will be set aside to prepare for a potential future downturn in the economy, including a Rainy Day Fund balance equal to 6.5% of annual revenues, more than \$276 million above the 5% required by state law.

The state closed FY 2018 with a surplus of \$589 million – nearly \$400 million larger than estimated. The budget surplus was primarily the result of higher than estimated revenues, and secondarily because state agencies returned more funds back to the Treasury than estimated for the fourth consecutive year. However, understanding that the economy has experienced the longest sustained period of growth since the 1990's and that much of the additional revenue is attributable to volatile revenue sources, saving and prudent spending characterize the FY2020 budget.

The state's budget complies with all major recommendations made by the General Assembly's Spending Affordability Committee. When the additional balance in the Rainy Day Fund is combined with the FY 2020 surplus of \$105 million, the state will have approximately \$1.32 billion in reserve, equal to slightly more than 7% of revenues. The FY 2020 budget also includes a total of \$1.71 billion in pension funding, which is \$125 million more than actuarially required. The budget continues to reserve \$200 million to help fund future costs associated with the recommendations of the Kirwan Commission on public school funding.

The FY 2020 capital budget totals \$5.16 billion. In addition to public school construction, it includes higher education capital funding of \$325 million. It also includes \$3.3 billion in spending on the transportation network, including \$1.7 billion for state highways, \$221 million for the Purple Line Transitway and \$167 million for the Washington Metropolitan Area Transit Authority.

In FY 2020 local governments will receive an increase of \$24 million, or 10%, in aid for transportation primarily from highway user taxes. The budget contains \$250 million for substance use disorder services, an increase of 20%. Resident undergraduate tuition at all Maryland's public four-year institutions is held to 2% for the fourth consecutive year. A 3% cost-of-living adjustment is included for state employees.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Maryland for its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The State of Maryland has received a Certificate of Achievement for the last 39 consecutive years (Fiscal Years ended 1980 – 2018). We believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

Sincerely,



Peter Franchot
Comptroller of Maryland

Financial Section

COMPREHENSIVE ANNUAL FINANCIAL REPORT, STATE OF MARYLAND



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Honorable Peter Franchot
Comptroller of Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Maryland (the State), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The State's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain Economic Development Loan Programs; the Maryland Lottery and Gaming Control Agency; certain Economic Development Insurance Programs; certain foundations included in the higher education component units; the Maryland Technology Development Corporation; Maryland Environmental Service and the Investment Trust Fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the State, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The financial statements that we did not audit, which are listed above represent the percentages of the total assets, total net position, and total revenues of the accompanying financial statements as listed below.

	Percentage of Opinion Unit		
	Total Assets	Total Net Position	Total Operating Revenues
Business type activities:			
Major			
Economic Development Loan Programs	19.5%	4.9%	1.5%
MD Lottery and Gaming Control Agency	1.9%	0.1%	70.7%
Economic Development Insurance Programs	0.6%	0.8%	0.0%
Total Percentage of Business Type Activities	22.0%	5.8%	72.2%
Component units			
Major			
Certain Foundations of Higher Education	14.6%	18.0%	5.5%
Non-Major			
Maryland Technology Development Corp	0.9%	1.2%	0.5%
Maryland Environmental Service	0.8%	0.5%	3.3%
Total Percentage of Component Units	16.3%	19.7%	9.3%
Fiduciary Funds:			
Investment Trust Fund	7.5%	8.6%	75.1%



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; and other required supplementary information (collectively required supplementary information) as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion and based on the reports of the other auditors, the combining financial statements, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Owings Mills, Maryland
December 16, 2019

SB & Company, LLC

STATE OF MARYLAND

Management's Discussion and Analysis

Management of the State of Maryland provides this narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2019. Please read it in conjunction with the Comptroller's letter of transmittal, which can be found in the Introductory Section of this report, and the State's financial statements which follow this section.

Financial Highlights

Government-wide

- Maryland reported a deficit of \$10.2 billion in fiscal year 2019 and a deficit of \$8.9 billion in fiscal year 2018.
- Of the deficit in fiscal year 2019, a deficit balance of \$33.8 billion was reported as total unrestricted net position, which includes a \$36.1 billion deficit balance in governmental activities and a \$2.3 billion balance in business-type activities.
- The State's total net position decreased by a total of \$1.3 billion as a result of this year's operations. The net position for governmental activities decreased by \$1.9 billion. Net position of business-type activities increased by \$576 million.
- The State's governmental activities had total expenses of \$41.6 billion; total revenues of \$38.4 billion; net transfers from business-type activities of \$1.2 billion for a net decrease of \$1.9 billion.
- Business-type activities had total expenses of \$4.1 billion; program revenues of \$5.8 billion; general revenues of \$28 million; and transfers out of \$1.2 billion for a net increase in net position of \$576 million.
- Total State revenues were \$44.3 billion, while total costs for all programs were \$45.6 billion.

Fund Level

- Governmental funds reported a combined fund balance of \$3.5 billion, an increase of \$1.2 billion (52.0%) from the prior year.
- The general fund reported an unassigned fund balance deficit of \$19 million and a remaining fund balance (nonspendable, restricted, and committed) of \$2.7 billion, compared to an unassigned fund balance deficit of \$507 million and a remaining fund balance of \$2.2 billion last year. This represents a net increase of \$960 million in general fund, fund balance. The total unassigned fund balance deficit in the governmental funds was \$263 million in the current year and \$977 million in the prior year.
- Governmental funds reported a total nonspendable, restricted, and committed fund balance of \$3.8 billion in 2019, compared to \$3.3 billion in the prior year.

Long-term Debt

- Total bonds and obligations under long-term leases at year end were \$20.2 billion, net of related premiums, discounts and adjustments, a net increase of \$828 million in 2019 (4.3%) from the prior year.
- \$1.0 billion General Obligation Bonds and \$631 million Transportation Bonds were issued during the year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

This report includes two schedules (pages 29 and 31) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities (accrual accounting) on the government-wide statements. The following summarizes the impact of transitioning from modified accrual to accrual accounting:

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

The government-wide financial statements can be found on pages 24 -27 of this report.

Fund Financial Statements

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

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

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

The State maintains five governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Department of Transportation-special revenue fund, both of which are considered to be major funds. Data from the remaining three governmental funds are combined into a single, aggregated presentation. Data for the non-major governmental funds, namely, the debt service fund for general obligation bonds, the debt service fund for transportation revenue bonds and the capital projects fund, are provided in the form of combining statements elsewhere in this report. These funds are reported using modified accrual accounting, which measures cash and all other assets which can be readily converted to cash. The basic governmental funds financial statements can be found on pages 28 and 30 of this report.

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

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

The basic enterprise funds financial statements can be found on pages 34 - 38 of this report.

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

The State's fiduciary funds include the Pension and Other Employee Benefits Trust Funds, the Investment Trust Fund and Agency Funds. The Pension and Other Employee Benefits Trust Funds consist of the Retirement and Pension System, the Maryland Transit Administration Pension Plan, the Postretirement Health Benefits Trust Fund and the Deferred Compensation Plan. The Investment Trust Fund accounts for the transactions, assets, liabilities and net position of an external investment pool. Agency funds account for the assets held for distribution by the State as an agent for other governmental units, organizations or individuals. Individual fund detail for the fiduciary funds can be found in the combining financial statements.

The basic fiduciary funds financial statements can be found on pages 39 -40 of this report.

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

The combining financial statements for the component units can be found on pages 42 -44 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 46 - 100 of this report.

Required Supplementary Information

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

Other Supplementary Information

Combining Financial Statements

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

Government-Wide Financial Analysis

The State's combined net position (governmental and business-type activities) totaled \$10.2 billion deficit at the end of 2019 and \$8.9 billion deficit at the end of 2018.

Net Position as of June 30,

(Expressed in Millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 8,371	\$ 6,515	\$ 8,519	\$ 7,756	\$ 16,890	\$ 14,271
Capital assets	25,236	24,949	6,287	6,099	31,523	31,050
Total assets	33,607	31,464	14,807	13,855	48,413	45,320
Total deferred outflows of resources	3,985	5,639	98	71	4,082	5,710
Long-term liabilities	48,663	45,572	4,935	4,548	53,598	50,120
Other liabilities	5,602	4,958	777	759	6,379	5,717
Total liabilities	54,265	50,530	5,712	5,307	59,977	55,839
Total deferred inflows of resources	2,683	4,019	80	83	2,763	4,102
Net position:						
Net invested in capital assets	16,522	16,703	4,683	4,360	21,204	21,063
Restricted	224	255	2,168	2,187	2,392	2,443
Unrestricted	(36,102)	(34,404)	2,262	1,989	(33,840)	(32,415)
Total net position	\$ (19,356)	\$ (17,446)	\$ 9,112	\$ 8,536	\$ (10,244)	\$ (8,910)

The largest portion of the State's net position, \$21.2 billion, reflects investment in capital assets such as land, buildings, equipment and infrastructure, less any related debt to acquire those assets that is still outstanding, as adjusted by any deferred inflows or deferred outflows of resources. The State uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the State's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, a portion of the State's net position, \$2.4 billion, represents resources that are subject to external restrictions or enabling legislation on how they may be used. The remaining balance for unrestricted net position, a deficit of \$33.8 billion, reflects the State's expenses over revenues.

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

Changes in Net Position

For the Year Ended June 30,

(Expressed in Millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 3,836	\$ 3,323	\$ 5,641	\$ 5,450	\$ 9,477	\$ 8,773
Operating grants and contributions	11,547	11,047	157	109	11,704	11,155
Capital grants and contributions	868	904			868	904
General revenues:						
Income taxes	11,496	10,676			11,496	10,676
Sales and use taxes	4,890	4,720			4,890	4,720
Motor vehicle taxes	2,759	2,632			2,759	2,632
Tobacco taxes	357	373			357	373
Insurance company taxes	556	542			556	542
Property taxes	1,149	1,154			1,149	1,154
Estate & inheritance taxes	209	241			209	241
Other taxes	325	323			325	323
Unrestricted investment earnings	454	136	28	6	482	143
Total revenues	38,446	36,071	5,826	5,565	44,272	41,637
Expenses:						
General government	1,403	966			1,403	966
Health and mental hygiene	14,699	13,527			14,699	13,527
Education	8,448	8,494			8,448	8,494
Aid for higher education	2,472	2,332			2,472	2,332
Human resources	2,611	2,337			2,611	2,337
Public safety	2,897	2,108			2,897	2,108
Transportation	5,075	4,068			5,075	4,068
Judicial	1,055	779			1,055	779
Labor, licensing and regulation	427	374			427	374
Natural resources and recreation	501	367			501	367
Housing and community development	370	329			370	329
Environment	151	108			151	108

Agriculture	114	98			114	98
Commerce	100	101			100	101
Intergovernmental grants	613	599			613	599
Interest	611	523			611	523
Economic development insurance programs			1	1	1	1
Economic development loan programs			340	333	340	333
Unemployment insurance program			448	518	448	518
Maryland Lottery and Gaming Control Agency			2,656	2,491	2,656	2,491
Maryland Transportation Authority			564	559	564	559
Maryland Correctional Enterprises			51	51	51	51
Total expenses	41,546	37,110	4,060	3,953	45,606	41,062
Increase (decrease) in net position before transfers	(3,100)	(1,039)	1,766	1,612	(1,334)	572
Transfers	1,190	1,167	(1,190)	(1,167)		
Change in net position	(1,910)	128	576	445	(1,334)	573
Net position - beginning	(17,446)	(17,574)	8,536	8,091	(8,910)	(9,482)
Net position - ending	\$ (19,356)	\$ (17,446)	\$ 9,112	\$ 8,536	\$ (10,244)	\$ (8,910)

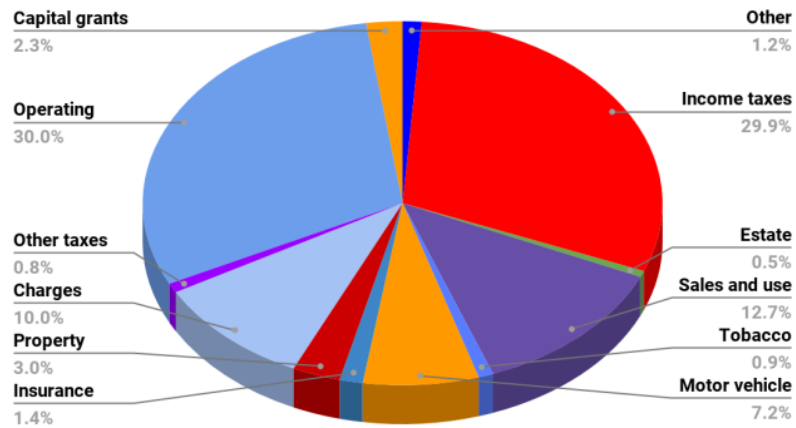
The following table compares financial information from the Government-wide Statement of Activities for this and the prior fiscal year to indicate how the State's revenues and expenses changed from year to year.

Analysis of Changes in Net Position
For the Year Ended June 30, 2019, Compared to June 30, 2018

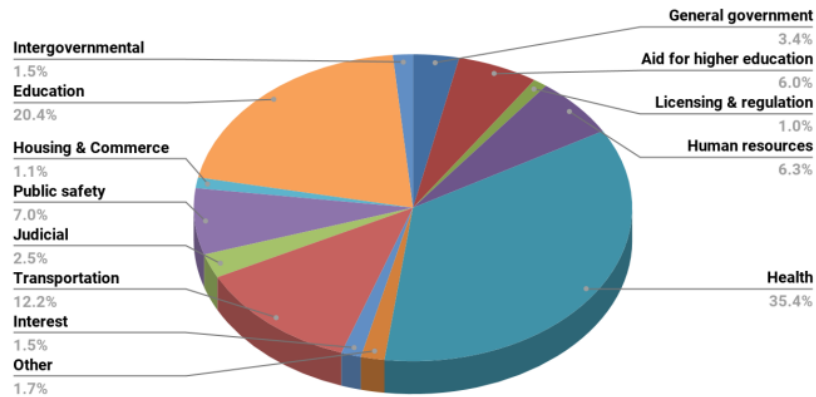
(Expressed in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	Amount of Increase/ (Decrease)	Percentage of Increase/ -Decrease	Amount of Increase/ (Decrease)	Percentage of Increase/ -Decrease	Amount of Increase/ (Decrease)	Percentage of Increase/ -Decrease
Revenues:						
Program revenues:						
Charges for services	\$ 513	15.4%	\$ 191	3.5%	\$ 704	8.0%
Operating grants and contributions	500	4.5%	48	44.6%	549	4.9%
Capital grants and contributions	(35)	-3.9%			(35)	-3.9%
General revenues:						
Income taxes	819	7.7%			819	7.7%
Sales and use taxes	169	3.6%			169	3.6%
Motor vehicle taxes	127	4.8%			127	4.8%
Tobacco taxes	(16)	-4.2%			(16)	-4.2%
Insurance company taxes	15	2.8%			15	2.8%
Property taxes	(4)	-0.4%			(4)	-0.4%
Estate & inheritance taxes	(32)	-13.3%			(32)	-13.3%
Other taxes	1	0.2%			1	0.2%
Unrestricted investment earnings	317	232.2%	22	348.9%	339	237.4%
Total revenues	2,374	6.6%	261	4.7%	2,635	6.3%
Expenses:						
General government	437	45.2%			437	45.2%
Health and mental hygiene	1,172	8.7%			1,172	8.7%
Education	(46)	-0.5%			(46)	-0.5%
Aid for higher education	140	6.0%			140	6.0%
Human resources	275	11.8%			275	11.8%
Public safety	789	37.4%			789	37.4%
Transportation	1,007	24.7%			1,007	24.7%
Judicial	276	35.5%			276	35.5%
Labor, licensing and regulation	54	14.5%			54	14.5%
Natural resources and recreation	133	36.2%			133	36.2%
Housing and community development	41	12.3%			41	12.3%
Environment	43	39.6%			43	39.6%
Agriculture	17	16.9%			17	16.9%
Commerce	(2)	-2.0%			(2)	-2.0%
Intergovernmental grants	13	2.2%			13	2.2%
Interest	89	17.0%			89	17.0%
Economic development insurance programs						
Economic development loan programs			7	2.1%	7	2.1%
Unemployment insurance program			(70)	-13.5%	(70)	-13.5%
Maryland Lottery and Gaming Control Agency			166	6.6%	166	6.6%
Transportation Authority			5	0.9%	5	0.9%
Maryland Correctional Enterprises						
Total expenses	\$ 4,438	12.0%	\$ 108	2.7%	\$ 4,545	11.1%

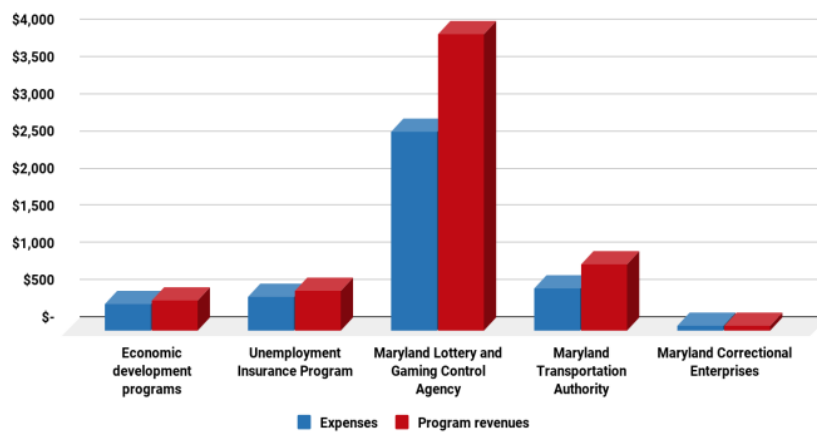
2019 REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



2019 EXPENSES BY FUNCTION - GOVERNMENTAL ACTIVITIES



2019 EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES (Expressed in Millions)



Governmental Activities

- Liabilities and deferred inflows exceeded assets and deferred outflows by \$19.4 billion at the end of fiscal year 2019. For the current year, there was a decrease in net position of \$1.9 billion from the previous year.
- Included in the decrease in net position, capital assets decreased by \$181 million, deferred outflows, net of deferred inflows, decreased by \$318 million, and long-term liabilities increased by \$3.1 billion. The major capital asset events are discussed in the Capital Assets section of this analysis. Among the components of the increase in long-term liabilities were increases in bonds and notes payable (\$552 million); a decrease in the State's net pension liability (NPL) (\$1.0 billion); and the State's net OPEB liability in the current year in excess of the net OPEB liability in the prior year (\$3.6 billion). The increase in bonds and notes payable is discussed in the Long-Term Debt section of this analysis. The decrease in the NPL of \$1.0 billion is offset by the net increase in deferred inflows over deferred outflows related to pensions of \$1.0 billion. The net increase in deferred inflows for pensions will be recognized in the NPL in future years. The NPL and deferred outflows and deferred inflows related to pensions are discussed in Note 15 to the financial statements. The increase for the net OPEB liability is primarily due to an increase of \$2.5 billion for changes related to drug coverage for Medicare eligible retirees. It is discussed further in Note 16 to the financial statements.

Business-type Activities

Business-type activities increased the State's net position by \$1.8 billion before transfer of \$1.2 billion to governmental activities, for a net increase of \$576 million in net position. The increase compares to an increase of \$1.6 billion before transfers of \$1.2 billion, for a net increase of \$445 million in net position, in the prior year. Key elements of this increase are as follows:

- Net position of the Maryland Transportation Authority increased by \$321 million compared to an increase of \$310 million in the prior year. Net operating income was \$374 million compared to \$423 million in the prior year.
- The Unemployment Insurance Program net position increased by \$75 million in 2019. Net position increased by \$37 million in 2018. Net operating income was \$36 million compared to the prior year's \$2 million. Charges for services (unemployment taxes) decreased by \$36 million (6.9%) and benefit payments were reduced by \$70 million (13.6%). Both the amount of taxes paid by Maryland employers and the amount of benefits received by the unemployed are products of the economic climate. Federal payments for extended benefits and other programs increased by \$.8 million (8.4%).
- Net position for the Economic Development Loan Programs increased by \$170 million compared to an increase of \$100 million in the prior year. This resulted primarily from activity in the Maryland Water Quality Administration and Housing's State Funded Loan Programs. Net income of the Administration increased by \$97 million compared to an increase of \$76 million in the prior year due primarily to a decrease of \$28 million in bay restoration capital grant disbursements. Net income of the State Funded Loan Programs increased by \$31 million compared to an increase of \$29 million in the prior year for programs related to financing housing opportunities.
- Lottery ticket sales were \$2.2 billion in 2019, an increase of \$154 million or 7.5% from the prior year. In 2019 in Maryland's six casinos, gross video lottery terminal (VLT) and table game revenue was \$1.8 billion, an increase of \$82 million (4.8%) over the prior year. Operating expenses, including cost of sales, increased by \$166 million, or 6.6%, over 2018 largely for an increase of \$109 million in prizes awarded to lottery winners. Transfers to governmental activities by MLGCA were \$1.3 billion in 2019 and 2018.

Financial Analysis of the State's Funds

As of the end of the current fiscal year, the State's governmental funds reported a combined fund balance of \$3.5 billion, an increase of \$1.2 billion from the prior year. The combined fund balance includes a deficit of \$263 million in unassigned for governmental funds, including a deficit of \$19 million for the General Fund, a deficit of \$17 million for the special revenue fund, and a deficit of \$227 million for the other governmental funds. The remainder of the fund balance is nonspendable, restricted, or committed based on the constraints on the specific purposes for which amounts in that fund can be spent. The remainder of the fund balance is 1) unspendable because it is in the form of prepaid items, inventories and long-term loans and notes receivable (\$867 million); 2) restricted by outside parties or to pay debt service on general obligation bonds and transportation bonds from specific taxes (\$224 million); or 3) committed to legislated purposes or encumbered as committed fund balance based on the constraints and approval in place at year end or where appropriate when existing resources are not sufficient to liquidate encumbrances (\$2.7 billion). Included in committed fund balance is \$891 million in the "State Reserve Fund" which is set aside to meet future financial needs in circumstances that are not expected to occur routinely. It is the goal of the State that 10% of estimated General Fund revenues in each fiscal year be retained in the Revenue Stabilization Account of the State Reserve Fund.

General Fund

The General Fund is the major operating fund of the State. At the end of the current fiscal year, the unassigned fund balance deficit of the General Fund was \$19 million, while total fund balance was \$2.7 billion. The fund balance of the State's General Fund increased by \$960 million during 2019, compared to an increase of \$375 million for 2018. Revenues increased by \$2.2 billion (7.3%) to \$32.8 billion while expenditures increased by \$1.5 billion (4.7%) to \$32.4 billion. The increase in total revenue was primarily due to an increase of \$735 million from income taxes, a 6.8% increase from the prior year, resulting largely from an increase in personal income tax collections. The General Fund expenditure increase was primarily for expenditures for health and mental hygiene, which increased by \$812 million (6.0%).

Transfers in to the General Fund were \$1.4 billion in 2019 and 2018. Transfers consisted primarily of \$1.3 billion transferred from MLGCA in 2019. Transfers out from the general fund were \$824 million this year compared to \$640 million for the prior year. This increase was primarily due to increases in transfers to the capital projects fund for Program Open Space and the special revenue fund for its share of income and sales taxes.

Special Revenue Fund

The Maryland Department of Transportation special revenue fund accounts for resources used for operation of the State's transportation activities, not including debt service and pension activities. The fund balance of the Department's special revenue fund was \$249 million as of June 30, 2019, an increase of \$230 million compared to a decrease of \$184 million in the prior fiscal year. Revenues increased by \$292 million (6.9%), expenditures increased by \$30 million (.6%), and other sources of financial resources increased by \$152 million. The increase in revenues was from increases in motor vehicle taxes and federal revenue. The increase in other sources of financial resources was substantially due to an increase in net transfers from the general fund (\$103 million).

Budgetary Highlights

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

Overall, the change between the original and final amended general fund budget was an increase of \$3 million, or .0%.

The difference between the final budget, \$18.1 billion, and actual expenditures, \$17.7 billion, was \$366 million, or 2.0%. Of this amount, \$44 million was returned to the general fund, and \$322 million was encumbered for future spending. The variance for the General Assembly (22.1%) is attributable to encumbrances of \$25 million that were retained for building interior maintenance and improvements, critical telecommunications and information technology equipment, and wireless communications on the floor of the Senate and House Chambers. Encumbrances of \$22 million, primarily from Neighborhood Revitalization and Rental Housing Programs, resulted in the variance (49.9%) in the Department of Housing and Community Development. The difference in the Department of Commerce (21.8%) is due to \$23 million in encumbrances for grants and loans. The General Fund variance of \$45 million (15.0%) in Executive and Administrative Control is mainly attributable to encumbrances of \$29 million for University of Maryland Capital Region Medical Center and better than anticipated federal fund participation, specifically from Medicaid.

**Significant Differences between Original Budget, Final Budget, and Actual Amounts
for the year ended June 30, 2019 (Expressed in Thousands)**

General Fund

	Original Budget	Final Budget	Original versus Final budget	Percentage Change	Actual Amounts	Final Budget versus Actual	Percentage Change
Expenditures and encumbrances by function:							
Payments of revenue to civil divisions of the State	\$ 168,463	\$ 168,463			\$ 168,463		
Public debt	286,000	286,000			286,000		
Legislative	113,960	114,827	\$ 867	0.8%	89,416	\$ 25,411	22.1%
Judicial review and legal	647,073	652,364	5,291	0.8%	625,680	26,684	4.1%
Executive and administrative control	308,982	297,647	(11,335)	-3.7%	252,887	44,760	15.0%
Financial and revenue administration	226,211	239,574	13,363	5.9%	226,267	13,307	5.6%
Budget and management	169,798	126,564	(43,234)	-25.5%	119,113	7,451	5.9%
General services	72,087	76,132	4,045	5.6%	67,994	8,138	10.7%
Natural resources and recreation	63,214	65,995	2,781	4.4%	64,931	1,064	1.6%
Agriculture	34,720	35,219	499	1.4%	34,435	784	2.2%
Health, hospitals and mental hygiene	4,908,188	4,941,512	33,324	0.7%	4,911,030	30,482	0.6%
Human resources	606,391	612,829	6,438	1.1%	607,282	5,547	0.9%
Labor, licensing and regulation	49,326	50,003	677	1.4%	43,467	6,536	13.1%
Public safety and correctional services	1,240,041	1,251,494	11,453	0.9%	1,234,044	17,450	1.4%
Public education	8,359,608	8,383,452	23,844	0.3%	8,230,666	152,786	1.8%
Housing and community development	44,575	44,541	(34)	-0.1%	22,324	22,217	49.9%
Commerce	112,470	107,742	(4,728)	-4.2%	84,256	23,486	21.8%
Maryland technology development corporation	19,474	19,474			19,474		
Environment	31,125	31,456	331	1.1%	30,005	1,451	4.6%
Juvenile services	265,930	268,331	2,401	0.9%	259,637	8,694	3.2%
State police	283,103	294,783	11,680	4.1%	294,617	166	0.1%
State reserve fund	68,826	14,345	(54,481)	-79.2%	14,345		
Reversions	(30,000)	(30,000)				(30,000)	100.0%
Total expenditures and encumbrances	\$ 18,049,565	\$ 18,052,747	\$ 3,182	0.0%	\$ 17,686,333	\$ 366,414	2.0%

Capital Assets and Debt Administration

Capital assets

As of June 30, 2019, the State had invested \$31.5 billion (net of accumulated depreciation) in a broad range of capital assets (see table below): Depreciation expense for the fiscal year totaled \$1.5 billion (\$1.4 billion for governmental activities and \$163 million for business-type activities). The increase in the State's investment in capital assets, net of depreciation expense, for the current fiscal year was \$474 million (an increase of \$286 million for governmental activities and an increase of \$188 million for business-type activities).

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and improvements	\$ 3,811	\$ 3,722	\$ 399	\$ 398	\$ 4,209	\$ 4,120
Art and historical treasures	23	23			23	23
Structures and improvements	4,046	4,233	155	155	4,201	4,388
Equipment	997	905	43	37	1,040	942
Infrastructure	10,144	10,007	4,661	4,415	14,806	14,421
Construction in progress	6,215	6,060	1,030	1,095	7,245	7,155
Total	\$ 25,236	\$ 24,949	\$ 6,287	\$ 6,099	\$ 31,523	\$ 31,049

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

- Continued widening and/or expansion of existing highways and bridges, and various transit, port and motor vehicle administration construction projects
- Preservation of agricultural and open space land through the purchase of easements
- Veterans cemetery improvements
- Improvements to the statewide telecommunications network including One Maryland broadband wiring and high speed data network wiring
- Energy efficiency improvements in State buildings
- Software developments and upgrades for Department of Human Services for the Children Electronic Social Services Information Exchange (CHESSIE) and Client Automated Resources Eligibility System (CARES) projects
- Software development and upgrades for Department of Information Technology for a new enterprise budgeting system
- Construction of a new visitor center, new property acquisitions, and construction and improvements to recreation and park facilities under the Department of Natural Resources
- Building improvements for the Maryland Judiciary and construction of a new District Court facility
- Construction of a new juvenile facility
- Construction and renovations of the Military Department Armories
- Building renovation projects and acquisition of helicopters for the State Police
- Renovation of police and correctional training facilities
- Building improvements at correctional facilities and at the Department of Health
- Continued construction on the Purple Line Transitway light rail project in Montgomery and Prince George's counties

Elements of increases in capital assets of business-type activities include system preservation and restoration of existing transportation facilities managed by the Maryland Transportation Authority and the expansion of the Authority's electronic toll lane project on the JFK Memorial Highway (I-95).

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

Long-term debt

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

At June 30, 2019, the State had outstanding bonds, net of related premiums, discounts and adjustments, totaling \$19.4 billion. Of this amount, \$11.0 billion were general obligation bonds, backed by the full faith and credit of the State. The remaining \$8.4 billion were secured solely by the specified revenue sources.

Outstanding Bond Debt as of June 30,						
<i>(Expressed in Millions)</i>						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds (backed by the State).....	\$ 10,961	\$ 10,849			\$ 10,961	\$ 10,849
Transportation Bonds (backed by specific revenues).....	3,681	3,241			3,681	3,241
Revenue bonds (backed by specific revenues).....			\$ 4,773	\$ 4,451	4,773	4,451
Total	\$ 14,642	\$ 14,090	\$ 4,773	\$ 4,451	\$ 19,416	\$ 18,541

The total increase in bonded debt in the current fiscal year was \$875 million (\$112 million increase related to general obligation bonds, \$440 million increase related to transportation bonds, and \$323 million increase related to revenue bonds). The State's general obligation bonds are rated Aaa by Moody's and AAA by Standard and Poors and Fitch. During fiscal year 2019, the State issued general obligation debt totaling \$1.0 billion at a premium of \$175 million.

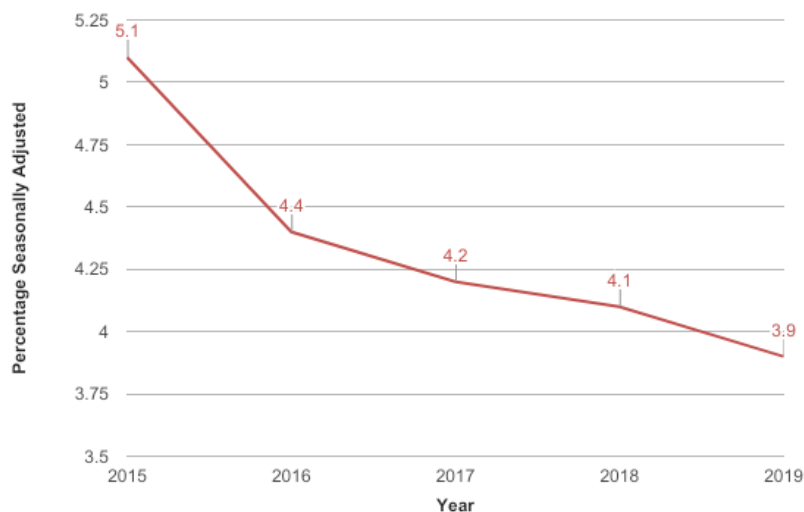
State law limits the amount of Consolidated Transportation Bonds, dedicated revenue debt that may be outstanding as of June 30 to the amount authorized in the budget, and this amount may not exceed \$4.5 billion. The aggregate principal amount of these bonds that was authorized to be outstanding as of June 30, 2019, was \$3.4 billion. The actual par amount in Consolidated Transportation Bonds outstanding was \$3.3 billion.

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

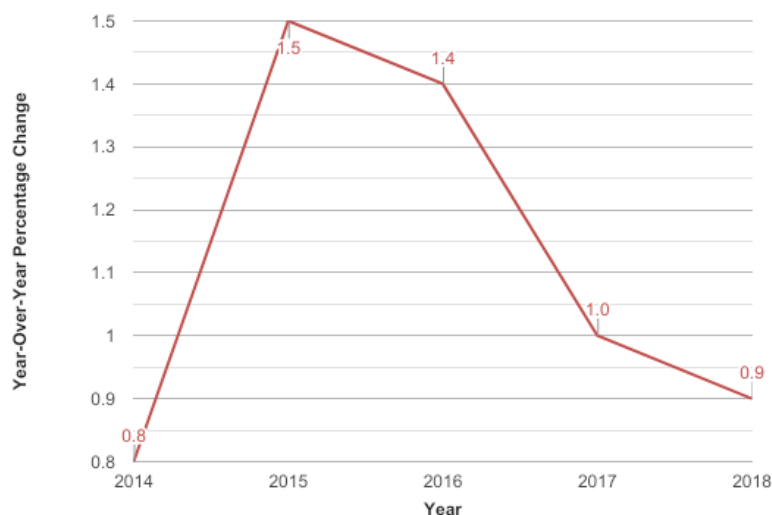
Economic Factors and Next Year's Budget

The forecast of the Maryland economy by the Board of Revenue Estimates is the basis for Maryland's revenue outlook. Employment growth of 0.8% is expected in calendar year 2019 and 0.6% in calendar year 2020. The unemployment rate was 3.8% in June 2019 and has continued a downward trend since 2012. Historical employment growth and the unemployment rate for the past five years are depicted below:

Unemployment Rate Prior 5 Years



Employment Growth



Growth in personal income of 3.8% and 3.5% in calendar years 2019 and 2020, respectively, is expected. General fund revenues are estimated to increase by 2.7% in fiscal year 2020.

Maryland's budget in fiscal year 2020 is \$46.6 billion, a 3.9% increase over 2019. The fiscal year 2020 budget conforms to the legislature's Spending Affordability Committee's guidelines. The general fund budget is \$19.4 billion, an 8.4% increase over 2019, and include a projected \$95 million fiscal year 2020 surplus. Reserves are projected to total \$1.3 billion at June 30, 2020.

Requests for Information

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



Basic Financial Statements

COMPREHENSIVE ANNUAL FINANCIAL REPORT, STATE OF MARYLAND



STATE OF MARYLAND
Statement of Net Position
June 30, 2019
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash	\$ 452,304	\$ 177,622	\$ 629,926	\$ 190,944
Equity in pooled invested cash	2,585,613	653,883	3,239,496	2,821,103
Investments	253,332	401,124	654,456	1,213,949
Endowment investments				371,004
Foundation investments				1,557,369
Inventories	119,714	18,001	137,715	10,320
Prepaid items	720,644		720,644	21,269
Taxes receivable, net	1,599,348		1,599,348	
Intergovernmental receivables	1,662,951		1,662,951	
Tuition contracts receivable				211,667
Due from primary government				4,361
Due from component units	5,950		5,950	
Other accounts receivable	721,159	117,672	838,831	540,448
Loans and notes receivable, net	27,873	1,814,635	1,842,508	48,750
Investment in direct financing leases		354,074	354,074	68,403
Other assets	4,920	14,435	19,355	23,741
Restricted assets:				
Cash	46,835	2,219,066	2,265,901	160,603
Equity in pooled invested cash	114,224	83,908	198,132	
Investments	27,794	932,320	960,114	456,340
Taxes receivable, net	26,744		26,744	
Loans and notes receivable	1,252	1,554,632	1,555,884	
Other accounts receivable	477	177,802	178,279	
Capital assets, net of accumulated depreciation:				
Land	3,810,544	398,559	4,209,103	218,118
Art and historical treasures	22,632		22,632	
Structures and other improvements	4,046,294	154,538	4,200,832	5,862,937
Equipment	996,613	42,965	1,039,578	459,081
Infrastructure	10,144,438	4,661,243	14,805,681	251,779
Construction in progress	6,215,283	1,030,054	7,245,337	748,053
Total capital assets	25,235,804	6,287,359	31,523,163	7,539,968
Total assets	33,606,937	14,806,533	48,413,470	15,240,239
Deferred outflows of resources	3,984,903	97,540	4,082,443	620,310

STATE OF MARYLAND
Statement of Net Position (continued)
June 30, 2019
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Bank overdrafts		\$ 1,058	\$ 1,058	
Salaries payable	\$ 174,634		174,634	\$ 130,827
Vouchers payable	901,177		901,177	
Accounts payable and accrued liabilities	2,644,753	375,866	3,020,619	363,483
Internal balances	(79,772)	79,772		
Due to primary government				5,950
Due to component units	410		410	
Accounts payable to political subdivisions	146,180		146,180	
Unearned revenue	266,337	40,137	306,474	351,029
Accrued insurance on loan losses		10,415	10,415	651
Other liabilities				2,391
Bonds and notes payable:				
Due within one year	1,110,101	231,526	1,341,627	149,421
Due in more than one year	13,532,129	4,541,836	18,073,965	2,222,884
Other noncurrent liabilities:				
Due within one year	438,390	38,430	476,820	226,301
Due in more than one year	35,130,891	393,274	35,524,165	2,436,560
Total liabilities	54,265,230	5,712,314	59,977,544	5,889,497
Deferred inflows of resources	2,682,580	80,011	2,762,591	413,792
Net Position				
Net investment in capital assets	16,521,914	4,682,501	21,204,415	5,900,123
Restricted for:				
Debt service	215,796	69,419	285,215	2,361
Capital improvements		50	50	12
Higher education-nonexpendable				1,142,789
Higher education-expendable				744,626
Unemployment compensation benefits		1,408,000	1,408,000	
Loan programs		606,295	606,295	50,880
Insurance programs		83,908	83,908	
Other	8,186		8,186	
Unrestricted (deficit)	(36,101,866)	2,261,575	(33,840,291)	1,716,469
Total net position	\$ (19,355,970)	\$ 9,111,748	\$ (10,244,222)	\$ 9,557,260

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

STATE OF MARYLAND
Statement of Activities
For the Year Ended June 30, 2019
(Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government -								
Governmental activities:								
General government	\$ 1,402,851	\$ 1,052,239	\$ 125,763	\$ 2,960	\$ (221,888)		\$ (221,888)	
Health and mental hygiene	14,698,350	1,176,854	8,004,373		(5,517,123)		(5,517,123)	
Education	8,447,548	41,509	1,126,528	1,274	(7,278,236)		(7,278,236)	
Aid for higher education	2,471,292	26,935	292		(2,444,065)		(2,444,065)	
Human resources	2,611,404	43,872	1,613,473		(954,059)		(954,059)	
Public safety	2,897,054	106,784	82,262	9,424	(2,698,583)		(2,698,583)	
Transportation	5,074,650	746,239	90,795	851,866	(3,385,751)		(3,385,751)	
Judicial	1,055,281	284,302	4,794		(766,185)		(766,185)	
Labor, licensing and regulation	427,255	39,599	146,357		(241,299)		(241,299)	
Natural resources and recreation	500,645	203,374	27,830	2,636	(266,806)		(266,806)	
Housing and community development	369,919	20,541	280,630		(68,748)		(68,748)	
Environment	151,101	40,669	24,563		(85,870)		(85,870)	
Agriculture	114,191	19,460	5,260		(89,470)		(89,470)	
Commerce	99,882	31,763	2,479		(65,640)		(65,640)	
Intergovernmental grants and revenue sharing	612,968				(612,968)		(612,968)	
Interest	611,365	2,075	11,591		(597,699)		(597,699)	
Total governmental activities	41,545,756	3,836,214	11,546,991	868,160	(25,294,390)		(25,294,390)	
Business-type activities:								
Economic development - insurance programs	1,029	2,036	1,529			\$ 2,536	2,536	
Economic development - general loan programs	27,336	13,780				(13,556)	(13,556)	
Economic development - water quality loan programs	110,750	147,998	42,408			79,656	79,656	
Economic development - housing loan programs	201,748	102,353	70,514			(28,881)	(28,881)	
Unemployment insurance program	447,927	484,130	38,524			74,727	74,727	
Maryland Lottery and Gaming Control Agency	2,656,397	3,975,521	1,180			1,320,304	1,320,304	
Maryland Transportation Authority	563,623	862,534	2,809			301,720	301,720	
Maryland Correctional Enterprises	51,362	52,457				1,095	1,095	
Total business-type activities	4,060,172	5,640,809	156,964			1,737,601	1,737,601	
Total primary government	45,605,928	9,477,023	11,703,955	868,160	(25,294,390)	1,737,601	(23,556,789)	

STATE OF MARYLAND
Statement of Activities
For the Year Ended June 30, 2019
(Expressed in Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position			Component Units
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	Total	
Component Units-								
Higher education	\$ 5,938,848	\$ 2,712,615	\$ 1,605,397	\$ 308,384				\$ (1,312,452)
Maryland Prepaid College Trust	68,788	46,423						(22,365)
Maryland Stadium Authority	312,449	45,705	97,230					(169,514)
Other component units	207,537	173,283	26,524					(7,730)
Total component units	\$ 6,527,622	\$ 2,978,026	\$ 1,729,151	\$ 308,384				\$ (1,512,061)
General revenues:								
Income taxes					11,495,536		11,495,536	
Sales and use taxes					4,889,889		4,889,889	
Motor vehicle taxes					2,758,744		2,758,744	
Tobacco taxes					356,684		356,684	
Insurance company taxes					556,409		556,409	
Property taxes					1,149,200		1,149,200	
Estate & inheritance taxes					209,343		209,343	
Other taxes					324,712		324,712	
Grants and contribution not restricted to specific programs								1,582,680
Unrestricted investment earnings					453,966	28,448	482,414	167,907
Additions to permanent endowments								63,958
Transfers					1,190,192	(1,190,192)		
Total general revenues, additions to permanent endowments, and transfers					23,384,676	(1,161,744)	22,222,933	1,814,545
Changes in net position					(1,909,714)	575,857	(1,333,857)	302,484
Net position, beginning of the year					(17,446,255)	8,535,891	(8,910,364)	9,254,776
Net position, end of the year					\$ (19,355,970)	\$ 9,111,748	\$ (10,244,221)	\$ 9,557,260

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

STATE OF MARYLAND
Balance Sheet
Governmental Funds
June 30, 2019

(Expressed in Thousands)

	General	Special Revenue Maryland Department of Transportation	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash	\$ 448,450	\$ 3,854		\$ 452,304
Equity in pooled invested cash	2,281,961	36,845	\$ 266,807	2,585,613
Investments			253,332	253,332
Prepaid items	558,368	162,276		720,644
Taxes receivable, net	1,410,199	189,149		1,599,348
Intergovernmental receivables	1,120,263	542,688		1,662,951
Other accounts receivable	626,555	94,474	130	721,159
Due from other funds	299,059	94,695		393,754
Due from component units	5,950			5,950
Inventories	24,951	94,763		119,714
Loans and notes receivable, net	27,873			27,873
Restricted assets:				
Cash with fiscal agent			46,835	46,835
Equity in pooled invested cash			114,224	114,224
Investments	1,530		26,264	27,794
Taxes receivable, net			26,744	26,744
Other accounts receivable			477	477
Loans and notes receivable, net			1,252	1,252
Total assets	\$ 6,805,158	\$ 1,218,744	\$ 736,065	\$ 8,759,967
Liabilities:				
Salaries payable	\$ 149,315	\$ 25,319		\$ 174,633.93
Vouchers payable	847,352		\$ 53,824	901,177
Accounts payable and accrued liabilities	1,068,579	466,310	42,605	1,577,494
Due to other funds	1,006,047	166,140	25,493	1,197,680
Due to component units	410			410
Accounts payable to political subdivisions	93,756	45,657	6,768	146,180
Unearned revenue	142,306	32,725		175,031
Accrued self-insurance costs	122,610			122,610
Total liabilities	3,430,375	736,151	128,690	4,295,216
Deferred inflows of resources	681,415	233,881		915,296
Fund balances:				
Nonspendable	610,281	257,039		867,320
Restricted	8,186		215,796	223,982
Committed	2,094,213	8,908	618,245	2,721,366
Unassigned	(19,312)	(17,235)	(226,666)	(263,213)
Total fund balances	2,693,368	248,712	607,375	3,549,455
Total liabilities and fund balances	\$ 6,805,158	\$ 1,218,744	\$ 736,065	\$ 8,759,967

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

STATE OF MARYLAND
Reconciliation of the Governmental Funds' Fund Balance
to the Statement of Net Position, Net Position Balance
June 30, 2019

(Expressed in Thousands)

Amounts reported for governmental activities in the Statement of Net Position (pages 24-25)	
differ from the amounts for the governmental funds' fund balances because of:	
Amount in governmental funds, fund balance (page 28)	\$ 3,549,455
Capital assets used in governmental activities are not financial resources	
and, therefore, are not reported in the funds	25,235,804
Taxes and other receivables that will not be available to pay for current period	
expenditures and, therefore, are deferred in the funds	915,296
Accrued interest payable on bonds and capital leases are not liquidated	
with current financial resources in the governmental funds	(183,560)
Other long-term assets not available to pay for current period expenditures	(86,386)
Deferred outflows of resources not recognized as current period expenditures	3,984,903
Deferred inflows of resources not recognized as current period revenues	(2,682,580)
Long-term liabilities are not due and payable in the current period	
and, therefore are not reported in the funds:	
General Obligation Bonds	(9,606,909)
Premiums to be amortized over the life of the debt	(1,354,369)
Transportation Bonds	(3,342,945)
Premiums to be amortized over the life of the debt	(338,006)
Accrued self-insurance costs	(259,983)
Accrued annual leave	(340,967)
Pension liabilities	(18,839,258)
Other post-employment benefits liability	(15,018,851)
Pollution remediation	(160,967)
Obligation under capital leases	(756,731)
Obligations under capital leases with component units	(68,403)
Other long-term obligations	(1,514)
Net Position of governmental activities (page 24 and 25)	\$ (19,355,970)

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

STATE OF MARYLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances,
Governmental Funds
For the Year Ended June 30, 2019
(Expressed in Thousands)

	General	Special Revenue Maryland Department of Transportation	Other Governmental Funds	Total Governmental Funds
Revenues:				
Income taxes	\$ 11,475,949			\$ 11,475,949
Sales and use taxes	4,888,811			4,888,811
Motor vehicle taxes		\$ 2,758,744		2,758,744
Tobacco taxes	356,684			356,684
Insurance company taxes	556,409			556,409
Property taxes	316,004		\$ 833,196	1,149,200
Estate & inheritance taxes	209,343			209,343
Other taxes	324,713			324,713
Other licenses and fees	870,084			870,084
Charges for services	1,537,854	715,509		2,253,364
Interest and other investment income	250,729	2,929	10,047	263,706
Federal revenue	11,362,229	1,005,160	11,591	12,378,980
Other	691,186	34,973	2,073	728,233
Total revenues	32,839,997	4,517,315	856,908	38,214,220
Expenditures:				
Current:				
General government	1,016,478			1,016,478
Health and mental hygiene	14,295,022			14,295,022
Education	8,037,647		408,418	8,446,065
Aid to higher education	2,094,172		374,964	2,469,136
Human resources	2,325,457			2,325,457
Public safety	2,075,392			2,075,392
Transportation		2,457,431		2,457,431
Judicial	760,493			760,493
Labor, licensing and regulation	366,086			366,086
Natural resources and recreation	406,571			406,571
Housing and community development	360,319			360,319
Environment	109,268			109,268
Agriculture	94,104			94,104
Commerce	92,348			92,348
Intergovernmental grants and revenue sharing	394,715	876,793	218,253	1,489,761
Capital outlays		1,529,103	143,406	1,672,509
Debt service:				
Principal retirement			1,071,908	1,071,908
Interest			556,310	556,310
Bond issuance costs	514	379	2,233	3,126
Total expenditures	32,428,586	4,863,706	2,775,492	40,067,785
Excess (Deficiency) of revenues over (under) expenditures	411,411	(346,392)	(1,918,584)	(1,853,564)
Other financing sources (uses):				
Capital leases	14,416			14,416
Bonds issued		630,680	1,000,000	1,630,680
Refunding bonds issued				
Bond premium		58,531	174,723	233,254
Advanced lease payments				
Payments to refunded bond escrow agent				
Transfers in	1,359,062	224,350	858,997	2,442,409
Transfers out	(824,481)	(337,566)	(90,170)	(1,252,217)
Total other sources (uses) of financial resources	548,997	575,995	1,943,550	3,068,542
Net changes in fund balances	960,408	229,603	24,966	1,214,977
Fund balances, beginning of year	1,732,960	19,109	582,409	2,334,478
Fund balances, end of year	\$ 2,693,368	\$ 248,712	\$ 607,375	\$ 3,549,455

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

STATE OF MARYLAND
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

(Expressed in Thousands)

Amounts reported for governmental activities in the Statement of Net Activities (pages 26-27) are different from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds because of the following:		
Net change in fund balances - total governmental funds (page 30).....	\$	1,214,978
Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.		
Capital outlays.....	\$	1,850,459
Depreciation expense.....		(1,365,860)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
Net loss on disposals and trade-ins.....		(198,265)
Revenues, pension/OPEB related activities, or service concession activities in the Statement of Activities that do not provide or use current financial resources are not reported as revenues or expenditures in the governmental funds.		
Deferred inflows of resources for taxes are recognized net of revenue already recognized in the prior year.....		
		54,016
Deferred inflows of resources for pension/OPEB activities, service concession activities or other revenues are recognized, net of activity already recognized in the prior year.....		
		1,336,394
Revenues from deferred outflows of resources for pension/OPEB activities or service concession activities are recognized, net of activity already recognized in the prior year.....		
		(1,654,104)
The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long term debt and related items.		
Debt issued, General Obligation Bonds.....		(1,000,000)
Debt issued, Transportation Bonds.....		(630,680)
Capital lease financing.....		(14,416)
Premiums, discounts and deferred outflows of resources on refundings.....		6,949
Principal repayments:		
General Obligation Bonds.....		872,498
Transportation Bonds.....		199,410
Capital leases.....		60,519
Some expenses reported in the Statement of Activities (net of expenses already recognized in the prior year) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Accrued interest.....		(8,586)
Compensated absences.....		(25,648)
Self-insurance.....		(5,618)
Net pension liability.....		1,002,556
Other post-employment benefits liability.....		(3,614,283)
Other long-term obligations.....		9,967
Change in net position of governmental activities (page 27).....	\$	(1,909,714)

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



STATE OF MARYLAND

ENTERPRISE FUND FINANCIAL STATEMENTS

Major Funds

Economic Development Loan Programs

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

Unemployment Insurance Program

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

Maryland Lottery and Gaming Control Agency

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

Maryland Transportation Authority

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

Non-Major Funds

Other Enterprise Funds

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

STATE OF MARYLAND
Statement of Fund Net Position
Enterprise Funds
June 30, 2019

(Expressed in Thousands)

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Other Enterprise Funds	Total
Assets-						
Current assets:						
Cash	\$ 108		\$ 2,279	\$ 175,235	\$	\$ 177,622
Equity in pooled invested cash	463,868		169,158		\$ 20,857	653,883
Investments				371,574		371,574
Other accounts receivable	14,241		67,902	28,621	6,908	117,672
Due from other funds	91,559	\$ 1,341		31,084		123,984
Inventories				5,197	12,804	18,001
Loans and notes receivable, net	83,118					83,118
Investment in direct financing leases				29,286		29,286
Other assets			53		1,276	1,329
Current restricted assets:						
Cash	638,581	3,871	1,958	257,110		901,520
Cash on deposit with U.S. Treasury		1,317,546				1,317,546
Equity in pooled invested cash					83,908	83,908
Investments	178,523		5,344			183,867
Loans and notes receivable, net	82,008					82,008
Other accounts receivable	42,978	134,824				177,802
Total current assets	1,594,984	1,457,582	246,694	898,107	125,753	4,323,120
Non-current assets:						
Investments	27,216				2,334	29,550
Loans and notes receivable, net	1,731,517					1,731,517
Investment in direct financing leases				324,788		324,788
Other assets				13,106		13,106
Restricted non-current assets:						
Investments	679,914		32,623	35,916		748,453
Loans and notes receivable, net	1,472,624					1,472,624
Capital assets, net of accumulated depreciation:						
Land				398,559		398,559
Structures and improvements				149,291	5,247	154,538
Equipment	72		191	39,638	3,064	42,965
Infrastructure				4,661,243		4,661,243
Construction in progress				1,030,054		1,030,054
Total non-current assets	3,911,343		32,814	6,652,595	10,645	10,607,397
Total assets	5,506,327	1,457,582	279,508	7,550,702	136,398	14,930,517
Deferred outflows of resources			16,212	76,949	4,379	97,540

STATE OF MARYLAND
Statement of Fund Net Position (continued)
Enterprise Funds
June 30, 2019
(Expressed in Thousands)

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Other Enterprise Funds	Total
Liabilities-						
Current liabilities:						
Bank overdrafts		\$ 1,058				\$ 1,058
Accounts payable and accrued liabilities	\$ 85,860	48,524	\$ 67,073	\$ 172,790	\$ 1,618	375,865
Due to other funds	3,558		160,445	39,754		203,757
Accrued insurance on loan losses	835				9,580	10,415
Other liabilities	10,631		6,313	20,324	1,162	38,430
Unearned revenue	199		1,655	37,444	839	40,137
Revenue bonds and notes payable - current	127,497			104,029		231,526
Total current liabilities	228,580	49,582	235,486	374,341	13,199	901,188
Non-current liabilities:						
Other liabilities	34,283		63,148	277,203	18,640	393,274
Revenue bonds and notes payable	2,499,520			2,042,316		4,541,836
Total non-current liabilities	2,533,803		63,148	2,319,519	18,640	4,935,110
Total liabilities	2,762,383	49,582	298,634	2,693,860	31,839	5,836,298
Deferred inflows of resources	756		3,606	74,522	1,127	80,011
Net Position-						
Net investment in capital assets	72		191	4,673,927	8,311	4,682,501
Restricted for:						
Debt service	43,877			25,542		69,419
Capital improvements				50		50
Unemployment compensation benefits		1,408,000				1,408,000
Loan programs	606,295					606,295
Insurance programs					83,908	83,908
Unrestricted	2,092,944		(6,711)	159,750	15,592	2,261,575
Total net position	\$ 2,743,188	\$ 1,408,000	\$ (6,520)	\$ 4,859,269	\$ 107,811	\$ 9,111,748

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

STATE OF MARYLAND
Statement of Revenues, Expenses and Changes in Fund Net Position
Enterprise Funds
For the year ended June 30, 2019
(Expressed in Thousands)

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Other Enterprise Funds	Total
Operating revenues:						
Lottery ticket sales			\$ 2,196,908			\$ 2,196,908
Charges for services and sales	\$ 143,330	\$ 484,130	1,771,789	\$ 861,148	\$ 53,405	3,313,802
Loan and grant recoveries	1,971					1,971
Unrestricted interest on loan income	23,407				532	23,939
Restricted interest on loan income	73,038					73,038
Other	9,608		6,716	1,386	556	18,266
Total operating revenues	251,354	484,130	3,975,413	862,534	54,493	5,627,924
Operating expenses:						
Prizes and claims			1,357,478			1,357,478
Commissions and bonuses			1,202,475			1,202,475
Cost of sales and services			46,832		40,980	87,812
Operation and maintenance of facilities				289,241		289,241
General and administrative	67,052		49,403	37,430	10,417	164,302
Benefit payments		447,927				447,927
Capital grant distributions	148,266					148,266
Depreciation and amortization	36		209	161,635	1,104	162,984
Provision for insurance on loan losses	17,290				(110)	17,180
Other	27,117					27,117
Total operating expenses	259,761	447,927	2,656,397	488,306	52,391	3,904,782
Operating income (loss)	(8,407)	36,203	1,319,016	374,228	2,102	1,723,142
Non-operating revenues (expenses):						
Unrestricted interest and other investment income	9,003			19,444		28,447
Restricted interest and other investment income	70,646	28,714	1,258	2,809	1,529	104,956
Interest expense	(78,345)			(69,691)		(148,036)
Federal grants and distributions	42,276	9,810	(78)			52,008
Other	11,049		108	(5,626)		5,531
Total non-operating revenues (expenses)	54,629	38,524	1,288	(53,064)	1,529	42,906
Income before transfers	46,222	74,727	1,320,304	321,164	3,631	1,766,048
Transfers in	123,846					123,846
Transfers out			(1,314,037)			(1,314,037)
Change in net position	170,068	74,727	6,267	321,164	3,631	575,857
Total net position - beginning	2,573,120	1,333,273	(12,787)	4,538,105	104,180	8,535,891
Total net position - ending	\$ 2,743,188	\$ 1,408,000	\$ (6,520)	\$ 4,859,269	\$ 107,811	\$ 9,111,748

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

STATE OF MARYLAND
Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2019
(Expressed in Thousands)

	Economic Development Loan Programs	Unemployment Insurance Programs	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Other Enterprise Funds	Total
Cash flows from operating activities:						
Receipts from customers	\$ 62,898	\$ 491,627	\$ 3,967,386	\$ 861,927	\$ 53,507	\$ 5,437,345
Payments to suppliers	(1,687)		(70,017)	(105,639)	(37,774)	(215,117)
Payments to employees	(34,185)		(26,716)	(160,941)	(17,052)	(238,894)
Other receipts	139,144			7,904	1,585	148,633
Other payments	(211,822)	(446,476)	(1,202,479)		(397)	(1,861,174)
Lottery prize payments			(1,352,373)			(1,352,373)
Net cash from operating activities	(45,652)	45,151	1,315,801	603,251	(131)	1,918,420
Cash flows from non-capital financing activities:						
Proceeds from the sale of revenue bonds	719,211			80,729		799,940
Payment on revenue bonds	(351,214)					(351,214)
Interest payments	(82,573)			(18,827)		(101,400)
Proceeds from loans		(764)				(764)
Transfers in	125,637					125,637
Transfers out			(1,304,323)			(1,304,323)
Grants	56,603	9,811				66,414
Lottery installment payments			(4,032)			(4,032)
Net cash from non-capital financing activities	467,664	9,047	(1,308,355)	61,902		(769,742)
Cash flows from capital and related financing activities:						
Proceeds from notes payable and revenue bonds				75,017		75,017
Principal paid on notes payable and revenue bonds				(231,740)		(231,740)
Interest payments				(72,155)		(72,155)
Acquisition of capital assets	(43)			(358,374)	(1,049)	(359,466)
Net cash from capital & related financing activities	(43)			(587,252)	(1,049)	(588,344)
Cash flows from investing activities:						
Receipts from collections of loans	242,091			135,630		377,721
Receipts from sales of debt instruments- other entities	414,002		4,032	153,347		571,381
Interest received as returns on loans	101,131					101,131
Interest received on debt instruments of other entities	23,861	28,714		23,009	1,529	77,113
Disbursements for loans	(422,383)			(72,382)		(494,765)
Disbursements for debt instruments of other entities	(671,289)		(763)	(97,653)		(769,705)
Net cash from investing activities	(312,587)	28,714	3,269	141,951	1,529	(137,124)
Net change in cash and cash equivalents	109,382	82,912	10,715	219,852	349	423,210
Balance - beginning of the year	993,175	1,238,505	162,680	212,493	104,416	2,711,269
Balance - end of the year	\$ 1,102,557	\$ 1,321,417	\$ 173,395	\$ 432,345	\$ 104,765	\$ 3,134,479

STATE OF MARYLAND
Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2019
(Continued)

(Expressed in Thousands)

	Economic Development Loan Programs	Unemployment Insurance Programs	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Other Enterprise Funds	Total
Reconciliation of operating income (loss)						
to net cash						
from operating activities:						
Operating income (loss)	\$ (8,407)	\$ 36,203	\$ 1,319,016	\$ 374,228	\$ 2,102	\$ 1,723,142
Adjustments to reconcile operating income (loss)						
to net cash from operating activities:						
Depreciation and amortization	36		209	161,635	1,104	162,984
Interest received as returns on loans ..	(101,784)					(101,784)
Deferred inflows of resources			747	(1,947)	190	(1,010)
Deferred outflows of resources			(2,070)	(22,459)	(1,844)	(26,373)
Deferred prize payments			763			763
Effect of changes in non-cssh operating assets and liabilities:						
Other accounts receivable	(1,441)	7,290	(11,038)	22,455	233	17,499
Due from other funds	6,665	207		(25,578)		(18,706)
Inventories				154	(2,316)	(2,162)
Loans and notes receivable	60,500					60,500
Other assets			(5)		(175)	(180)
Accounts payable and accrued liabilities	(2,424)	1,451	3,813	39,233	(747)	41,326
Due to other funds	(1,062)			7,190		6,128
Accrued insurance on loan losses	(27)				(799)	(826)
Other liabilities	2,282		4,396	45,022	2,110	53,810
Unearned revenue	10		(30)	3,318	11	3,309
Total adjustments	(37,245)	8,948	(3,215)	229,023	(2,233)	195,278
Net cash provided (used) by operating activities	\$ (45,652)	\$ 45,151	\$ 1,315,801	\$ 603,251	\$ (131)	\$ 1,918,420
Noncash transactions (amounts expressed in thousands):						
Unrealized gain (loss) on investments	\$ 35,454		\$ 1,258			

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

STATE OF MARYLAND
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019
(Expressed in Thousands)

	Pension and Other Post-Employment Benefits Trust Funds	Investment Trust Fund	Agency Funds
Assets:			
Cash	\$ 1,651,793		\$ 119,359
Equity in pooled invested cash			1,359,662
Investments:			
US Treasury and agency obligations	4,707,452	\$ 3,882,374	
Repurchase agreements		317,562	
Bonds	4,920,148		
Corporate equity securities	18,006,693		
Commercial paper		683,976	
Mortgage related securities	1,676,739		
Mutual funds	2,869,681	612,798	
Guaranteed investment contracts	764,170		
Real estate	4,303,152		
Annuity contracts	67,705		
Private equity	6,426,063		
Commingled funds	8,739,418		
Investment held by borrowers under Securities lent with cash collateral	4,405,523		
Total investments	56,886,745	5,496,710	
Taxes receivable, net			170,237
Intergovernmental receivables			249,642
Other receivables	2,008,113	4,134	
Accounts receivable from state treasury			883,698
Collateral for lent securities	4,483,334		
Total assets	65,029,984	5,500,844	2,782,598
Liabilities:			
Accounts payable and accrued liabilities	2,177,402	11,755	181,238
Accounts payable to political subdivisions			2,601,360
Collateral obligation for lent securities	4,483,334		
Total liabilities	6,660,736	11,755	2,782,598
Net position:			
Restricted for:			
Pension benefits	54,272,445		
Deferred compensation benefits	3,746,072		
Local Government Investment Pool participants		5,489,089	
Postretirement health benefits	350,732		
Total net position	\$ 58,369,248	\$ 5,489,089	\$ -

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

STATE OF MARYLAND
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019
(Expressed in Thousands)

	Pension and Other Post-Employment Benefits Trust Funds	Investment Trust Fund
Additions:		
Contributions:		
Employers	\$ 1,850,002	
Members	974,335	\$ 10,761,479
Sponsors	751,945	
Total contributions	3,576,282	10,761,479
Investment earnings:		
Net increase in fair value of investments	1,286,398	
Interest	499,855	128,252
Dividends	1,776,675	
Total investment earnings	3,562,928	128,252
Less: investment expense	370,349	1,511
Net investment earnings	3,192,578	126,741
Total additions	6,768,861	10,888,220
Deductions:		
Benefit payments	4,706,946	
Distributions to participants		126,770
Redemptions (unit transactions at \$1.00 per unit)		10,324,267
Refunds	67,400	
Administrative expenses	48,374	
Total deductions	4,822,719	10,451,037
Net increase	1,946,142	437,183
Net position - beginning	56,423,107	5,051,906
Net position - ending	\$ 58,369,248	\$ 5,489,089

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

STATE OF MARYLAND

COMPONENT UNIT FINANCIAL STATEMENTS

Major Component Units

Higher Education

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

Maryland Prepaid College Trust

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

Maryland Stadium Authority

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

Non-Major Component Units

Other Component Units

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

STATE OF MARYLAND
Combining Statement of Net Position
Component Units
June 30, 2019

(Expressed in Thousands)

	Higher Education	Maryland Prepaid College Trust	Maryland Stadium Authority	Other Component Units	Total
Assets:					
Cash	\$ 127,240	\$ 2,649	\$ 347	\$ 60,708	\$ 190,944
Equity in pooled invested cash	2,668,734		117,340	35,029	2,821,103
Investments	22,202	1,105,173		86,574	1,213,949
Endowment investments	371,004				371,004
Foundation investments	1,557,369				1,557,369
Tuition contracts receivable	86,893	124,774			211,667
Other accounts receivable	499,816	1,344	8,644	30,644	540,448
Due from primary government		410	3,951		4,361
Inventories	10,320				10,320
Prepaid items	21,269				21,269
Loans and notes receivable, net	36,971		1,482	10,297	48,750
Investments in direct financing leases			68,403		68,403
Other assets	9,823		225	13,693	23,741
Restricted assets:					
Cash	157,125			3,478	160,603
Investments	5,461		443,767	7,112	456,340
Capital assets (net of accumulated depreciation):					
Land	208,584			9,534	218,118
Structures and improvements	5,766,291		56,064	40,582	5,862,937
Infrastructure	251,640			139	251,779
Equipment	452,096	14	370	6,601	459,081
Construction in progress	732,035			16,018	748,053
Total assets	12,984,873	1,234,364	700,593	320,409	15,240,239
Deferred outflows of resources	611,655	774	5,821	2,060	620,310
Liabilities:					
Salaries payable	130,827				130,827
Accounts payable and accrued liabilities	233,054	350	102,373	27,706	363,483
Due to primary government	1,191			4,759	5,950
Unearned revenue	336,157	11,033	214	3,625	351,029
Accrued insurance on loan losses				651	651
Other liabilities	2,169			222	2,391
Bonds and notes payable:					
Due within one year	109,721		37,865	1,835	149,421
Due in more than one year	1,266,936		930,886	25,062	2,222,884
Other noncurrent liabilities:					
Due within one year	126,247	73,349	88	26,617	226,301
Due in more than one year	1,715,032	679,948	23,276	18,304	2,436,560
Total liabilities	3,921,334	764,680	1,094,702	108,781	5,889,497
Deferred inflows of resources	411,068	222	1,040	1,462	413,792

STATE OF MARYLAND
Combining Statement of Net Position
Component Units
June 30, 2019

(Expressed in Thousands)

	Higher Education	Maryland Prepaid College Trust	Maryland Stadium Authority	Other Component Units	Total
Net position:					
Net investment in capital assets	\$ 5,863,433	\$ 14	\$ (11,370)	\$ 48,046	\$ 5,900,123
Restricted:					
Debt service			2,361		2,361
Capital improvements and deposits				12	12
Nonexpendable:					
Scholarships and fellowships	370,768				370,768
Research	41,985				41,985
Other	730,036				730,036
Expendable:					
Debt service	5,355				5,355
Capital projects	6,800				6,800
Loans and notes receivable	50,880				50,880
Scholarships and fellowships	223,066				223,066
Research	97,756				97,756
Other	411,649				411,649
Unrestricted	1,462,398	470,222	(380,319)	164,168	1,716,469
Total net position	\$ 9,264,126	\$ 470,236	\$ (389,328)	\$ 212,226	\$ 9,557,260

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

STATE OF MARYLAND
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2019
(Expressed in Thousands)

	Higher Education	Maryland Prepaid College Trust	Maryland Stadium Authority	Other Component Units	Total
Expenses:					
General and administrative		\$ 3,296	\$ 12,897	\$ 22,395	\$ 38,588
Operation and maintenance of facilities	\$ 436,392		35,152	146,632	618,176
Provision for insurance on loan losses, net				178	178
Instruction	1,489,952				1,489,952
Research	1,166,182				1,166,182
Public service	166,305				166,305
Academic support	524,627				524,627
Student services	316,900				316,900
Institutional support	639,020				639,020
Scholarships and fellowships	137,339				137,339
Tuition benefits		65,480			65,480
Auxiliary	694,349				694,349
Hospitals	224,594				224,594
Interest on long-term debt	44,829		40,601	919	86,349
Depreciation and amortization		12	16,683	4,041	20,736
Foundation expenses	96,542				96,542
Other	1,817		207,116	33,372	242,305
Total expenses	5,938,848	68,788	312,449	207,537	6,527,622
Program revenues:					
Charges for services:					
Student tuition and fees					
(net of \$370,785) in allowances)	1,477,719				1,477,719
Auxiliary enterprises					
(net of \$35,942) in allowances)	720,239				720,239
Restricted investment earnings	73,178				73,178
Other	441,479	46,423	45,705	173,283	706,890
Total charges for services	2,712,615	46,423	45,705	173,283	2,978,026
Operating grants and contributions	1,605,397		97,230	26,524	1,729,151
Capital grants and contributions	308,384				308,384
Total program revenues	4,626,396	46,423	142,935	199,807	5,015,561
Net program revenue (expense)	(1,312,452)	(22,365)	(169,514)	(7,730)	(1,512,061)
General revenues:					
Grants and contributions not restricted					
to specific programs	1,582,680				1,582,680
Unrestricted investment earnings	101,107	60,088		6,714	167,909
Additions to permanent endowments	63,958				63,958
Total general revenues and					
additions to permanent endowments	1,747,745	60,088		6,714	1,814,547
Change in net position	435,293	37,723	(169,514)	(1,016)	302,486
Net position - beginning of the year	8,828,833	432,513	(219,814)	213,242	9,254,774
Net position - end of the year	\$ 9,264,126	\$ 470,236	\$ (389,328)	\$ 212,226	\$ 9,557,260

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

STATE OF MARYLAND
INDEX FOR NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

Table of Contents

Note 1 - Summary of Significant Accounting Policies	46
Note 2 - Summary of Significant Accounting Policies - Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity	49
Note 3 - Deposits with Financial Institutions and the U.S. Treasury, Equity in Pooled Invested Cash and Investments	54
Note 4 - Receivables	65
Note 5 - Deferred Outflows of Resources and Deferred Inflows of Resources	66
Note 6 - Loans and Notes Receivable and Investment in Direct Financing Leases	66
Note 7 - Restricted Assets	68
Note 8 - Interfund Receivables and Payables	68
Note 9 - Interfund Transfers.....	69
Note 10 - Capital Assets.....	70
Note 11 - Long-Term Obligations.....	71
Note 12 - Insurance	80
Note 13 - Fund Equity.....	81
Note 14 - Segment Information	82
Note 15 - Retirement Benefits.....	83
Note 16 - Other Postemployment Benefits, Health Benefits (OPEB).....	89
Note 17 - Commitments.....	95
Note 18 - Contingencies.....	96
Note 19 - Tobacco Settlement.....	96
Note 20 - Landfill Closure and Postclosure Care Costs.....	96
Note 21 - Service Concession Arrangements.....	97
Note 22 - Tax Abatements.....	98
 Note 23 - Asset Retirement Obligations	 100
<u>Notes to Required Supplementary Information</u>	
Schedule of Employer Contributions for Maryland State Retirement and Pension System.....	105
Schedule of Employer Contributions for Maryland Transit Administration Pension Plan.....	107
Schedule of Changes in Net Pension Liability and Related Ratios for Maryland Transit Administration Pension Plan.....	108
Schedule of Employer Contributions for Other Post-Employment Benefit Plan	110
Schedule of Employer Contributions for Maryland Transit Administration Retiree Healthcare Benefits Plan	112
Budgeting and Budgetary Control	114

STATE OF MARYLAND

Notes to the Financial Statements

For the Year Ended June 30, 2019

1. Summary of Significant Accounting Policies:

A. Reporting Entity:

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

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

Discrete Component Units:

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

Higher Education (Proprietary Fund Type)—Higher Education consists of the University System of Maryland, Morgan State University, St. Mary's College of Maryland and Baltimore City Community College and their related foundations. Each entity is governed by its own Board of Regents, or Board of Trustees, whose members are appointed by the Governor. The universities and colleges are funded through State appropriations, tuition, federal grants, and private donations and grants. Because the universities and colleges are similar in nature and function, they have been combined and presented as a single discretely presented component unit. Some of the financial information for foundations affiliated with the universities and colleges has not been included with the financial information of the universities and colleges in accordance with the requirements of generally accepted accounting principles.

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

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

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

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

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

The Maryland Industrial Development Financing Authority (MIDFA) was established as a body corporate and politic, and is an instrumentality of the State. MIDFA consists of nine members, the Secretary of the Department of Commerce, or his designee; the State Treasurer or the State Comptroller, as designated by the Governor; and seven members appointed by the Governor and confirmed by the Senate. MIDFA is subject to the authority of the Secretary and subject to State finance regulations. It provides financial assistance to enterprises seeking to locate or expand operations in Maryland.

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

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

Related Organizations:

The Maryland Economic Development Corporation (MEDCO), Injured Workers' Insurance Fund and the Maryland Automobile Insurance Fund are related organizations of the State. The Governor appoints a majority of the Board of Directors, but the State does not have the ability to impose its will on the organizations, and there is no financial benefit/burden relationship. As of June 30, 2019, the Economic Development Loan Programs, major enterprise funds, had transactions with MEDCO that included loans, investments and grants totaling \$5,533,000.

B. Government-wide and Fund Financial Statements:

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund (other than the agency funds) financial statements. The agency funds are reported using the accrual basis of accounting, but have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The State reports the following major governmental funds:

General Fund:

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

Special Revenue Fund, Maryland Department of Transportation:

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

Enterprise Funds:

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

The major enterprise funds are as follows:

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

Fiduciary Funds:

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

D. New Pronouncements:

GASB statements which have been issued and which affect future periods are the following:

- Statement No. 84, *Fiduciary Activities*, issued in January 2017, is effective for fiscal years beginning after December 15, 2018.
- Statement No. 87, *Leases*, issued in June 2017, is effective for fiscal years beginning after December 15, 2019.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued in June 2018, is effective for fiscal years beginning after December 15, 2019.
- Statement No. 90, *Majority Equity Interests--an amendment of GASB Statements No. 14 and No. 61*, issued in August 2018, is effective for fiscal years beginning after December 15, 2018.
- Statement No. 91, *Conduit Debt Obligations*, issued in May 2019, is effective for fiscal years beginning after December 15, 2020.

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

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

A. All Funds:

Deposits with Financial Institutions and Investments:

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

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

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

In addition, bond sale proceeds may be invested in municipal securities. Collateral must be at least 102% of the book value of the repurchase agreements, and must be delivered to the State Treasurer's custodian for safekeeping. The Maryland Local Government Investment Pool is authorized by Article 95 Section 22G, of the Annotated Code of Maryland to invest in any instrument in which the State Treasurer may invest. Investments are recorded at fair value, except for the following:

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

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

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

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

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

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

Retirement Costs:

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

Other Post-Employment Benefit Costs:

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

Accrued Self-Insurance Costs:

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

Annual Leave Costs:

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

Capital Assets:

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

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

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

Deferred Outflows and Deferred Inflows of Resources:

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

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

Long-term Obligations:

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

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

Restricted Resources:

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

Debt Refinancing:

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

Net Position:

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

B. Government Funds:

Inventories and Prepaid Items:

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

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

Grants:

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

Income Taxes:

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

Sales and Use Taxes:

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

Property Taxes:

The State levies an annual tax for the fiscal year beginning July 1 and ending June 30 on all real property subject to taxation, due and payable each July 1 and December 1 (lien dates), based on assessed values as of the previous January 1, established by the State Department of Assessments and Taxation at 100% of estimated market value. Each of the counties, Baltimore City and incorporated municipalities establish rates and levy their own tax on such assessed values. The State tax rate in fiscal year 2019 was 11.2¢ per \$100 of assessed value. Unpaid property taxes are considered in arrears on October 1 and January 1, respectively, and penalty and interest of 1% is assessed for each month or fraction of a month that the taxes remain unpaid. Property taxes are accrued to the extent they are collected within 60 days of year end.

Escheat Property:

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

Intergovernmental Expenditures:

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

Capital Assets:

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

Compensated Absences:

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

Fund Equity:

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

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

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

C. Enterprise Funds, Fiduciary Funds and Component Units:

Basis of Accounting:

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

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

Cash and Cash Equivalents:

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

Grants:

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

Capital Assets:

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

MLGCA Revenues, Prizes and Related Transfers:

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

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

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

Provisions for Insurance and Loan Losses:

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

Inventories:

Inventories of supplies are stated at cost.

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

Cash and cash equivalents, equity in pooled invested cash and investments as shown on the basic financial statements as of June 30, 2019, reconcile to cash deposit and investment disclosures as follows (amounts expressed in thousands):

Government-wide statement of net position:	
Cash	\$ 820,870
Equity in pooled invested cash	6,060,599
Investments	3,796,778
Restricted cash	2,426,504
Restricted equity in pooled invested cash	198,132
Restricted investments	1,416,454
Statement of fiduciary net position:	
Cash	1,771,152
Equity in pooled invested cash	1,359,662
Investments	62,383,455
Collateral for lent securities	4,483,334
Total cash and investments per basic financial statements	84,716,938
Less: Cash and investments of higher education foundations not subject to disclosure	1,642,581
Total cash and investments per Note 3	\$ 83,074,357
Cash deposit:	
Governmental funds	\$ 455,366
Enterprise funds	1,382,000
Fiduciary funds	224,440
Component units	109,204
Investments:	
Governmental funds	7,943,298
Enterprise funds	2,348,129
Fiduciary funds	68,413,501
Component units	2,198,419
Total cash deposits and investments	\$ 83,074,357

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

A. Cash Deposits:

As of June 30, 2019, the carrying value for the bank deposits of the governmental funds, enterprise funds, fiduciary funds and component units were \$455,366,000, \$1,382,000,000, \$224,440,000, and \$109,204,000, respectively. The bank balances were \$455,366,000, \$1,389,635,000, \$224,440,000, and \$111,492,000, respectively.

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

The Economic Development Loan Programs and higher education component unit do not have a deposit policy for custodial credit risk. As of June 30, 2019, \$1,268,000, and \$27,984,000, respectively, of their bank balances were exposed to custodial credit risk as uninsured and uncollateralized.

B. Investments:

The State discloses investment risks as follows:

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

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

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

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

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

1. Investments-Governmental Funds:

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

The governmental funds investments' fair value measurements and the valuation techniques used to categorize the investments in the hierarchy level as of June 30, 2019, are as follows:

- U.S. agency securities (\$4,252,447,000) are comprised of agency issued debt. Agency issued debt securities are valued at the closing price reported in the active market in which the individual security is traded as Level 1 securities.
- Supranationals (\$1,288,172,000) are comprised of international development institutions that provide financing for economic development. Supranational issued debt securities are valued by consensus of international financial institutions based on observable inputs as Level 2 securities.
- Repurchase agreements (\$1,765,957,000) are valued based on a model that incorporates market observable pricing information and are categorized as Level 2.
- Treasury Notes (\$24,936,000) are valued at the closing price reported in the active market in which the individual security is traded as Level 1 securities.
- Investment in the Local Government Investment Pool (\$561,471,000) and money market mutual funds (\$50,314,000) are valued at amortized cost.

The investments and maturities as of June 30, 2019, for the governmental funds of the primary government were as follows (amounts expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-3	More than 3
U.S. Agencies ^(a)	\$ 4,252,447	\$ 314,947	\$ 3,884,454 ^(a)	\$ 53,046 ^(b)
Supranationals	1,288,172	49,838	1,188,282 ^(c)	50,052 ^(d)
Repurchase Agreements	1,765,957	1,719,122	8,687	38,148
Treasury Notes	24,936	24,936		
Money Market Mutual Funds	50,314	50,314		
Local Government Investment Pool	561,471	561,471		
Total Investments	\$ 7,943,297	\$ 2,720,628	\$ 5,081,423	\$ 141,246

(a) Bonds in the amount of \$3,462,619,000, mature August 2020 to June 2022, but are callable July 2019 to June 2020.

(b) Bonds in the amount of \$50,031,000, mature April 2023, but are callable April 2020.

(c) Bonds in the amount of \$567,252,000, mature November 2020 to November 2021, but are callable September 2019 to November 2019.

(d) Bonds in the amount of \$50,052,000, mature February 2023, but are callable February 2020.

Interest Rate Risk. The State Treasurer's Office's investment policy states that to the extent possible, it will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Treasurer's Office will not directly invest in securities maturing more than five years from the date of purchase. Sinking fund investments with guaranteed earnings to redeem term bonds beginning in fiscal year 2020 were \$46,835,000.

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

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

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

Concentration of Credit Risk. The State Treasurer's Office's investment policy limits the amount of repurchase agreements to be invested with a particular institution to 30% of the portfolio. There is no other limit on the amount that may be invested in any one issuer. More than 5% of the governmental funds' investments are in the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, International Bank for Reconstruction and Development, and Federal Home Loan Bank. These investments are 37.3%, 18.2%, 9.4% and 7.5% of the governmental funds' total investments, respectively.

2. Investments – Enterprise Funds:

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

The investments and maturities as of June 30, 2019, for the enterprise funds of the primary government were as follows (amounts expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)				
		Less than 1	1-5	6-10	11-15	More than 15
U.S. Treasury obligations	\$ 540,716	\$ 41,572	\$ 30,912	\$ 9,486		\$ 458,746
U.S. Government agency obligations	578,136	102,950	215,579		\$ 6,876	252,731
Repurchase agreements	2,408				2,408	
Guaranteed investment contracts	2,980			2,980		
Money market mutual funds	1,019,234	1,019,234				
Municipal bonds	61,175	16,568	44,607			
Supranationals	85,433	14,942	70,491			
Total	\$ 2,290,082	\$ 1,195,266	\$ 361,589	\$ 12,466	\$ 9,284	\$ 711,477

In addition to the investments scheduled above, as of June 30, 2019, the enterprise funds' investments also include the fair value of direct equity investments, \$20,081,000.

The MLGCA, a major enterprise fund, invests in U.S. Treasury obligations and annuity contracts that provide for guaranteed payouts to jackpot prize winners, and therefore have no interest rate risk to the MLGCA. As of June 30, 2019, the fair value of these investments was \$37,916,000, and \$50,000, respectively.

The enterprise funds have the following fair value measurements as of June 30, 2019 (amounts expressed in thousands):

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Treasury Obligations	\$ 578,632	\$ 241,152	\$ 337,480	
U.S. Government agency obligations	578,136	486,690	91,446	
Guaranteed investment contracts	2,980		2,980	
Municipal bonds	61,175	61,175		
Supranationals	85,433	85,433		
Total debt securities	1,306,356	874,450	431,906	
Equity securities				
Direct equity investments	20,081			\$ 20,081
Total equity securities	20,081			20,081
Total investments by fair value level	1,326,437	\$ 874,450	\$ 431,906	\$ 20,081
Investments measured at contract value				
Annuity contracts	50			
Investment agreements	2,408			
Investments measured at amortized cost				
Money market mutual funds	1,019,234			
Total investments	\$ 2,348,129			

- Level 1 investments are valued at the closing price reported in the active market in which the individual security is traded. Supranational issued debt securities (\$85,433,000) are valued by consensus of international financial institutions based on observable inputs.
- Level 2 investments are valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. GNMA direct U.S. Government obligations (\$337,480,000) and FNMA U.S. Government agency obligations (\$91,446,000) are valued using the matrix pricing technique.
- Direct equity investments classified as Level 3 are assessed by management for impairment based on financial condition, operating results and other factors on an annual basis.

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

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

Credit Risk. The investment policies of the enterprise funds require that repurchase agreements are collateralized by U.S. Treasury and agency obligations. The policies also require that money market mutual funds contain only U.S. Treasuries or agencies or repurchase agreements secured by these, or that they receive the highest possible rating from at least one nationally recognized securities rating organization and that commercial paper be rated A-1, P-1. According to the indenture and investment policy of the Economic Development Loan Programs, investments must be rated no lower than the rating on the Loan Programs' bonds or F1/P1 for the issuer's short-term accounts or securities. The ratings on the Loan Programs' bonds as of June 30, 2019, were Aa by Moody's and AA by Fitch, or higher.

As of June 30, 2019, the enterprise funds had the following investments and quality ratings (amounts expressed in thousands):

Investment Type	Fair Value	Quality Rating	Rating Organization	Percentage of Total Investments
U.S. government agency obligations	\$ 326,095	Aaa	Moody's	13.89%
U.S. government agency obligation	228,410	AA	S&P	9.73
Money market mutual funds	1,019,234	AAAm/Aaa	S&P/Moody's	43.41
Money market mutual funds		Unrated		0.00
Guaranteed investment contracts	2,980	Aaa	Moody's	0.13
Municipal bonds	61,175	AAA	S&P	2.61
Supranationals	85,433	AAA	S&P	3.64
Total	\$ 1,723,327			73.39%

Concentration of Credit Risk. The enterprise funds place no limit on the amount they may invest in any one issuer of U.S. government agency obligations. More than 5% of the enterprise funds' investments are in obligations of the Federal Home Loan Bank and Federal National Mortgage Association. These investments are 7.2% and 6.5%, of the enterprise funds' total investments, respectively.

3. Investments – Fiduciary Funds:

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

The investments and maturities as of June 30, 2019, for the fiduciary funds of the primary government were as follows (amounts expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More than 10
U.S. Treasury notes and bonds	\$ 6,951,995	\$ 758,998	\$ 1,033,015	\$ 1,349,930	\$ 3,810,052
U.S. Treasury strips	30,389				30,389
U.S. Government agency obligations	3,434,010	3,040,942	223,203	17,514	152,351
Repurchase agreements	317,562	317,562			
Commercial paper	683,976	683,976			
Guaranteed investment contracts	764,170		764,170		
Corporate bonds	3,504,961	82,441	1,193,648	1,845,511	383,361
International bonds	624,151	8,304	242,302	203,007	170,538
Other government bonds	1,125,296	15,060	328,881	480,238	301,117
Mortgage-backed securities	1,676,740	6,954	35,169	1,204,506	430,111
Asset-backed securities	200,920		45,564	32,613	122,743
Bond mutual funds	697,119	33,763	452,582	207,062	3,712
Swaps	(1,778)	(9,970)	14,979	(3,775)	(3,012)
Money market mutual funds	2,091,465	2,091,465			
Total investments	22,100,976	7,029,494	4,333,513	5,336,606	5,401,362
Collateral for lent securities	4,483,334	4,483,334			
Total investments and collateral for lent securities	\$ 26,584,310	\$ 11,512,828	\$ 4,333,513	\$ 5,336,606	\$ 5,401,362

In addition to the investments scheduled above, as of June 30, 2019, the fiduciary funds' investments also include the fair value of corporate equity securities of \$20,052,245,000, commingled investments of \$8,234,592,000, private equity of \$6,426,063,000, real estate of \$4,303,152,000, stock mutual funds of \$2,742,508,000, annuity contracts of \$67,705,000 and insurance contracts of \$2,926,000.

The fiduciary funds have the following fair value measurements as of June 30, 2019 (amounts expressed in thousands):

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Treasury notes and bonds	\$ 6,309,727	\$ 6,309,727		
U.S. Treasury strips	30,389	30,389		
U.S. Government agency obligations	193,904	193,904		
Repurchase agreements	317,562		\$ 317,562	
Corporate bonds	3,504,961		3,504,961	
International bonds	624,151		624,151	
Other government bonds	1,125,296		1,125,296	
Mortgage-backed securities	1,676,740		8,239	\$ 1,668,501
Bond mutual funds	127,174	127,174		
Money market mutual fund	1,478,667	1,478,667		
Collateral for lent securities	4,483,334		4,483,334	
Total debt securities	19,871,905	8,139,861	10,063,543	1,668,501
Equity securities				
Corporate equities	20,052,245	20,052,245		
Stock mutual funds	2,742,508	2,742,508		
Total equity securities	22,794,753	22,794,753		
Real estate	38,487			38,487
Total investments by fair value level	42,705,145	\$ 30,934,614	\$ 10,063,543	\$ 1,706,988
Investments measured at net asset value				
Asset-backed securities funds	200,920			
Bond mutual funds	569,945			
Real estate funds	4,264,665			
Private equity funds	6,426,063			
Commingled investments	8,232,814			
Total investments measured at net asset value	19,694,407			
Investments measured at amortized cost				
U S Treasury notes and bonds	642,268			
U S Government agency obligations	3,240,106			
Commercial paper	683,976			
Money market mutual funds	612,798			
Total investments measured at amortized cost	5,179,148			
Investments measured at contract value				
Guaranteed investment contracts	764,170			
Annuity contracts	67,705			
Total investments measured at contract value	831,875			
Investments measured at cash surrender value				
Insurance contracts	2,926			
Total investments	\$ 68,413,501			

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

Level 2 investments include the following:

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

Level 3 investments include the following:

- Commercial and residential mortgage-backed securities valued using discounted cash flow techniques.

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

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

June 30, 2019				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private funds (includes equity, credit, energy, infrastructure, and timber).....	\$ 9,623	\$ 9,836		
Real estate-open ended.....	3,924		Quarterly	45-90 days
Multi-asset.....	443		Monthly	5 days
Hedge Funds				
Equity long/short.....	936		Monthly	30-45 days
	137		Quarterly	45-90 days
Event-driven.....	174		Monthly	15 days
	504		Quarterly	60-65 days
	316		Quarterly	120+ days
	51		N/A	Liquidating
Global macro.....	1,313		Monthly	5-30 days
Relative value.....	1,516		Quarterly	60-65 days
Opportunistic.....	234		Quarterly	90 days
	95		Semi Annual	90-120 days
	\$ 19,266	\$ 9,836		

Interest Rate Risk. As of June 30, 2019, the System had \$1.2 billion invested in mortgage pass-through securities. These investments are moderately sensitive to changes in interest rates because they are backed by mortgage loans in which the borrowers have the option of prepaying.

The Deferred Compensation Plans (Plans) invest in annuity contracts and insurance contracts that provide for guaranteed payouts to participants, and therefore have no interest rate risk to the Plans. As of June 30, 2019, the carrying value of these investments was \$67,705,000, and \$2,926,000, respectively.

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

Credit Risk. The investment policy of the System regarding credit risk is determined by each investment manager's mandate. The Local Government Investment Pool may invest in bankers acceptances and commercial paper subject to certain credit rating guarantee and/or collateral requirements. As of June 30, 2019, the fiduciary funds' investments were rated by Standard and Poor's and/or an equivalent national rating organization, and the ratings are presented below using the Standard and Poor's rating scale (amounts expressed in thousands):

Investment Type	Fair Value	Quality Rating	Percentage of Total Investments
U.S. Government agency obligations	3,420,707	AA	5.35
U.S. Government agency obligations	119	A	0.00
U.S. Government agency obligations	13,184	Unrated	0.02
Money market mutual funds	612,798	AAA	0.96
Money market mutual funds	1,478,667	A	2.31
Commercial paper	683,976	AAA	1.07
Guaranteed investment contracts	760,780	AA	1.19
Guaranteed investment contracts	3,390	Unrated	0.01
Corporate bonds	25,450	AAA	0.04
Corporate bonds	47,904	AA	0.07
Corporate bonds	431,048	A	0.67
Corporate bonds	89,336	BAA	0.14
Corporate bonds	10,085	BA	0.02
Corporate bonds	1,014,461	BBB	1.59
Corporate bonds	411,657	BB	0.64
Corporate bonds	387,342	B	0.61
Corporate bonds	50,704	CAA	0.08
Corporate bonds	47,936	CCC	0.07
Corporate bonds	989,038	Unrated	1.55
International bonds	75,161	AAA	0.12
International bonds	242	AA	0.00
International bonds	61,607	A	0.10
International bonds	7,571	BAA	0.01
International bonds	2,315	BA	0.00
International bonds	140,757	BBB	0.22
International bonds	65,558	BB	0.10
International bonds	270,939	Unrated	0.42
Other government bonds	28,458	AAA	0.04
Other government bonds	105,797	AA	0.17
Other government bonds	296,831	A	0.46
Other government bonds	46,367	BAA	0.07
Other government bonds	390	BA	0.00
Other government bonds	352,818	BBB	0.55
Other government bonds	162,976	BB	0.25
Other government bonds	101,392	B	0.16
Other government bonds	24,169	CAA	0.00
Other government bonds	4,995	CCC	0.01
Other government bonds	1,102	Unrated	0.00
Mortgage-backed securities	123,998	AAA	0.19
Mortgage-backed securities	54,982	AA	0.09
Mortgage-backed securities	45,663	A	0.07
Mortgage-backed securities	4,171	BAA	0.01
Mortgage-backed securities	3,178	BA	0.00
Mortgage-backed securities	12,010	BBB	0.02
Mortgage-backed securities	5,998	B	0.01
Mortgage-backed securities	10,247	CAA	0.02
Mortgage-backed securities	11,310	CA	0.02
Mortgage-backed securities	13,443	CCC	0.02
Mortgage-backed securities	2,335	AA	0.00
Mortgage-backed securities	10,122	D	0.02
Mortgage-backed securities	1,379,285	Unrated	2.16
Asset-backed securities-Other	83,325	AAA	0.13
Asset-backed securities-Other	30,381	AA	0.05
Asset-backed securities-Other	22,771	A	0.04
Asset-backed securities-Other	17,557	BAA	0.03
Asset-backed securities-Other	24	BA	0.00
Asset-backed securities-Other	3,800	BBB	0.01
Asset-backed securities-Other	105	B	0.00
Asset-backed securities-Other	283	CA	0.00
Asset-backed securities-Other	696	CCC	0.00
Asset-backed securities-Other	2,489	CC	0.00
Asset-backed securities-Other	1,104	C	0.00
Asset-backed securities-Other	6,136	D	0.01
Asset-backed securities-Other	32,250	Unrated	0.05
Repurchase agreements	317,562	A	0.50

Investment Type ^(continued)	Fair Value	Quality Rating	Percentage of Total Investments
Bond mutual funds	697,119	Unrated	1.09
Swaps	(1,778)	Unrated	0.00
Total	\$ 15,118,592		23.65%

Foreign Currency Risk.

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

The System's exposure to foreign currency risk as of June 30, 2019, was as follows (amounts expressed in thousands):

Currency	Equity	Fixed Income	Cash	Alternative Investments	Total
Argentine Peso		\$ 1,344			\$ 1,344
Australian Dollar	\$ 177,354	212	\$ 23,835	\$ 176,926	378,327
Brazilian Real	92,068	57,933	664		150,665
Canadian Dollar	241,961	650	4,811	132,515	379,937
Chilean Peso		7,305			7,305
Columbian Peso		14,541	247		14,788
Czech Koruna	1,835	11,080	76		12,991
Danish Krone	115,946		451		116,397
Egyptian Pound	12,168				12,168
Euro Currency	1,581,599	71,485	22,389	781,399	2,456,872
Hong Kong Dollar	409,598		1,234	83,969	494,801
Hungarian Forint	5,934	8,235	326		14,495
Indonesian Rupiah	18,192	46,574	853		65,619
Japanese Yen	801,761	(3,033)	8,633	73,269	880,630
Malaysian Ringgit	2,415	34,265	888		37,568
Mexican Peso	81,779	38,255	1,957		121,991
New Israeli Sheqel	29,858	13,670	107	2,086	45,721
New Taiwan Dollar	99,604		8,484		108,088
New Zealand Dollar	10,896		205	3,240	14,341
Norwegian Krone	44,117		935	7,997	53,049
Philippine Peso	5,870	13,142	137		19,149
Polish Zloty	17,717	24,542	386		42,645
Pound Sterling	641,423	47,269	8,919	210,858	908,469
Qatari Rial	614		26		640
Romanian Leu		6,340	81		6,421
Russian Ruble		31,663	625		32,288
Singapore Dollar	39,887		594	14,350	54,831
Sol		19,734	96		19,830
South African Rand	71,131	19,263	701		91,095
South Korean Won	216,822	125,460	756		343,038
Swedish Krona	117,387	58	1,081	8,381	126,907
Swiss Franc	356,497		415	4,727	361,639
Thailand Baht	44,709	33,144	816		78,669
Turkish Lira	14,118	8,611	150		22,879
UAE Dirham	13,403		27		13,430
Yuan Renminbi	2,765	65,817	677	833,518	902,777
Not Applicable ⁽¹⁾	4,182,348	1,230			4,183,578
Total	\$ 9,451,776	\$ 698,789	\$ 91,582	\$ 2,333,235	\$ 12,575,382

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

Derivatives:

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

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

	Changes in Fair Value		Fair Value as of June 30, 2019		
	Classification	Amount	Classification	Amount	Notional*
Credit default swaps bought	Investment revenue	\$ 63	Swaps		
Credit default swaps written	Investment revenue	15,172	Swaps	\$ 15,010	\$ 396,364
Fixed income futures long	Investment revenue	84,059	Futures		845,338
Fixed income futures short	Investment revenue	(48,140)	Futures		(314,861)
Fixed income options bought	Investment revenue	2,341	Options	15,973	1,341,400
Fixed income options written	Investment revenue	4,687	Options	(15,223)	(1,675,422)
Foreign currency futures long	Investment revenue		Futures		
Foreign currency futures short	Investment revenue		Futures		
Foreign currency futures written	Investment revenue		Options		
Foreign currency options written	Investment revenue	7	Options		
Futures options bought	Investment revenue	(85)	Options		16,236,939
Futures options written	Investment revenue	1,802	Options	(54)	542
			Long term		
FX forwards	Investment revenue	30,596	instruments	(2,280)	(229)
Index futures long	Investment revenue	72,952	Futures		542
Index futures short	Investment revenue	(967)	Futures		(229)
Pay fixed interest rate swaps	Investment revenue	(46,510)	Swaps	(16,580)	(1,005,373)
Receive fixed interest rate swaps	Investment revenue	6,617	Swaps	2,136	(80,000)
Rights	Investment revenue	492	Common stock	363	663
Total return swaps bond	Investment revenue	2,827	Swaps	201	(80,000)
Warrants	Investment revenue	2,340	Common stock	13,416	511
Grand Totals		\$ 128,253		\$ 12,962	

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

Credit Risk.

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

The aggregate fair value of derivative instruments in asset positions as of June 30, 2019, was \$174,850,000. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform. The maximum loss would, however, be reduced by the counterparty collateral and the liabilities included in netting arrangements with counterparties.

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

Fair Value	S&P Rating	Fair Value	Moody's Rating	Fair Value	Fitch Rating
\$ 55,082	AA	\$ 61,956	Aa	\$ 118,295	AA
106,783	A	107,706	A	51,367	A
7,797	BBB	5,188	NR	5,188	NR
5,188	NR				
\$ 174,850		\$ 174,850		\$ 174,850	

Risk concentrations are presented in the table below:

Counterparty Name	Percentage of Net Exposure	S&P Rating	Fitch Rating	Moody's Rating
State Street Bank London	0.18	A	AA	A
Westpac Banking Corporation	16	AA	AA	Aa
Standard Chartered Bank	14	A	A	A
HSBC Bank Plc	11	A	AA	A
Royal Bank of Canada ^(UK)	8	AA	AA	A
Citibank N.A.	7	A	A	Aa
Toronto Dominion Bank	6	AA	AA	Aa
Morgan Stanley ICE	4	BBB	A	A
JP Morgan Chase Bank NA London	4	A	AA	Aa
Wells Fargo LCH	3	NRD	NRD	NRD
Barclays Bank ICE	2	A	A	A
Bank of New York	2	A	AA	A
UBS AG London	2	A	AA	Aa
Northern Trust Company, THE	2	AA	AA	A
Barclays Bank PLC Wholesale	1	A	A	A

4. Investments – Component Units:

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

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

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

The investments and maturities as of June 30, 2019, for the component units were as follows (amounts expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)				
		Less than 1	1-5	6-10	11-15	More than 15
U.S. Treasury obligations.....	\$ 678	\$ 71	\$ 393	\$ 68		\$ 146
U.S. government agency obligations.....	12,513	7,215	3,959	1,198	33	108
Bond mutual funds.....	226,855	226,855				
Corporate debt securities.....	171,556	10,094	74,350	65,293	21,611	208
Money market mutual funds.....	613,805	613,805				
Total	\$ 1,025,407	\$ 858,040	\$ 78,702	\$ 66,559	\$ 21,644	\$ 462

In addition to the investments scheduled above, as of June 30, 2019, the component units' investments include the fair value of stock mutual funds of \$6,000, corporate equity securities of \$620,292,000, real estate of \$188,687,000, and the share of assets invested with the foundation of \$364,027,000.

The component units had the following fair value measurements as of June 30, 2019 (amounts expressed in thousands):

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Treasury obligations.....	\$ 678	\$ 678		
U.S. Government agency obligations.....	12,513	12,513		
Bond mutual funds.....	226,855	226,855		
Corporate debt securities.....	115,225	115,218	\$ 7	
Money market mutual funds.....	613,805	613,805		
Total debt securities.....	969,076	969,069	7	
Equity securities				
Corporate equities - publicly held.....	516,138	463,721	52,417	
Equity investments in privately-held companies and venture capital partnerships:.....				
Not publicly traded.....	104,154			\$ 104,154
Stock mutual funds.....	6	6		
Total equity securities.....	620,298	463,727	52,417	104,154
Real estate.....	78,475			78,475
The share of the USM's investment in the open-end mutual fund investment of the University System of Maryland Foundations, Inc.....	364,027		364,027	
Total investments by fair value level.....	2,031,876	\$ 1,432,796	\$ 416,451	\$ 182,629

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at net asset value				
Corporate debt securities	56,331			
Real estate	110,212			
Total investments measured at NAV	166,543			
Total investments	\$ 2,198,419			

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

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

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

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

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

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

As of June 30, 2019, the component units had the following investments and quality ratings (amounts expressed in thousands):

Investment Type	Fair Value	Quality Rating	Rating Organization	Percentage of Total Investments
U.S. agencies	\$ 6,990	AAA/Aaa	S&P & Moody's	0.32%
U.S. agencies	176	AA/Aaa	S&P & Moody's	0.01
U.S. agencies	5,347	Not rated		0.24
Money market mutual funds	613,805	Aaa	Moody's	27.92
Corporate debt securities	66,984	AAA	S&P	3.05
Corporate debt securities	2,995	AA	S&P	0.14
Corporate debt securities	22,330	A	S&P	1.02
Corporate debt securities	11,920	BBB	S&P	0.54
Corporate debt securities	7	Not rated		0.00
Total	\$ 730,554			32.92%

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

In addition to the Maryland Prepaid College Trust, the Maryland 529 Plans consist of the Maryland Senator Edward J. Kasemeyer College Investment Plan, a fiduciary component unit. As of June 30, 2019, the Plan has \$6,324,555,000 of investments held in trust for individuals and organizations.

C. Securities Lending Transactions:

Fiduciary Funds:

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

Borrowing brokers must transfer in the form of cash or other securities, collateral valued at a minimum of 102% of the fair value of domestic securities and international fixed income securities, or 105% of the fair value of international equity securities on loan. Collateral is marked to market daily. If the fair value of the pledged collateral falls below the specified levels, additional collateral is required to be pledged by the close of the next business day. In the event of default by a borrowing broker, the Funds' custodial bank is obligated to indemnify the Funds if, and to the extent that, the fair value of collateral is insufficient to replace the lent securities. The Funds have not experienced any loss due to credit or interest rate risk on securities lending activity since inception of the program. As of June 30, 2019, the Funds had no credit risk exposure to borrowers because the fair value of collateral held for securities lent exceeded the fair value of the related securities, as follows (amounts expressed in thousands):

	Fair Value		Percent Collateralized
	Lent Securities	Collateral Received	
Lent for cash collateral:			
U.S. government and agency securities	\$ 1,826,567	\$ 1,857,314	101.68%
U.S. corporate bond and equity securities	1,370,770	1,399,332	102.08
International fixed income securities	5,026	5,124	101.95
International equities	79,468	73,940	93.04
Lent for noncash collateral:			
U.S. corporate bond and equity securities	1,097,432	1,120,050	102.06
International equities	26,260	27,574	105.00
Total securities lent	\$ 4,405,523	\$ 4,483,334	101.77%

During fiscal year 2019, the Funds maintained the right to terminate securities lending transactions upon notice. Cash collateral is invested in one of the lending agent's short-term investment pools, which as of June 30, 2019, had an average duration of 4.06 days. Because the relationship between the maturities of the investment pools and the Fund's security loans is affected by the maturities of the loans made by other entities that use the agent's pools, the Funds cannot match maturities. The Funds have received cash or securities that can be sold or pledged without a borrower default.

4. Receivables:

Taxes receivable, as of June 30, 2019, consisted of the following (amounts expressed in thousands):

	Major Governmental Funds		Non-Major Governmental Funds	Total Governmental Funds
	General	Special Revenue		
Income taxes	\$ 915,060			\$ 915,060
Sales and use taxes	503,933			503,933
Transportation taxes, primarily motor vehicle fuel and excise		\$ 189,149		189,149
Other taxes, principally alcohol, tobacco and property	33,077		\$ 26,744	59,821
Less: Allowance for uncollectibles	41,871			41,871
Taxes receivable, net	\$ 1,410,198	\$ 189,149	\$ 26,744	\$ 1,626,092

Tax revenues are reported net of uncollectible amounts. Total uncollectible amounts related to tax revenues of the current period were \$5,526,000.

Other accounts receivable in the governmental funds of \$721,636,000, including \$108,701,000, due in excess of one year, consisted of various miscellaneous receivables for transportation costs, collection of bills owed to the State's collection unit, Medicaid reimbursements, child support and public assistance overpayments and the tobacco settlement.

Other accounts receivable for the enterprise funds of \$295,474,000, primarily consisted of \$134,824,000, due to the Unemployment Insurance Program from employers and for benefit overpayments, \$36,169,000, due to the Community Development Administration from accrued interest and claims receivable on foreclosed and other loans and \$67,902,000, due to the Maryland Lottery and Gaming Control Agency from lottery retailers for ticket sale proceeds and from casino operators for gross terminal revenue and table game revenue.

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

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

As of June 30, 2019, the State's deferred outflows of resources and deferred inflows of resources consist of the following components (amounts expressed in thousands):

	Governmental Funds		Governmental	Business-	Component
	General Fund	Special Revenue Fund	Activities	Type Activities	Units
Deferred Outflows of Resources:					
Loss on refunding of debt – Refunding of some previously outstanding general obligation bonds and revenue bonds resulted in losses.....			\$ 250,042	\$ 893	\$ 15,916
Pension-related deferred outflows (see Note 15).....			2,708,036	96,647	591,723
Other post-employment benefit-related deferred outflows (see Note 16).....			1,026,825		266
Asset retirement obligations.....					12,405
Total for Deferred Outflows of Resources.....	\$ -	\$ -	\$ 3,984,903	\$ 97,540	\$ 620,310
Deferred Inflows of Resources:					
Governmental fund receivables for revenues that are not considered to be available to liquidate liabilities of the current period.....	\$ 681,415	\$ 233,881			
Gain on refunding of debt – Refunding of some previously outstanding residential revenue bonds - deferred bond premiums.....				\$ 756	
Service Concession Arrangement receipts of the:					
Maryland Department of Transportation.....			\$ 145,150		
Maryland Transportation Authority.....				47,917	
University System of Maryland.....					\$ 270,574
Pension-related deferred inflows (see Note 15).....			1,629,031	31,338	142,154
Other post-employment benefit-related deferred inflows (see Note 16).....			908,399		1,064
Total for Deferred Inflows of Resources.....	\$ 681,415	\$ 233,881	\$ 2,682,580	\$ 80,011	\$ 413,792

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

A. Loans and Notes Receivable:

Loans and notes receivable, as of June 30, 2019, consisted of the following (amounts expressed in thousands):

	Primary Government			Component Units		
	General	Non - major Governmental Funds	Enterprise	Higher Education	Maryland Stadium Authority	Other
Notes receivable:						
Political subdivisions:						
Water quality projects.....		\$ 1,252	\$ 1,393,231			
Public school construction.....			179,909			
Other.....						
Volunteer fire & rescue companies.....	\$ 21,106					
Permanent mortgage loans.....			2,160,667			
Student and health profession loans.....				\$ 50,215		
Shore erosion loans.....	6,685					
Other.....	83			6,177	\$ 1,482	\$ 22,634
Total.....	27,873	1,252	3,733,807	56,392	1,482	22,634
Less: Allowance for possible loan losses.....			364,540	19,420		12,338
Loans and notes receivable, net.....	27,873	1,252	3,369,267	36,972	1,482	10,296
Due within one year.....	2,857	70	165,126	5,404	456	808
Due in more than one year.....	\$ 25,016	\$ 1,182	\$ 3,204,141	\$ 31,568	\$ 1,026	\$ 9,488

Certain notes receivable for advances of general obligation bond proceeds bear interest at rates ranging from 4.5% to 6.6% and mature within 14 years.

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

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

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

B. Investment in Direct Financing Leases:

Enterprise Funds:

As of June 30, 2019, the Maryland Transportation Authority (Authority) has direct financing leases with the State's Department of Transportation, the Washington Metropolitan Area Transit Authority (WMATA), and the general fund. The present value of direct financing leases as of June 30, 2019, was \$354,074,000. As of June 30, 2019, the Authority held \$193,044,000, to be spent to complete assets under these direct financing leases. Lease payments receivable, including unearned interest for each of the five succeeding fiscal years and thereafter, including repayment of amounts to be spent, consist of the following (amounts expressed in thousands):

2020	\$ 29,286
2021	34,325
2022	35,323
2023	36,504
2024	38,185
2025-2029	182,738
2030-2034	118,129
2035-2039	37,845
Total	512,335
Unearned interest income	34,783
Total lease payments	547,118
Restricted investments related to unexpended bond proceeds	193,044
Net investment in direct financing leases	\$ 354,074

Component Units:

As of June 30, 2019, the Maryland Stadium Authority (Authority) has direct financing leases with the State. The present value of the direct financing leases as of June 30, 2019, is \$68,403,000. As of June 30, 2019, the Authority held \$51,358,000, to be spent to complete assets under these direct financing leases. Lease payments receivable, including unearned interest for each of the five succeeding fiscal years and thereafter, including repayment of amounts to be spent, consist of the following (amounts expressed in thousands):

2020	\$ 27,499
2021	15,181
2022	15,194
2023	13,620
2024	13,628
2025-2029	33,641
2030-2034	16,785
2035-2039	16,777
Total	152,325
Less: unearned interest income	32,564
Net lease payments	119,761
Less: restricted investments related to unexpended bond proceeds	51,358
Net investment in direct financing leases	\$ 68,403

7. Restricted Assets:

Certain assets of the governmental activities, business-type activities and component units are classified as restricted assets on the Statement of Net Position. The purpose and amount of restricted assets as of June 30, 2019, are as follows (amounts expressed in thousands):

Amount	Purpose
Governmental Activities:	
\$ 215,796	Represents State property taxes restricted to pay debt service on general obligation debt
1,530	Represents certificates of deposit linked to funds loaned under the State's housing loan program (\$16) and certificates of deposit restricted for Agricultural Land Preservation easement purchases (\$1,514)
<u>\$ 217,326</u>	
Business-type Activities:	
\$ 2,912,094	Assets of the Community Development Administration and State Funded Loan programs are restricted for various mortgage loans for low-income housing and loans for local governments' public facilities
182,534	The purpose of the restricted assets is to secure the revenue bonds of the Maryland Water Quality Administration made for waste-water treatment systems and bay restoration
1,456,241	Restricted assets represent deposits with the U.S. Treasury and amounts due from employers to pay unemployment compensation benefits in accordance with Federal statute
39,925	Restricted assets in the Maryland Lottery and Gaming Control Agency include cash held in separate annuity contracts and coupon bonds for winning lottery ticket payouts; escrow deposits from lottery agents, casino operator license applicants and other gaming license applicants prior to being recognized as revenue; and prize fund reserves for multi-state lotteries.
293,026	Cash and investments have been restricted in accordance with revenue bond debt covenants of the Maryland Transportation Authority for completion of capital projects and debt service
83,908	Assets have been restricted by the Maryland Housing Fund to pay possible future claims under insurance for losses on mortgage loans
<u>\$ 4,967,728</u>	
Component Units:	
\$ 162,587	Restricted assets of higher education include funds held by the trustee for future construction projects and to pay debt service and cash restricted for endowment purposes
443,766	Restricted assets of Maryland Stadium Authority include cash and investments that relate to revenue bond indentures
7,352	Restricted assets include cash and investments that relate to revenue bond indentures and to restricted project funds for the provision of water supply, waste-water treatment and solid waste management by the Maryland Environmental Service
3,238	Cash has been restricted to fulfill funding commitments of certain investments of Maryland Technology Development Corporation
<u>\$ 616,943</u>	

8. Interfund Receivables and Payables:

Interfund balances, as of June 30, 2019 consisted of the following (amounts expressed in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	\$ 135,056 ^(a)
	Enterprise Funds –	
	Economic Development Loan Programs	3,558 ^(b)
	Maryland Lottery and Gaming Control Agency	<u>160,445 ^(c)</u>
		<u>\$ 299,059</u>
Special Revenue Fund	General Fund	\$ 54,942 ^(d)
	Enterprise Funds -	
	Maryland Transportation Authority	<u>39,754 ^(e)</u>
		<u>\$ 94,696</u>
Enterprise Funds -	Economic Development Loan Programs	\$ 66,066 ^(f)
	Non-major governmental funds	25,493 ^(g)
	Unemployment Insurance Program	1,341 ^(f)
	Maryland Transportation Authority	<u>31,084 ^(h)</u>
		<u>\$ 123,984</u>
Agency Fund -	Local Income Taxes	\$ 883,698 ⁽ⁱ⁾
	General Fund	

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

The receivable and payable transactions between the Primary Government and Component Units, as of June 30, 2019, consist of the following (amounts expressed in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Higher Education Fund	\$ 1,191
	Non-major component units	4,759
		<u>\$ 5,950</u>
Component Units –	Agency Fund –	
Maryland Stadium Authority	Local Transportation Funds and Other Taxes	\$ 3,951
Maryland Prepaid College Trust	General Fund	410
		<u>\$ 4,361</u>

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

- The amount represents Transportation Trust Fund revenues transferred back to the general fund in July and August, 2019.
- This amount represents payable balances for economic development loan program transfers.
- This amount represents monies collected by the Maryland Lottery and Gaming Control Agency in June, 2019, and paid to the general fund in July, 2019.
- The amount represents income and sales tax subsidies and return of health insurance costs from the general fund.
- The Maryland Transportation Authority collects fees for the special revenue fund. The money will be used to build and maintain special revenue fund infrastructure, structures and other improvements.
- These amounts represent receivable balances from general fund subsidies.
- Bond funds collected by the capital projects fund on behalf of the economic development loan programs.
- The Maryland Transportation Authority receives rent, interest income and fees for services from the special revenue fund.
- The loans were made in accordance with Section 2-606 of Tax-General Article of the Annotated Code of Maryland from the reserve of unallocated tax revenue that the Comptroller estimates will be claimed and refunded to taxpayers within 3 years of the date that the income tax return was filed. The money will be used to provide funding for public elementary and secondary education and the Maryland Medicaid Program among other uses.

All Interfund balances except for (i) above, are expected to be repaid by June 30, 2020. For (i) above, the General Fund is required to pay to the agency fund \$33,333,000, a year in each of fiscal years 2021 through 2026 and \$10,000,000, a year in each of fiscal years 2020 through 2025. The remaining balance is due to pay local income taxes at unspecified dates in the future.

9. Interfund Transfers:

Interfund transfers, for the year ended June 30, 2019, consisted of the following (amounts expressed in thousands):

Transfers In	Transfers Out	Amount
General Fund	Non-major Governmental Funds	\$ 45,025
	Enterprise Funds –	
	Maryland Lottery and Gaming Control Agency	1,314,037
		<u>\$ 1,359,062</u>
Special Revenue Fund	General Fund	<u>\$ 224,350</u>
Non-major Governmental Funds	General Fund	\$ 521,431
	Special Revenue Fund	337,566
		<u>\$ 858,997</u>
Enterprise Funds -		
Loan Programs	General Fund	\$ 78,701
	Non-major Governmental Funds	45,145
		<u>\$ 123,846</u>

Transfers are primarily used to 1) transfer revenues from the fund required by statute or budget to collect the revenue to the fund required by statute or budget to expend them, 2) transfer receipts restricted to debt service from the funds collecting the receipts to the non-major governmental funds as debt service payments become due, and 3) provide unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In addition, the non-major governmental funds transferred \$36,725,000, of Program Open Space funds, \$7,697,000, of interest earned on bonds and \$603,000, for expenses for bond sales to the general fund.

The Maryland Lottery and Gaming Control Agency transferred revenue in excess of funds allocated to prize awards, casino operators, operating expenses and capital expenditure payments in the amount of \$1,314,037,000, to the general fund. The general fund transferred \$78,701,000, to support the operations of Enterprise Funds – Loan Programs. Expenditures for capital projects of \$45,145,000, were transferred to Enterprise Funds – Loan Programs.

During the year, the general fund and other governmental funds had expenditures of \$1,561,674,000, and \$301,710,000, respectively, that were for funds provided to supplement revenues and construction costs, respectively, of the higher education component units. The general fund also had net expenditures of \$40,000,000, that were for funds provided to supplement revenues of the Maryland Stadium Authority. The general fund transferred \$19,629,000, to the non-major component unit, the Maryland Technology Development Corporation, TEDCO, for Maryland Stem Cell Research and other operating grants. TEDCO transferred to the general fund \$4,759,000, as distributions/returns from Venture Capital Limited Partnerships.

10. Capital Assets:

A. Capital Assets, Primary Government:

Capital assets activity by asset classification net of accumulated depreciation, for the year ended June 30, 2019, was as follows (amounts expressed in thousands):

Governmental activities:

Classification	Balance July 1, 2018	Additions	Deletions	Transfers in (out)	Balance June 30, 2019
Capital assets, not depreciated					
Land and improvements	\$ 3,722,353	\$ 44,990	\$ 2,054	\$ 45,255	\$ 3,810,544
Art and historical treasures	22,632				22,632
Construction in progress	6,059,612	834,866	7,530	(671,665)	6,215,283
Total capital assets, not depreciated	9,804,597	879,856	9,584	(626,410)	10,048,459
Capital assets, being depreciated					
Structures and improvements	8,213,918	71,273	153,251	99,385	8,231,325
Equipment	3,474,841	89,606	83,802	216,485	3,697,130
Infrastructure	25,750,385	809,724	28,659	310,540	26,841,990
Total capital assets, being depreciated	37,439,144	970,603	265,712	626,410	38,770,445
Less: accumulated depreciation					
Structures and improvements	3,980,734	206,203	1,906		4,185,031
Equipment	2,569,870	205,772	75,125		2,700,517
Infrastructure	15,743,667	953,885			16,697,552
Total accumulated depreciation	22,294,271	1,365,860	77,031		23,583,100
Total capital assets, net	\$ 24,949,470	\$ 484,599	\$ 198,265	\$ -	\$ 25,235,804

Business-type activities:

Classification	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets, not depreciated				
Land and land improvements	\$ 397,654	\$ 905		\$ 398,559
Construction in progress	1,094,983	344,365	\$ 409,294	1,030,054
Total capital assets, not depreciated	1,492,637	345,270	409,294	1,428,613
Capital assets, being depreciated				
Structures and improvements	185,460	3,345	101	188,704
Equipment	102,210	13,506	7,402	108,314
Infrastructure	6,139,202	406,278	17,135	6,528,345
Total-Capital assets, being depreciated	6,426,872	423,129	24,638	6,825,363
Less: accumulated depreciation,				
Structures and improvements	30,690	3,531	55	34,166
Equipment	65,206	7,528	7,385	65,349
Infrastructure	1,724,563	151,925	9,386	1,867,102
Total accumulated depreciation	1,820,459	162,984	16,826	1,966,617
Total capital assets, net	\$ 6,099,050	\$ 605,415	\$ 417,106	\$ 6,287,359

B. Depreciation Expense, Primary Government:

The depreciation expense for the year ended June 30, 2019, for the primary government was charged as follows (amounts expressed in thousands):

Governmental activities:	
Function	Amount
General government	\$ 28,420
Education	3,694
Human resources	24,919
Health and mental hygiene	11,648
Environment	569
Public safety	53,482
Natural resources and recreation	20,331
Transportation	1,193,176
Agriculture	26,234
Labor, licensing and regulation	455
Judicial	2,931
Total depreciation expense – governmental activities	\$ 1,365,859

Business-type activities:	
Function	Amount
MLGCA	\$ 209
Transportation Authority	161,635
Maryland Correctional Enterprises	1,104
Economic Development Loan Programs	36
Total depreciation expense – business-type activities	\$ 162,984

11. Long-Term Obligations:

A. Governmental Activities:

Changes in governmental activities' long term debt, for the year ended June 30, 2019, were as follows (amounts expressed in thousands):

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Bonds and Notes Payable:					
General Obligation Bonds	\$ 9,479,407	\$ 1,000,000	\$ 872,498	\$ 9,606,909	\$ 904,346
Transportation Bonds	2,911,675	630,680	199,410	3,342,945	205,755
Add: Issuance premiums	1,699,325	233,255	240,204	1,692,376	
Total bonds and notes payable	14,090,407	1,863,935	1,312,112	14,642,230	1,110,101
Other Liabilities:					
Compensated absences	315,319	209,318	183,673	340,964	201,882
Self insurance costs	372,895	1,647,465	1,637,767	382,593	140,239
Net pension liability	19,841,814	122,611	1,125,167	18,839,258	
Net other post employment benefits liability	11,404,568	3,718,705	104,422	15,018,851	
Obligations under capital leases	787,303	14,416	44,989	756,730	71,350
Obligations under capital leases with component units	83,933		15,530	68,403	22,850
Pollution remediation	162,839	150	2,022	160,967	1,349
Other long-term liabilities	9,610		8,095	1,515	720
Total other liabilities	32,978,281	5,712,665	3,121,665	35,569,281	438,390
Total long-term liabilities - governmental activities	\$ 47,068,688	\$ 7,576,600	\$ 4,433,777	\$ 50,211,511	\$ 1,548,491

General Obligation Bonds –

General obligation bonds are authorized and issued primarily to provide funds for State owned capital improvements, facilities for institutions of higher education and the construction of public schools in political subdivisions. Bonds have also been issued for local government improvements, including grants and loans for water quality improvement projects and correctional facilities, and to provide funds for loans or outright grants to private, not-for-profit cultural or educational institutions. Under constitutional requirements and practice, the Maryland General Assembly, by a separate enabling act, authorizes loans for particular objects or purposes. Thereafter, the Board of Public Works, a constitutional body comprised of the Governor, the Comptroller and the State Treasurer, by resolution, authorizes the issuance of bonds in specified amounts. Bonds are issued and accounted for on a “cash flow” basis rather than a “project” basis and are not sold to specifically fund an enabling act. General obligation bonds are subject to arbitrage regulations. However, there are no major outstanding liabilities in connection with these regulations as of June 30, 2019. Bonds are subject to redemption provisions at the option of the State.

General obligation bonds, which are paid from the general obligation debt service fund, are backed by the full faith and credit of the State and, pursuant to the State Constitution, must be fully paid within 15 years from the date of issue. Property taxes, bond premiums, interest subsidy payments from the Federal government, debt service fund loan repayments and general fund and capital projects fund appropriations provide the resources for repayment of general obligation bonds. During fiscal year 2019, the State issued \$1,000,000,000, of general obligations at a premium of \$174,724,000, with related issuance costs of \$2,747,000.

Refunded bonds of \$1,804,350,000, maturing in fiscal years 2020-2028 and callable in fiscal years 2020-2024 were considered defeased as of June 30, 2019. Accordingly, the trust account assets and the liability for the defeased bonds are not included in these financial statements.

General obligation bonds issued and outstanding, as of June 30, 2019, were as follows (amounts expressed in thousands):

Issue	Maturity	Interest Rates		Annual Principal Installments	Principal Issued	Principal Outstanding
11/30/04 ^(b)	2020	-	%	\$ 9,043	\$ 9,043	\$ 9,043
12/20/06 ^(b)	2022	-		4,378	4,378	4,378
12/18/07 ^(b)	2023	-		4,986	4,986	4,986
	2010-2021	1.6		464	5,563	927
8/18/09 Ser B	2013-2024	4.0-5.3		15,590-25,775	200,000	19,730
8/18/09 ^(c)	2025	5		50,000	50,000	50,000
40,120	2013-2022	5		14,390-15,905	141,800	15,905
11/3/09 ^(c)	2023-2025	4.5-4.8		18,400-20,400	58,200	58,200
	2025	-		50,320	50,320	50,320
12/17/09 ^(b)	2011-2025	2		371	5,563	2,225
12/18/09 ^(a)	2016-2021	2.0-5.0		29,560-178,775	602,765	208,335
3/9/10 ^(c)	2019-2025	4.0-4.6		52,450-62,170	400,000	347,550
3/9/10 ^(a)	2018-2023	3.0-5.0		2,330-60,600	195,315	95,665
8/10/10 ^(c)	2023-2026	4.2-4.3		17,960-19,575	75,000	75,000
8/10/10 ^(d)	2026	4		45,175	45,175	45,175
12/8/10 ^(b)	2026	5		4,543	4,543	4,543
8/5/2011 ^(g)	2015-2026	2.0-4.0		1,710-6,965	71,730	3,095
8/5/2011 ^(h)	2015-2027	3.5-5.0		26,445-33,730	418,270	33,730
8/5/2011 ^(b)	2027	4.2		15,900	15,900	15,900
8/5/2011 ⁽ⁱ⁾	2027	4		6,500	6,500	6,500
9/28/2011 ^(a)	2020	1		30,025-37,510	254,915	34,315
3/20/2012 ^(g)	2027	2		150-7,385	56,085	8,730
3/20/2012 ^(h)	2027	2		34,235-54,210	543,915	90,610
3/20/2012 ^(a)	2023	1.7		25,055-40,005	138,380	78,300
8/14/2012 ^(g)	2016-2028	2.5		120-2,565	26,340	4,700
8/14/2012 ^(h)	2016-2028	2.2		27,335-46,700	478,660	195,785
8/14/2012 ^(b)	2028	2.8		15,230	15,230	15,230
8/14/2012 ^(a)	2019-2021	1.3		22,905-105,425	183,795	128,330
3/15/2013 ^(h)	2016-2028	2.4		31,325-49,105	500,000	257,500
3/15/2013 ^(a)	2018-2022	1.1		4,215-66,135	165,135	103,830
8/6/2013 ^(h)	2018-2029	3.2		16,295-46,770	435,000	231,650
12/19/2013 ^(b)	2015-2029	-		303	4,549	3,033

Issue	Maturity	Interest Rates	Annual Principal Installments	Principal Issued	Principal Outstanding
3/18/2014 ^(h)	2018-2029	2.8	12,145-46,695	450,000	241,025
3/18/2014 ^(a)	2015-2022	1.2	15,440-83,410	236,855	167,775
8/5/14 ^(g)	2017-2020	2.0-5.0	4,870-31,675	50,385	36,545
8/5/14 ^(h)	2017-2029	3.0-5.0	22,490-48,920	449,615	240,240
8/5/14 ^(a)	2020-2024	5.0-5.3	35,500-201,915	649,715	649,715
12/18/14 ^(b)	2016-2030	-	308	4,625	3,392
3/17/15 ^(h)	2018-2030	3.0-5.0	29,245-52,520	518,000	285,140
3/17/15 ^(a)	2020-2026	4	1,135-170,850	365,360	365,360
8/3/15 ^(h)	2020-2031	2.8-5.0	9,230-49,495	450,000	412,025
8/3/15 ^(e)	2019-2020	1.2-1.5	20,680-29,320	50,000	20,680
12/17/15 ^(b)	2017-2031	-	308	4,625	3,700
6/22/16 ^(h)	2019-2031	3.0-5.0	58,490-105,035	1,036,000	977,510
12/15/16 ^(b)	2018-2032	-	312	4,680	4,056
3/22/17 ^(h)	2022-2032	3.3-5.0	25,345-65,980	575,000	575,000
3/22/17 ^(e)	2020-2022	1.8-2.3	17,190-41,750	100,000	100,000
3/22/17 ^(a)	2018-2028	5	4,475-123,030	465,685	456,685
8/30/17 ^(h)	2021-2033	3.0-5.0	30,945-54,850	550,000	550,000
8/30/17 ^(a)	2020-2027	5	5,250-232,180	785,340	785,340
12/15/17 ^(b)	2019-2033	-	322	4,823	4,501
3/21/18 ^(h)	2022-2033	3.1-5.0	12,335-51,985	475,000	475,000
3/21/18 ^(e)	2021-2022	2.5-2.7	19,215-30,785	50,000	50,000
8/15/18 ⁽ⁱ⁾	2021-2028	5.0	28,695-40,725	275,295	275,295
8/15/18 ⁽ⁱ⁾	2029-2033	4.0-5.0	42,815-50,805	234,705	234,705
4/09/19 ⁽ⁱ⁾	2022-2029	5.0	27,755-39,055	265,040	265,040
4/09/19 ⁽ⁱ⁾	2030-2033	3.0-5.0	41,005-48,665	224,960	224,960
				\$ 13,442,763	\$ 9,606,909

^(a) Includes refunding debt

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

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

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

^(e) Taxable bond sale

^(f) Institutional bond sale

^(g) Negotiated bond sale

^(h) Competitive bond sale

⁽ⁱ⁾ Qualified Energy Construction bond sale

General obligation bonds authorized, but unissued, as of June 30, 2019, totaled \$2,507,805,000.

As of June 30, 2019, general obligation debt service requirements for principal and interest in future years were as follows (amounts expressed in thousands):

Years Ending June 30,	Principal	Interest
2020.....	\$ 904,346	\$ 411,141
2021.....	906,958	371,533
2022.....	948,607	328,751
2023.....	921,380	283,473
2024.....	880,004	240,206
2025-2029.....	3,585,326	676,493
2030-2034.....	1,460,287	118,373
Total.....	\$ 9,606,909	\$ 2,429,971

Subsequent to June 30, 2019, on August 28, 2019, general obligation bonds aggregating \$550,000,000, were issued for capital improvements. The general obligation bonds have interest rates ranging from 1.6% to 5.0% and mature through 2035.

Transportation Bonds –

Transportation bonds outstanding as of June 30, 2019, were as follows (amount expressed in thousands):

	Outstanding
Consolidated Transportation Bonds – 2.0% to 5.5%, due serially through 2034 for	
State transportation activity.....	\$ 2,872,480
Consolidated Transportation Bonds, Refunding – 4.0% to 5.0%, due serially through 2027 for	
State transportation activity.....	470,465
Total.....	\$ 3,342,945

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

As provided by law, the General Assembly shall establish in the budget for any fiscal year a maximum outstanding aggregate amount of these Consolidated Transportation Bonds as of June 30 of the respective fiscal year that does not exceed \$4,500,000,000, through June 30, 2019, and thereafter. The aggregate principal amount of those bonds that was allowed to be outstanding as of June 30, 2019, was \$3,422,265,000. The aggregate principal amount of Consolidated Transportation Bonds outstanding as of June 30, 2019, was \$3,342,945,000. Consolidated Transportation Bonds are payable from the proceeds of certain excise taxes levied by statute, a portion of the corporate income tax and a portion of the State sales tax credited to the Department. These amounts are available to the extent necessary for that exclusive purpose before being available for other uses by the Department. If those tax proceeds become insufficient to meet debt service requirements, other receipts of the Department are available for that purpose. The holders of such bonds are not entitled to look to other State resources for payments.

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

The 2018 session of the General Assembly established a maximum outstanding principal amount of \$874,700,000, as of June 30, 2019, for all nontraditional debt of the Department. Nontraditional debt outstanding is defined as any debt instrument that is not a Consolidated Transportation Bond or GARVEE bond (tax-exempt debt backed by annual federal appropriations for federal-aid transportation projects). This debt includes certificates of participation, debt backed by customer facility charges, passenger facility charges, or other revenues, and debt issued by the Maryland Economic Development Corporation or any other third party on behalf of the Department. As of June 30, 2019, the Department's nontraditional debt outstanding was \$690,938,000, and was reported as obligations under capital leases and includes funds held by the bond trustee under these agreements.

Arbitrage regulations are applicable to the transportation bonds payable. The Department estimates there are no material liabilities for arbitrage rebates as of June 30, 2019.

During the year, the Department issued Consolidated Transportation Bonds in the amount of \$630,680,000, with net premiums of \$58,531,000, with maturities ranging from October 2021 to October 2033, and with interest rates ranging from 3.4% to 5.0%. As of June 30, 2019, the Department has \$112,440,000, of defeased debt outstanding.

As of June 30, 2019, Department bond debt service requirements for principal and interest in future years were as follows (amounts expressed in thousands):

Years Ending June 30,	Consolidated Transportation Bonds	
	Principal	Interest
2020	\$ 205,755	\$ 142,426
2021	254,860	131,770
2022	296,750	118,495
2023	304,905	105,295
2024	252,445	90,458
2025-2029	1,253,930	282,884
2030-2034	774,300	54,655
Total	\$ 3,342,945	\$ 925,983

County Transportation Bonds are issued by the Department and the proceeds are used by participating counties and Baltimore City to fund local road construction, reconstruction and other transportation projects and facilities and to provide local participating funds for Federally-aided highway projects. Debt service on these bonds is payable from the participating counties' and Baltimore City's share of highway user revenues. County transportation debt is the obligation of the participating counties rather than the Department. Unexpended bond proceeds in the amount of \$32,123,000, and certain debt service sinking fund amounts aggregating \$22,160,000, were invested in money market accounts as of June 30, 2019. These funds are restricted for project funds and county bond debt service, respectively, and are reported as cash and cash equivalents in the agency funds. As of year end, \$128,275,000, in County Transportation Revenue Bonds were outstanding.

Subsequent to June 30, 2019, on October 2, 2019, the Department issued \$490,000,000 of Consolidated Transportation Bonds to fund transportation projects.

Obligations Under Capital Leases –

Obligations under capital leases as of June 30, 2019, bore interest at annual rates ranging from 0.1% to 6.7%. Capital lease obligations with third parties in fiscal year 2019 increased by \$14,416,000, for master equipment leases entered into by the general fund and \$132,195,000, for transportation-related projects entered into by the Maryland Department of Transportation. The capital leases with component units include the general fund's capital leases with the Maryland Stadium Authority, which are being paid with the net proceeds transferred from certain lottery games. Following is a schedule of annual future minimum payments under these obligations, along with the present value of the related net minimum payments as of June 30, 2019 (amounts expressed in thousands):

Years Ending June 30,	Capital Lease Obligations with	
	Third Parties	Component Units
2020.....	\$ 103,204	\$ 27,499
2021.....	111,183	15,181
2022.....	109,017	15,194
2023.....	102,209	13,620
2024.....	98,564	13,628
2025-2029.....	408,274	33,641
2030-2034.....	196,977	16,785
2035-2039.....	42,350	16,777
Total future minimum payments.....	1,171,778	152,325
Less: Amount representing interest.....	261,104	32,564
Less: Restricted cash and investments.....	153,946	51,358
Present value of net minimum payments.....	\$ 756,728	\$ 68,403

The reduction shown for restricted cash and investments in the amounts of \$153,946,000, and \$51,358,000, is monies held by the bond trustee to be used primarily for construction expenditures.

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

Asset	Third Parties	
	Amount	
Construction in progress.....	\$ 98,067	
Land and improvements.....	19,040	
Buildings and improvements.....	1,453,857	
Machinery and equipment.....	280,258	
Infrastructure.....	335,141	
Total acquired assets.....	2,186,363	
Less: Accumulated depreciation.....	1,006,007	
Total capital assets - net.....	\$ 1,180,356	

Pollution Remediation Obligations –

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

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

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

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

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

The pollution remediation estimated liability is \$160,967,000, with no estimated recoveries from third parties to reduce the liability. Included in this liability are cost estimates for site monitoring and repair, excavation of road and infrastructure and replacement of buildings as a result of site contamination by hazardous materials under Federal and State law in the amount of \$157,527,000. In these cases, either the State has been named in a lawsuit by a State regulator or the State legally obligated itself under the Environmental Article, Section 7-201, of the Annotated Code of Maryland.

The estimated liability also includes \$3,440,000, for the clean-up of illegal tire dumps for which the State is legally obligated under the Environmental Article, Section 9-2 of the Annotated Code of Maryland.

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

Agricultural Land Preservation Installment Purchase Obligation—

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

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

A summary of long-term debt outstanding for the agricultural land preservation installment purchase obligation as of June 30, 2019 is as follows (amounts expressed in thousands):

Years Ending June 30,	Principal	Interest
2020.....	\$ 720	15
2021.....	376	9
2022.....	285	5
2023.....	67	
2024.....	67	
Total.....	\$ 1,515	\$ 29

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

B. Long Term Obligations – Business-type Activities:

Changes in long-term obligations for business-type activities as of June 30, 2019, were as follows (amounts expressed in thousands):

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Bonds Payable:					
Revenue bonds payable	\$ 4,451,025	\$ 927,356	\$ 605,019	\$ 4,773,362	\$ 231,526
Other Liabilities:					
Lottery prizes	36,734	2,245	4,032	34,947	5,225
Escrow deposits	58,305	20,739	12,493	66,551	26,998
Compensated absences	15,703	8,399	7,954	16,148	3,813
Self-insurance costs	14,509	5,444	3,991	15,962	2,394
Pension liability	254,227	43,869		298,096	
Total other liabilities	379,478	80,696	28,470	431,704	38,430
Total long-term liabilities – business type activities	\$ 4,830,503	\$ 1,008,052	\$ 633,489	\$ 5,205,066	\$ 269,956

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

Year Ending June 30,	Community Development Administration		Maryland Water Quality Financing Administration		Maryland Transportation Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 103,562	\$ 75,483	\$ 23,935	\$ 11,330	\$ 104,029	\$ 89,511
2021	71,993	75,895	25,130	10,140	72,625	87,146
2022	73,533	74,017	26,375	8,886	77,868	83,848
2023	65,313	72,144	27,605	7,659	80,737	80,362
2024	62,868	70,368	24,355	6,297	84,174	76,730
2025-2029	358,792	320,700	125,530	15,452	445,879	323,176
2030-2034	444,745	250,327	18,250	548	401,899	227,058
2035-2039	412,505	174,362			401,760	139,713
2040-2044	338,954	106,717			334,789	46,430
2045-2049	266,046	47,921			93,738	4,868
2050-2054	73,333	14,967				
2055-2059	33,955	4,528				
2060-2064	6,095	285				
Subtotals	2,311,694	1,287,714	271,180	60,312	2,097,498	1,158,842
Discounts and premiums	26,981		14,577		48,847	
Totals	\$ 2,338,675	\$ 1,287,714	\$ 285,757	\$ 60,312	\$ 2,146,345	\$ 1,158,842

Community Development Administration (Administration) – Revenue Bonds

The Administration, an agency of the Department of Housing and Community Development, has issued revenue bonds, proceeds of which were used for various mortgage loan programs. Assets aggregating approximately \$2,911,702,000, and revenues of each mortgage loan program are pledged as collateral for the revenue bonds. Interest rates range from 0.8% to 6.8%, with the bonds maturing serially through 2060. The principal amount outstanding as of June 30, 2019, was \$2,338,675,000. Substantially all bonds are subject to redemption provisions at the option of the Administration. Redemptions are permitted at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans. During fiscal year 2019, the Administration issued \$698,844,000, of revenue bonds with interest rates ranging from 1.5% to 5.0% and maturing serially through 2060.

Included in this amount were \$151,345,000 of Series 2018 AB bonds, which refunded all of Series 2007 M, 2009 A, B and C and 2008 D bonds on November 9, 2018. The purpose of the refunding was to realize savings on debt service costs. The aggregate difference in debt service between the refunded debt and the refunding debt was \$8,486,000. This refunding resulted in an economic gain for debt service savings of \$6,305,000. The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred inflow of resources at its unamortized balance of \$756,000 as of June 30, 2019.

Subsequent to June 30, 2019, the Administration issued a total of \$30,440,000, and redeemed a total of \$11,275,000, revenue bonds.

Maryland Water Quality Financing Administration (Administration) – Revenue Bonds

The Administration, an agency of the Department of Environment, has issued revenue bonds for providing loans and grants. Interest rates range from 1.5% to 4.1%, payable semiannually, with annual installments from \$2,635,000, to \$24,640,000, to March 1, 2030. The principal amount outstanding as of June 30, 2019, was \$285,757,000. These bonds are payable solely from the revenue, money or property of the Administration.

Maryland Transportation Authority Bonds:

Bonds outstanding as of June 30, 2019, are as follows (amounts expressed in thousands):

BWI Consolidated Car Rental Facility Revenue Bonds, Series 2002, maturing in annual installments ranging from \$3,705 to \$8,505 from July 1, 2019, to July 1, 2032, with interest rates ranging from 2.7% to 6.7%, payable semiannually	\$ 81,080
BWI Airport Parking Revenue Refunding Bonds, Series 2012A and 2012B, maturing in annual installments ranging from \$12,485 to \$16,455 from March 1, 2020, to March 1, 2027, with interest rates ranging from 4.0% to 5.0% payable semiannually	113,620
Lease Revenue Refunding Bonds, Series 2015, maturing in annual installments ranging from \$1,061 to \$1,422 from July 1, 2019, to July 1, 2032, with an interest rate of 2.6% payable semiannually	16,750
Series 2017 Revenue Refunding Bonds maturing in annual installments of \$4,570 to \$11,030, from July 1, 2019 to July 1, 2040, with interest rates ranging from 3.0% to 5.0% payable semiannually	165,820
Series 2008 A Revolving loan under the Transportation Infrastructure Finance and Innovation Act (TIFIA), for the Intercounty Connector Project maturing to July 1, 2047 with a fixed interest rate at 2.6%	506,433
Series 2009 Revenue Bonds, for construction and improvements of Authority's Transportation Facilities projects, maturing from July 1, 2019 to July 1, 2043, with interest rates ranging from 5.8% to 5.9% payable semiannually	450,515
Series 2010 Revenue Bonds, for construction and improvements of the Authority's Transportation Facilities projects, maturing from July 1, 2019 to July 1, 2041, with interest rates ranging from 5.0% to 5.8% payable semiannually	307,415
Grant and Revenue Anticipation Bonds, Series 2008 (GARVEE bonds), maturing March 1, 2020, with an interest rate of 4.3% payable semiannually to finance the Intercounty Connector Highway Project	48,865

Passenger Facility Charge Revenue Bonds, Series 2012A, maturing in annual installments of \$2,165 to \$3,780 from June 1, 2020 to June 1, 2032, with interest rates ranging from 0.7% to 4.3% payable semiannually.....	37,425
Series 2012 Revenue Refunding Bonds maturing in annual installments of \$4,065 to \$6,225, from July 1, 2019 to July 1, 2029, with interest rates ranging from 3.0% to 5.0% payable semiannually.....	56,400
Passenger Facility Charge Revenue Bonds, Series 2012B, maturing in annual installments of \$6,515 to \$7,765 from June 1, 2020 to June 1, 2027, with interest rates ranging from 0.6% to 2.7% payable semiannually.....	57,220
Variable Passenger Facility Charge Revenue Bonds, Series 2012C, via sinking fund payments of \$43,400 through June 1, 2032, with a current variable rate of 2.0%.....	43,400
Passenger Facility Charge Revenue Bonds BWI Thurgood Marshall Airport, Series 2014, maturing in annual installments of \$1,660 to \$2,535 from June 1, 2020 to June 1, 2034, with interest rates ranging from 0.4% to 3.8% payable semiannually.....	33,450
Lease Revenue Refunding Bonds Metrorail Parking Projects, Series 2014, maturing in annual installments ranging from \$1,695 to \$2,395 from July 1, 2019, to July 1, 2028, with interest rates ranging from 2.0% to 5.0%, payable semiannually.....	20,685
Series 2019 Revenue Refunding Bonds maturing in annual installments of \$11,475 to \$13,375, from July 1, 2020 to July 1, 2023, with an interest rate of 5.0% payable semiannually.....	49,715
Passenger Facility Charge Revenue Bonds, Series 2019, maturing in annual installments of \$3,620 to \$8,145 from June 1, 2021 to June 1, 2039, with interest rates ranging from 1.5% to 2.8% payable semiannually.....	108,705
Unamortized premium.....	48,847
Total	\$ 2,146,345

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

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

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

In April 2010, the DHCD obtained a loan from the John D. and Catherine T. MacArthur Foundation to preserve affordable housing for low-income persons and families near military bases in counties in Maryland impacted by the Base Realignment and Closure initiative (BRAC). In fiscal year 2012, several Maryland counties committed matching funds for participation in the BRAC. As of June 30, 2019, total notes payable for BRAC are \$2,585,000. This balance includes the loans received from the MacArthur Foundation as well as several Maryland counties. The loans bear interest at the rate of 2.0%, and are committed for no less than 10 years.

C. Notes and Revenue Bonds Payable – Component Units

Higher Education –

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

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

Year Ending June 30,	Notes Payable and Other Long-Term Debt		Revenue Bonds	
	Principal	Interest	Principal	Interest
2020.....	\$ 4,598	\$ 406	\$ 102,335	\$ 52,902
2021.....	4,306	345	101,835	47,635
2022.....	4,215	290	90,640	42,994
2023.....	3,138	233	91,700	38,751
2024.....	3,007	170	88,580	34,555
2025-2029.....	1,166	578	391,670	118,470
2030-2034.....	804	474	251,820	43,950
2035-2039.....	922	354	107,165	8,692
2040-2044.....	1,058	217		
2045-2049.....	1,084	61		
Total	24,298	3,128	1,225,745	387,949
Accumulated accreted interest, premiums and discounts.....			111,201	
Total	\$ 24,298	\$ 3,128	\$ 1,336,946	\$ 387,949

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

As of June 30, 2019, higher education institutions have defeased debt outstanding of \$47,510,000, resulting from the refunding of previously issued debt. Accordingly, the trust account assets and the liability for the defeased bonds were not included in these financial statements.

As of June 30, 2019, cash and investments were held by the trustees for the higher education institutions in the amount of \$157,086,000, for the University System of Maryland (System), \$106,000, for St. Mary's College of Maryland, and \$5,356,000, for Morgan State University.

On February 20, 2019, University System of Maryland issued \$115,000,000, of 2019 Series A Bonds at interest rates ranging from 3.0% to 5.0% maturing from 2020 to 2039. On February 20, 2019, the System also issued \$38,080,000, of 2019 Refunding Series B Bonds at an interest rate of 5.0% maturing from 2020 to 2029 for refinancing \$44,290,000, of previously issued bonds for construction and university facilities renewal. The reduction in future debt service between the refunding debt and the refunded debt was \$12,277,000. The economic gain on the transaction was \$10,630,000.

On July 28, 2018, St. Mary's College issued \$16,630,000, of 2018 Series A bonds to refinance the Series 2005A, 2006A, 2014A, and partially refinance Series 2012A bonds. The difference between the cash flows required to service the old debt and the new debt and complete the refunding was \$2,103,000. The reacquisition price exceeded the net carrying value of the old debt by \$1,076,000. This amount is deferred and being amortized to interest expense over the remaining life of the debt. The unamortized balance of \$1,026,000, as of June 30, 2019, is reported as a deferred outflow of resources.

Obligations under capital leases of \$18,664,000, existed as of June 30, 2019, and bore interest at annual rates ranging from 1.0% to 6.8%.

Maryland Stadium Authority (Authority) – Revenue Bonds:

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

Years Ending June 30,	Principal	Interest
2020.....	\$37,865	\$40,940
2021.....	26,471	40,017
2022.....	27,730	38,765
2023.....	26,917	37,410
2024.....	27,770	36,075
2025-2029.....	113,775	161,633
2030-2034.....	123,180	134,274
2035-2039.....	156,110	101,336
2040-2044.....	180,020	60,651
2045-2047.....	131,080	13,321
Total.....	850,918	664,422
Unamortized premium net of unamortized discount.....	117,833	
Total.....	\$968,751	\$664,422

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

In April 2013, the BCPS Construction and Revitalization Act was passed. The General Assembly authorized the Authority to issue up to \$1.1 billion in debt as limited obligations of the Authority, payable solely from the BCPS Financing Fund, established under the Act. As of June 30, 2019, the Authority has issued BCPS Construction and Revitalization Program Revenue Bonds totaling \$746,440,000. In support of the bonds, the Authority will receive \$60,000,000, annually, \$20,000,000, each from the State of Maryland, Baltimore City, and Baltimore City Board of School Commissioners (BCBSC). Sources of revenues include a portion of State lottery revenues, a portion of state education aid currently committed to Baltimore City Public Schools, and other taxes collected by or payable to Baltimore City.

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

In May 2019, the Authority issued the Maryland Stadium Authority Sports Lease Revenue Bonds, Tax-Exempt, Series 2019A for \$20,595,000. The proceeds will be used for issuance costs and various construction projects for M&T Bank Stadium. Interest is payable semiannually at the rate of 4.0% to 5.0% per annum. This bond will mature in March 2026.

Also, in May 2019, the Authority issued Maryland Stadium Authority Sports Lease Revenue Bonds, Taxable, Series 2019B for \$30,405,000. The proceeds will be used for issuance costs and various construction projects at the Warehouse at Camden Yards. The bonds are interest-only until March 2027 when principal payments begin. Interest is payable semiannually at the rate of 3.0% to 3.5% per annum. The bond will mature in March 2039.

As of June 30, 2019, the Authority had outstanding revenue bonds for the construction, renovation and expansion of certain facilities as follows (amounts expressed in thousands):

Facility	Outstanding Amount	Interest Rates	Maturity Date
Baseball Stadium	\$20,362	0.8% to 6.1%	December 15, 2023
Football Stadium	60,174	Variable	March 1, 2026
Hippodrome Performing Arts Center	4,698	0.7% to 2.5%	June 15, 2022
Montgomery County Conference Center	7,400	4.0% to 5.0%	June 15, 2024
Camden Station	4,055	3.0% to 5.2%	December 15, 2024
Camden Yards Complex	40,475	2.8% to 3.5%	March 1, 2039
Baltimore City Public Schools Construction	831,587	5%	May 1, 2047
Total	\$968,751		

12. Insurance:

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

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

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

Changes in the self-insurance liabilities during the fiscal year 2019 were as follows (amounts expressed in thousands):

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability	Amounts Due Within One Year
Property, casualty and general liability	\$ 17,607	\$ 12,301	\$ 10,298	\$ 19,610	\$ 8,669
Employee health benefits	103,000	1,565,596	1,565,596	103,000	103,000
Workers' compensation	252,288	69,568	61,873	259,983	28,570
Governmental activities self-insurance costs	372,895	1,647,465	1,637,767	382,593	140,239
Business-type activities workers' compensation	14,509	5,447	3,994	15,962	2,394
Component units workers' compensation	38,326	5,683	6,607	37,402	5,610
Total self-insurance costs	\$ 425,730	\$ 1,658,595	\$ 1,648,368	\$ 435,957	\$ 148,243

As of June 30, 2019, the Program held \$212,390,000 , in cash and investments designated for payments of these claims.

Changes in the self-insurance liabilities during fiscal year 2018 were as follows (amounts expressed in thousands):

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability	Amounts Due Within One Year
Property, casualty and general liability	\$ 17,762	\$ 9,705	\$ 9,860	\$ 17,607	\$ 7,277
Employee health benefits	103,000	1,653,751	1,653,751	103,000	103,000
Workers' compensation	247,413	69,183	64,308	252,288	26,768
Governmental activities self-insurance costs	368,175	1,732,639	1,727,919	372,895	137,045
Business-type activities workers' compensation	14,772	2,521	2,784	14,509	2,176
Component units workers' compensation	38,773	5,479	5,926	38,326	5,749
Total self-insurance costs	\$ 421,720	\$ 1,740,639	\$ 1,736,629	\$ 425,730	\$ 144,970

As of June 30, 2018, the Program held \$243,915,000 , in cash and investments designated for payments of these claims.

13. Fund Equity:

The unrestricted deficit for governmental activities on the government-wide statement of net position is \$36,101,866,000. A portion of the deficit results from the State incurring a debt for the purposes of capital acquisition and construction on behalf of local governments and private organizations. Since the incurrence of this debt does not result in capital assets of the State, the debt is not reflected in the net position category, net investment in capital assets, but rather in the unrestricted net position category. As of June 30, 2019, the State had reported outstanding general obligation bonds and capital leases applicable to these non-State projects of \$6,521,210,000. Without State financing for these capital assets, the State would have reported an unrestricted deficit for governmental activities in the amount of \$29,580,656,000.

The statement of net position for the primary government reported \$2,391,654,000, of restricted net position, including \$215,796,000, restricted by enabling legislation.

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

	General	Special Revenue Maryland Department of Transportation	Other Governmental Funds	Total Governmental Funds
Fund balances:				
Nonspendable - Prepaid items, inventories and long-term loans and notes receivable	\$ 610,281	\$ 257,039		\$ 867,320
Restricted:				
Debt service			\$ 215,796	215,796
Other purposes	8,186			8,186
Committed:				
State Reserve Fund	890,709			890,709
AIDS Drug Assistance	77,759			77,759
Hospital Uncompensated Care	11,587			11,587
Other health and mental hygiene	149,742			149,742
Education	337,368			337,368
Aid for higher education	20,341			20,341
Human resources	22,061			22,061
Public safety	63,954			63,954
Transportation		8,908		8,908
Mortgage Services Settlement Fund	29,272			29,272
Public Utility Customer Investment Fund	253			253
Other judicial	39,124			39,124
Labor, licensing and regulation	52,700			52,700
Waterway improvements	10,897			10,897
Ocean beach replenishment	6,237			6,237
Other natural resources and recreation	111,332			111,332
Housing and community development	9,514			9,514
Environment	24,736			24,736
Agriculture	53,176			53,176
Commerce	25,801			25,801
Capital projects	31,000		618,245	649,245
Other purposes	126,650			126,650
Unassigned	(19,312)	(17,235)	(226,666)	(263,213)
Total fund balances	\$ 2,693,368	\$ 248,712	\$ 607,375	\$ 3,549,455

A portion of the general fund's committed fund balance, in the amount of \$890,709,000 as of June 30, 2019, includes the State Reserve Fund, which consists primarily of the Revenue Stabilization Account with a balance of \$876,495,000. The Revenue Stabilization Account is authorized in Section 7-311 of the State Finance and Procurement Article, Annotated Code of Maryland. Appropriations are required to be transferred to the Revenue Stabilization Account in years when the account balance is less than 7.5% of estimated general fund revenues. If the account balance is at least 3% but less than 7.5%, an appropriation of \$50,000,000, or whatever lesser amount is necessary to bring the account balance to 7.5% of estimated general fund revenues is required; if the account balance is less than 3%, the required appropriation is \$100,000,000.

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

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

The unrestricted deficit in net position in other enterprise funds of \$7,431,000, for the Economic Development Insurance Programs occurred because of restrictions for insuring mortgages.

14. Segment Information:

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

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

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

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

Condensed Statement of Net Position As of June 30, 2019 <i>(Expressed in Thousands)</i>		
	Community Development Administration	Maryland Water Quality Administration
Assets:		
Current restricted assets	\$ 907,549	\$ 34,137
Non-current restricted assets	2,004,153	148,385
Total assets	2,911,702	182,522
Liabilities:		
Current liabilities	198,292	26,332
Non-current liabilities	2,269,953	261,821
Total liabilities	2,468,245	288,153
Net position:		
Restricted	443,457	(105,631)
Total net position	\$ 443,457	\$ (105,631)

Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019
(Expressed in Thousands)

	Community Development Administration	Maryland Water Quality Administration
Operating income (expenses):		
Interest on loan income.....	\$ 70,877	\$ 2,162
Other operating revenues.....	12,240	
Other operating expenses.....	(42,816)	
Operating income (loss).....	40,301	2,162
Non-operating revenues (expenses).....	(2,127)	(9,425)
Change in net position.....	38,174	(7,263)
Total net position - beginning.....	405,283	(98,368)
Total net position - ending.....	\$ 443,457	\$ (105,631)

Condensed Statement of Cash Flows
For the Year Ended June 30, 2019
(Expressed in Thousands)

	Community Development Administration	Maryland Water Quality Administration
Net cash from:		
Operating activities.....	\$ 7,223	
Non-capital financing activities.....	320,584	\$ (37,285)
Investing activities.....	(144,702)	37,285
Beginning cash and cash equivalents.....	455,464	
Ending cash and cash equivalents.....	\$ 638,569	\$ -

15. Retirement Benefits:

Maryland State Retirement and Pension System (System):

The State is an employer in the cost-sharing multiple-employer public employee retirement system established by the State to provide pension benefits for State employees (other than employees covered by the Maryland Transit Administration Pension Plan described below) and employees of 148 participating political subdivision or other entities within the State.

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

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

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

Plan Description:

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

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

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

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

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

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

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

Funding Policy:

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

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

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

During fiscal year 2019, for the State Pool, the State paid \$1,928,499,000 of the required contribution totaling \$1,928,499,000 which was 18.1% of covered payroll and 100.0% of the required payment. The State makes non-employer contributions to the System for local school system teachers for retirement costs other than normal costs. The covered payroll amount includes amounts for employees for whom the State pays retirement benefits, but does not pay the payroll. As of June 30, 2019, the State's membership includes 167,508 active members, 43,720 vested former members, and 145,642 retirees and beneficiaries.

Assumptions and Other Inputs:

The significant actuarial assumptions and other inputs listed below were used to measure the total pension liability as of the measurement date of June 30, 2019:

Valuation method	Individual Entry Age Normal Cost Method
Salary increases	0% to 8.50% per year (excludes wage inflation) varies by plan
Inflation	2.60% general, 3.10% wage
Rate of return on investments	7.40%
Discount rate	7.40%
Post-retirement benefit increase	2.19% - 3.10% for service prior to July 1, 2011 1.46% - 3.10% for service after June 30, 2011 (depending on system and provisions)
Mortality	Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2018.

System's Fiduciary Net Position:

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

Long-term contributions receivable:

In addition to actuarially determined contributions, certain withdrawn employers also make annual installment payments, including interest at the actuarially assumed rate of return in effect at the time of withdrawal (7% or 7.5% per year), for liabilities associated with employees that have elected to stay in the System when their employer elected to withdraw. As of June 30, 2019, the outstanding balance was \$12,741,000. These payments are due over various time periods, based on the date of the employer's withdrawal.

Discount rate:

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

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

As of June 30, 2019, the State reported a liability of \$19,674,034,000, (\$17,906,864,000, for Governmental Activities, \$298,096,000, for Business-Type Activities and \$1,469,074,000, for Component Units), for its proportionate share of the net pension liability (NPL). The NPL was measured as of June 30, 2019, and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2018. The State's proportion of the NPL was based on adjusted contributions to the System in fiscal year 2018 relative to adjusted contributions of the State and all participating local governments, actuarially determined. As of June 30, 2019, the State's proportion was 93.77%.

During the year ended June 30, 2012, the State passed legislation that required local school boards of education to fund the current service cost for teachers included in the Teachers Retirement and Pension System (TRS) which is included in the State of Maryland Retirement and Pension System. The intent of the legislation was for the State to be responsible for past service costs, actuarial gains and losses, and the unfunded liability. As a result, the State has determined that the NPL of TRS qualifies as a special funding situation and as such the entire liability associated with TRS and the related deferred outflows and inflows is included in the State's financial statements. The NPL for the TRS is \$10,790,035,000, and for the other State systems is \$8,883,999,000, as of June 30, 2019.

The State recognized pension expense of \$2,063,889,000 consisting of \$1,131,920,000 applicable to the TRS and \$931,969,000 applicable to the other State systems, for the year ended June 30, 2019 (\$1,703,417,000 for Governmental Activities, \$41,918,000 for Business-Type Activities and \$318,554,000 for Component Units). At that date, the State reported deferred outflows and deferred inflows of resources related to the State systems from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 575,187	
Difference between projected and actual earnings on pension plan investment	720,586	\$ -
Contributions made subsequent to the measurement date	1,928,499	
Difference between expected and actual experience		1,597,146
Total	\$ 3,224,272	\$ 1,597,146
TRS	\$ 1,768,321	\$ 875,939
Other State Systems	1,455,951	721,207
Total	\$ 3,224,272	\$ 1,597,146

	Year ending June 30,	
The net amount reported as deferred outflows of resources related to pensions (non-contributions) will be recognized in pension expense as shown to the right (amounts expressed in thousands):	2020	\$ 525,263
	2021	79,671
	2022	(566,412)
	2023	(278,749)
	2024	(61,146)
	Total	\$ (301,373)

Contributions:

Deferred outflows of resources related to MSRPS of \$1,928,499,000, resulting from State contributions subsequent to the measurement date, will be recognized as a reduction of the NPL in the year ended June 30, 2020.

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

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

	1% Decrease	Discount Rate	1% Increase
	6.40%	7.40%	8.40%
State's proportionate share of the NPL	\$28,337,361	\$19,674,034	\$12,484,096

Information included in the MSRPS financial statements:

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

Maryland Transit Administration Pension Plan (Plan):

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

Plan Description:

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

As of June 30, 2019, membership in the Plan includes 2,642 active members, 550 vested former members, and 1,950 retirees and beneficiaries. There were no investments in, loans to, or leases with parties related to the Plan. There were no Plan investments representing 5 percent or more of total Plan assets. For the year ended June 30, 2019, the Administration's covered and total payroll was \$148,445,000.

Funding Policy:

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

During fiscal year 2019, the Administration paid \$41,597,000, of the required contribution totaling \$64,649,000, which was 28.0% of covered payroll and 64.3% of the required payment.

Assumptions and other inputs:

The significant actuarial assumptions and other inputs listed below were used to measure the total pension liability as of the measurement date of June 30, 2019:

Method of funding	Level Dollar Entry Age Normal
Discount rate	4.53%
Post-retirement benefit increase	2.1% COLAs
Salary increase	Varies by participant service
Inflation	3.20%
Investment rate of return	7.50% including inflation
Mortality	RP 2014 Blue collar Tables with MP-2014.
Cost of living adjustments	2.1% per year

Plan Fiduciary Net Position:

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

Net Pension Liability of the Plan:

The total pension liability of the Plans was determined by an actuarial valuation as of July 1, 2018, rolled forward to June 30, 2019, and the adjustment to the roll-forward liabilities were made to reflect the following assumptions change in the 2019 valuation:

Benefits changed for certain employees. The dollar per month maximum benefit was eliminated, the vesting requirement increased to 10 years, pensionable earnings were limited to 2,392 hours per year and employee contributions increased to 2%.

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

The components of the net pension liability as of June 30, 2019, are as follows (amounts expressed in thousands):

Total pension liability.....	\$ 1,261,419
Less Plan fiduciary net position.....	(329,024)
Employer net pension liability.....	\$ 932,395
Plan fiduciary net position as a percentage of the total pension liability.....	26.1%

Investments:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the Plan's investment consultant(s) and actuary(s). For each major asset class that is included in the Plan's target asset allocation as of June 30, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity.....	37%	6.3%
Credit/Debt Related Strategies.....	9%	3.9%
Rate sensitive.....	19%	1.3%
Absolute return.....	8%	3.0%
Private equity.....	13%	7.5%
Real Assets.....	14%	4.5%
Total.....	100%	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2019.

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 6.4%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate:

A single discount rate of 4.53% was used to measure the total pension liability. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made based on MTA's actual contributions over the prior three fiscal years. The projected benefits include expected cost-of-living adjustments (COLAs) to benefits for pensioners and beneficiaries. Based on these assumptions, the Plan's fiduciary net position is not expected to be available to make all future benefit payments of current plan members.

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

The net pension liability of the MTA calculated using the discount rate of 4.53% as well as what the MTA's net pension liability would be if it were calculated using a discount rate that is 1% lower (3.53%) or 1% higher (5.53%) than the current rate, is as follows (amount express in thousands):

	1% Decrease 3.53%	Discount Rate 4.53%	1% Increase 5.53%
Net pension liability	\$1,124,206	\$932,395	\$775,604

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

The components of the pension expense for the Plan as of June 30, 2019, are as follows (amounts expressed in thousands):

	Amount
Service cost	\$ 36,027
Interest on the total pension liability	56,519
Projected investment earnings	(24,031)
Employee contributions	(3,006)
Administrative expenses and other	2,325
Subtotal	67,834
Changes of benefit terms	(203)
Other changes in fiduciary net position	6,720
Amortization - changes of assumptions	16,986
Amortization- actual investment earnings different than assumed	(4,251)
Amortization-differences between actual and expected experience	(6,436)
Subtotal	12,815
Total components recorded as pension expense	\$ 80,649

For the year ended June 30, 2019, the MTA recognized pension expense \$80,649,000. As of June 30, 2019, the MTA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 11,590	\$ 31,003
Changes of assumptions	160,544	165,999
Net difference between projected and actual earnings on pension plan investments	-	8,374
Total	\$ 172,134	\$ 205,377

	Year ending June 30,	
The net amount reported as deferred inflows of resources related to pensions will be recognized in pension expense as shown to the right (amounts expressed in thousands):	2020	\$ 7,086
	2021	8,028
	2022	4,721
	2023	(41,961)
	2024	(11,117)
	Total	\$ (33,243)

The changes in employer's net pension liability as of June 30, 2019 are as follows (amounts expressed in thousands):

Total pension liability		
Service cost	\$	36,027
Interest		56,520
Changes of benefit terms		(203)
Differences between expected and actual experience		(8,528)
Change of assumptions or other inputs		(51,455)
Benefit payments, including refunds of member contributions		(42,724)
Net changes in total pension liability		(10,363)
Total pension liability- beginning		1,271,782
Total pension liability- ending ^(a)		1,261,419
Plan fiduciary net position		
Contributions-employer	\$	41,597
Contributions-member		3,009
Net investment income		31,023
Benefit payments, including refunds of member contributions		(42,727)
Administrative expenses		(2,325)
Net change in plan fiduciary net position		30,577
Plan fiduciary net position-beginning		298,447
Plan fiduciary net position-ending ^(b)		329,024
Net pension liability-ending (a)-(b)	\$	932,395

Deferred Compensation Plan (Plan):

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

The State of Maryland Match Plan and Trust was established by the State on July 1, 1999. The plan is designed to be a tax-qualified 401(a) defined contribution matching plan under Internal Revenue Code section 401(a). Under plan provision, the State contributes to each participant's account an amount equal to each participant's contributions to the State's Supplemental Retirement Plan during the same plan year. By statute, the maximum amount contributed to this plan for each participant is \$600 for each State fiscal year. An employee's interest in his/her account is fully vested at all times. The match program continues to be established and funded in statute. During the year ended December 31, 2018, the State suspended the match contribution. For the plan year ended December 31, 2018, the State contributed \$36,000, to the 401(a) plan and participants contributed \$74,579,000, \$2,363,000, and \$87,096,000, to the 457, 403(b), and 401(k) plans, respectively.

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

State Employee and Retiree Health and Welfare Benefits Program:

Plan Description:

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

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

Funding Policy:

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

Generally, a retiree may enroll and participate in the health benefit options if the retiree retired directly from State service with at least five years of creditable service, ended State service with at least ten years of creditable service and within five years before the age at which a vested retirement allowance normally would begin, or ended State service with at least 16 years of creditable service. For members hired on or after July 1, 2011, they are required to have completed at least 25 years of creditable service, retired directly from State service with at least ten years of creditable service, or ended State service with at least ten years of creditable service and within five years before the age at which a vested retirement allowance normally would begin. As of July 1, 2019, the State's Plan membership includes 80,910 active employees, 2,612 vested former employees, and 76,660 retirees and beneficiaries. Based on current practice, the State subsidizes approximately 50% to 85% of retiree premiums to cover medical, dental, prescription and hospitalization costs, depending on the type of insurance plan. The Plan assesses a charge to retirees for post-employment health care benefits, which is based on health care insurance charges for active employees. During fiscal year 2019, the State did not appropriate funds to the OPEB Trust to prefund future OPEB costs.

Assumptions and Other Inputs:

The significant actuarial assumptions and other inputs listed below were used to measure the total OPEB liability as of the measurement date of June 30, 2019:

Valuation cost method	Entry Age Normal Cost Method
Asset valuation method	Five - year smoothed market
Rate of return on investments	7.45%
Inflation Rate	2.60%
Mortality	RP-2014 Healthy Retiree Mortality Rates with Generational Projection Using Scale MP-2014 for healthy retirees. RP-2014 Disability Mortality Rates with Generational Projection Using Scale MP-2014 for disabled retirees. RP-2014 Pre-Retirement Mortality Rates with Generational Projection Using Scale MP-2014 for pre-retirement.
Aggregate salary growth	3.10% including inflation
Method to determine blended rate	3.50% represents an unblended pay-go rate
Healthcare cost trend rate	Medical: Under 65 - 8.75% graded to 4.50% over 17 years Over 65 - 7.00% graded to 4.50% over 10 years Prescription drugs: 9.50% graded to 4.5% over 20 years
	Dental: 3.00%
Individual salary increase	Vary by group, and years of service

OPEB Plan's Fiduciary Net Position:

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

Net OPEB Liability of the Plan:

The Net OPEB Liability was measured as of June 30, 2019. Plan Fiduciary Net Position was valued as of the measurement date and the Total OPEB Liability was determined from an actuarial valuation as of June 30, 2019.

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

Total OPEB liability	\$	14,640,716
Less: Plan fiduciary net position		350,732
Employer net OPEB liability	\$	14,289,984
Plan fiduciary net position as a percentage of the total OPEB liability		2.40%

Investments:

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the Plan's investment consultant(s) and actuary(s). For each major asset class that is included in the Plan's target asset allocation as of June 30, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	37%	6.3%
Private equity	13	7.5
Rate Sensitive	19	1.3
Credit opportunity	9	3.9
Real Assets	14	4.5
Absolute return	8	3.0
Total	100%	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2019.

The annual money-weighted rate of return, net of investment expenses, on Plan investments for the year ended June 30, 2019, was 6.52%. A money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

Discount rate:

The Discount rate used to measure the total OPEB liability was 3.50% as of June 30, 2019. The projection of cash flow used to determine the discount rate assumed that the State would not make additional contribution to the OPEB Trust and continue to fund the Plan on a pay-as-you-go basis. Based on those assumptions, the OPEB Plan's fiduciary net position was not projected to cover a full year of projected future benefit payments. Therefore, all future benefit payments are discounted at the current index rate for 20 year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.50%).

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

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

	1% Decrease in Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Trend Rates
Net OPEB Liability	\$11,940,528	\$14,289,984	\$17,309,754

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

Regarding the sensitivity of the net OPEB liability to change in the single discount rate, the following presents the plan's net OPEB liability, calculated using a single discount rate of 3.50%, as well as what the plan's net OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher (amounts expressed in thousands):

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Net OPEB Liability	\$16,873,663	\$14,289,984	\$12,243,349

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

The components of the OPEB expense for the Plan as of June 30, 2019, are as follows (amounts expressed in thousands):

Service Cost	\$ 337,321
Interest on the total OPEB liability	426,193
Current period benefit changes	2,544,752
Expensed portion of current-period difference between expected and actual experience in the Total OPEB liability	67,025
Sub Total	3,375,291
Expensed portion of current-period changes of assumptions or other inputs	68,748
Projected earnings on plan investments	(24,531)
Expensed portion of current-period differences between actual and projected earnings on plan investments	614
Recognition of beginning of year deferred inflows of resources as OPEB expense	(142,913)
Recognition of beginning of year deferred outflows of resources as OPEB expense	47,740
Sub Total	(50,342)
Total components recorded as OPEB expense	\$ 3,324,949

The State recognized OPEB expense of \$3,324,949,000 for the year ended June 30, 2019. At that date, the State reported deferred outflows and deferred inflows of resources related to the State plan from the following sources (amounts expressed in thousands):

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes in actuarial assumptions	\$ 402,863	\$ 683,501
Difference between projected and actual earnings on OPEB plan investments	3,390	
Difference between expected and actual experience in the Total OPEB liability	620,571	
Total	\$ 1,026,824	\$ 683,501

	Year ending June 30,	
The net amount reported as deferred outflows	2020	\$ 41,133
of resources related to OPEB	2021	41,133
will be recognized in OPEB expense as shown to	2022	41,133
the right (amounts expressed in thousands):	2023	41,133
	2024	62,027
	2025	116,764
	Total	\$ 343,323

The changes in employer's net OPEB liability at June 30, 2019 are as follows (amounts expressed in thousands):

Total OPEB liability	
Service cost	\$ 337,320
Interest	426,193
Change of benefit terms	2,544,752
Differences between expected and actual experience	459,791
Changes of assumptions	471,611
Benefit payments, including refunds of member contributions	(499,502)
Net change in total OPEB liability	3,740,165
Total OPEB liability-beginning	10,900,551
Total OPEB liability-ending ^(a)	14,640,716
Plan fiduciary net position	
Net investment income	21,460
Net change in plan fiduciary net position	21,460
Plan fiduciary net position-beginning	329,272
Plan fiduciary net position-ending ^(b)	350,732
Net OPEB liability-ending (a)-(b)	\$ 14,289,984

A part of the increase in the net OPEB liability in the amount of \$2,544,752,000, was due to (1) extending the Employer Group Waiver Program (EGWP) prescription drug program for Medicare eligible retirees through December 31, 2020, (the EGWP was scheduled to terminate on December 31, 2018) and (2) adoption of Senate Bill 946 which provides continued drug benefits for certain Medicare retirees as of January 1, 2021. The existing EGWP program will be eliminated at that date. The State passed legislation to eliminate the prescription drug coverage of Medicare eligible retirees effective December 31, 2018. The retirees filed suit in September 2018 alleging violations of contract clauses and contract claims. The State has been enjoined from discontinuing the current prescription drug program since October 2018. Senate Bill 946 was passed after the commencement of the suit. A preliminary injunction hearing is scheduled for December 2019. An injunction in favor of State retirees could result in the future increase in net OPEB liability and the mandated expenditure.

Contributions:

For the fiscal year ended June 30, 2019, retiree plan members contributed \$ 98,964,000 , or approximately 16.5% of total retiree premiums, and the State contributed \$499,502,000, or approximately 83.5%. These contributions funded the premium (benefit) payments only.

Maryland Transit Administration Retiree Healthcare Benefit:

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

Plan Description:

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

As of June 30, 2019, 2,350 active employees and 1,411 retirees and beneficiaries were covered by healthcare insurance provided by MTA.

Funding Policy:

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

Assumptions and Other Inputs:

The significant actuarial assumptions and other inputs listed below were used in the actuarial valuation as of June 30, 2018, the most recent valuation date, to measure the total MTA OPEB liability as of June 30, 2019:

Method of funding	Entry Age Normal, Level Percentage of Payroll
Aggregate salary growth	3.20%
Inflation	3.20%
Healthcare cost trend rate	Medical and Prescription: 5.40% in FY 2019 decreasing to 5.30% Pre-Medicare and 4.90% Post-Medicare in FY 2050 The ultimate rate 3.90% Dental and Vision: 4.50 % per annum
Mortality	RP2014 Blue Collar Fully Generational projected from 2014 using Scale MP-2018
Amortization method	Level Percentage of Payroll Closed
Amortization period	15 years as of July 1, 2019

Net OPEB Liability of the Plan:

The Net MTA OPEB liability was measured as of June 30, 2019 based on an actuarial valuation made as of June 30, 2018, and the components of the net MTA OPEB liability are as follows (amounts expressed in thousands):

Total OPEB liability	\$ 728,867
Less: Plan fiduciary net position	-
Employer net OPEB liability	\$ 728,867
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

Discount rate:

The discount rate used to determine the total OPEB liability is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate used for the MTA OPEB to measure the total OPEB liability was 3.62%.

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

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

	1% Decrease 2.90%	Current Healthcare Cost 3.90%	1% Increase 4.90%
Net OPEB Liability	\$607,702	\$728,867	\$887,376

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

Regarding the sensitivity of the net OPEB liability to change in the single discount rate, the following presents the plan's net OPEB liability, calculated using a single discount rate of 3.62%, as well as what the plan's net OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher (amounts expressed in thousands):

	1% Decrease 2.62%	Discount Rate 3.62%	1% Increase 4.62%
Net OPEB Liability	\$862,058	\$728,867	\$622,800

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

The components of the OPEB expense for the Plan at June 30, 2019, are as follows (amounts expressed in thousands):

Service Cost	\$ 41,137
Interest on the total OPEB liability	29,487
Changes in assumptions	(32,402)
Difference between expected and actual experience	(1,759)
Sub Total	
Total components recorded as OPEB expense	\$ 36,463

The MTA OPEB recognized OPEB expense of \$36,463,000 for the year ended June 30, 2019. At that date, the MTA OPEB reported deferred outflows and deferred inflows of resources related to the MTA plan from the following sources (amounts expressed in thousands):

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes in actuarial assumptions	\$ -	\$ 212,584
Difference between expected and actual experience		12,314
Total	\$ -	\$ 224,898

	Year ending June 30,	
The net amount reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as shown to the right (amounts expressed in thousands):	2020	\$ (34,162)
	2021	(34,162)
	2022	(34,162)
	2023	(34,162)
	2024	(34,162)
	Thereafter	(54,088)
	Total	\$ (224,898)

The changes in employer's net OPEB liability as of June 30, 2019 are as follows (amounts expressed in thousands):

Total OPEB liability	
Service Cost	\$ 41,137
Interest	29,487
Differences between expected and actual experience	(14,073)
Changes of assumptions	(145,356)
Benefit payments, including refunds of member contributions	(15,617)
Net change in total OPEB liability	(104,422)
Total OPEB liability-beginning	833,289
Total OPEB liability-ending ^(a)	728,867
Plan fiduciary net position	
Contributions-employer	15,617
Benefit payments, including refunds of member contributions	(15,617)
Net change in plan fiduciary net position	-
Plan fiduciary net position-beginning	-
Plan fiduciary net position-ending ^(b)	-
Net OPEB liability-ending (a)-(b)	\$ 728,867

17. Commitments:

As noted in Note 2, encumbrance accounting is used to account for outstanding commitments for open purchase orders and unfulfilled contracts in some governmental funds. Amounts related to encumbrances are reported in the general fund, \$500,934,000, the special revenue fund, \$8,908,000, and the capital projects fund, \$618,245,000, as of June 30, 2019.

State agencies and programs lease office space under various agreements that are accounted for as operating leases. Many of the agreements contain rent escalation clauses and renewal options. These leases contain termination for convenience clauses providing for cancellation after a certain number of days' notice to lessors. In addition, these leases contain appropriation clauses indicating that continuation of the lease is subject to appropriation by the legislature. Rent expenditures for the year ended June 30, 2019, were approximately \$99,634,000.

As of June 30, 2019, the governmental funds, other than the Department of Transportation, had commitments of approximately \$175,801,000, for service contracts.

As of June 30, 2019, the Department of Transportation and Maryland Transportation Authority had commitments of approximately \$6.7 billion and \$921,614,000, respectively, for construction of highways and mass transit facilities.

Approximately 30.9% of future expenditures related to the Department of Transportation commitments are expected to be reimbursed from proceeds of approved Federal grants when the actual costs are incurred. The remaining portion will be funded by other financial resources of the Department of Transportation.

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

Years Ending June 30,	Amounts
2020	\$ 133,965
2021	100,055

2022.....	94,823
2023.....	80,999
2024.....	75,777
2025-2029.....	172,421
2030-2034.....	2,539
Total.....	\$ 660,579

The cost and accumulated depreciation of the assets as of June 30, 2019, were \$1,427,723,000 and \$833,517,000 , respectively.

Total minimum future rental revenues do not include contingent rentals that may be received under certain concession leases on the basis of a percentage of the concessionaire's gross revenue in excess of stipulated minimums. Rental revenue was approximately \$240,002,000 , for the year ended June 30, 2019.

As of June 30, 2019, the enterprise fund loan programs had committed to lend a total of \$550,337,000 , in additional loans and had committed \$3,900,000 for service contracts. The Community Development Administration, also an enterprise fund loan program, had \$459,475,000 of revenue bonds outstanding that are not included in the financial statements of the Administration because the bonds are not guaranteed by the State or any other program of the State or any political subdivision. The revenue bonds are secured solely by the individual multi-family project properties, related revenues, applicable credit enhancements or investments equal to the debt outstanding.

As of June 30, 2019, the higher education fund had commitments of approximately \$396,608,000 for the completion of projects under construction.

18. Contingencies:

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

As of June 30, 2019, economic development loan programs were contingently liable to financial institutions for \$3,269,000 for the repayment of loans for small businesses. Non-major enterprise funds were contingently liable as insurers of \$408,804,000 of \$488,783,000, mortgage loans made by public and private lenders.

Non-major component units were contingently liable as insurers of \$4,339,000 of \$16,691,000, economic development and growth bonds issued by financial institutions.

The State receives significant financial assistance from the U.S. Government. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund which received the grant. As of June 30, 2019, the State has recognized liabilities of \$034,156,000, and \$28,400,000, in the general fund for Medicaid claims to the Federal government related to disallowed costs and misallocated costs to establish a marketplace for health insurance benefits for low income individuals and employees of small companies in Maryland, respectively. The State estimates that no additional material liabilities will result from such audits.

19. Tobacco Settlement:

Maryland has a Cigarette Restitution account for all revenues received from any judgment against or settlement with the tobacco industry. Expenditures from the account are made by an appropriation in the annual State budget. The law provides that at least 50% of the appropriations shall be made for tobacco or health related purposes and the remaining appropriations may be for any public purpose. Currently, 30% of the appropriations shall be made for the Maryland Medical Assistance Program (Medicaid). Appropriations of 0.15% of the account are required to be appropriated for enforcing the escrow requirements for nonparticipating tobacco product manufacturers. Transfers of \$142,476,000 were made from the proceeds in the Cigarette Restitution account for fiscal year 2019 expenditure of appropriations.

As part of the Master Settlement Agreement between the states and the tobacco companies, Maryland's share during fiscal year 2019 was \$137,221,000, including the award from the arbitration panel for attorney fees. This amount does not include \$22,066,000 the tobacco companies paid to the disputed account pending the outcome of litigation.

It is estimated that the payments made to the State pursuant to the Master Settlement through fiscal year 2024 will total \$3.49 billion. The actual amount received each year, however, will reflect adjustments for inflation and cigarette shipment volume. In addition, the State expects to receive \$118,716,000 during that same period pursuant to an award for attorney fees by the national arbitration panel.

20. Landfill Closure:

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

Midshore I's current cells are approximately 93% filled as of June 30, 2019. The landfill stopped accepting waste on December 31, 2010, was capped, and is now in the post closure monitoring and maintenance period. Total closure and post closure care costs for the landfill are currently estimated to be \$3,040,000 as determined through engineering studies, and \$1,689,000 has been recognized as a liability on the June 30, 2019, Combining Statement of Net Position, Non-Major Component Units.

A flyover is performed annually in July to assist in the calculation of the landfill's remaining capacity based upon the volume of cubic yard capacity. Midshore II's current cells, which are expected to close in 2042, are approximately 23% filled as of June 30, 2019. Total closure and postclosure care costs for the landfill are currently estimated to be \$19,841,000 as determined through engineering studies, and \$3,869,000 has been recognized as a liability as of June 30, 2019. Actual costs may be subject to change due to inflation, deflation, technology, and changes in applicable laws and regulations

A receivable from project participants corresponding to the accrued liability has also been recorded. Under Federal regulations, the Service has satisfied its financial assurance requirements based upon the local government financial ratio tests of the project participants as of June 30, 2018. The Service expects to satisfy these requirements as of June 30, 2019, using the same criteria.

21. Service Concession Arrangements:

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

Under the terms of the ground lease, the Department transfers rights to PAC for a term of 50 years. After 50 years ownership of the Dundalk Marine Terminal will revert to the Department. PAC charges and collects fees from the user for container lifts, short tons of roll on-roll off, break-bulk and bulk cargo and pays the operating costs, management fee and debt service associated with the project. The Department has the ability to approve what services the operator is required to provide. As of June 30, 2019, the capital assets, net of accumulated depreciation, and deferred concession arrangement receipts were \$46,417,000.

The Department has entered into a light rail transit public private partnership concession arrangement. The construction, operating and maintenance risk is being managed by Purple Line Transit Partners, LLC (PLTP) through a 6-year construction and 30 year operating period. The PLTP will finance, develop, design, build, equip, and supply light rail vehicles under an availability-based concession agreement with the Department. Construction began in August 2017. The Department paid a total of \$603,867,000, for construction costs to date. As of June 30, 2019, the capital assets and deferred service concession arrangement receipts were \$98,734,000.

In fiscal year 2013, Maryland Transportation Authority and Areas USA entered a 35-year Service Concession Arrangement (SCA) agreement to redevelop and operate two travel plazas along the John F. Kennedy Memorial Highway (I-95). The structure of the agreement between the Authority and Areas USA is a long term lease and concession. The Authority retains ownership of the property and assets. All property and improvements, with the exception of the fueling systems, are returned to the Authority at the end of the 35 year lease. Under the agreement, the Authority should realize reduced future operating and capital expenses; debt capacity will be reserved for core business activities; and revenue is guaranteed over the life of the agreement. Areas USA invested \$55,890,000, which required no public subsidy or debt, to redesign and rebuild both the Maryland House and Chesapeake House travel plazas. Areas USA will operate and maintain the travel plazas through the year 2047. The unamortized balance as of June 30, 2019, is \$47,917,000, which is reported in the deferred inflow of resources on the Statement of Net Position.

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

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

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

As of June 30, 2019, the Statement of Net Position reflects net capital assets of \$306,296,000, and deferred service concession arrangement receipts of \$270,574,000, from this transaction.

22. Tax Abatements:

For financial reporting purposes, the tax abatement is defined as an agreement between the government and an individual or entity through which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to the economic development or otherwise benefits the government or its citizens. The following tax abatement programs were granted and administered by the State of Maryland during fiscal year 2019. There were two tax abatement programs in 2019 for which a company received a tax abatement of \$5 million or greater. The two programs were the Film Production Activity Tax Credit to the Knight takes King Production in the amount of \$7.2 million and the Aerospace, Electronics or Defense Contract Tax Credit to Northrop Grumman Corp. in the amount of \$7.5 million.

Name of Program	Tax Abatements - FY 2019 ⁽¹⁾	Tax Filings - FY 2019 ⁽²⁾	Program Description
Economic Development Programs:			
Film Production Activity Tax Credit	\$7,200,000	1	The program is designed to maintain current level of film production in the state, increase the current level of film production in the state and maintain the positive impact on the State's economy. Production companies must incur a minimum of \$500,000 direct costs in Maryland to participate in the program. The companies are reimbursed 25% of qualifying direct costs incurred in Maryland for films and 27% of qualifying direct costs incurred in Maryland for television series. The authority under which abatements are entered into is the Annotated Code of Maryland: Tax General Title 10, Subtitle 7, Section 10-730. State business income tax is abated. Taxes are being reduced by an allowance of credit against income taxes. Taxpayers receive the full amount of the credit regardless of the tax liability (refundable). There are no provisions for recapture of credit.
One Maryland Tax Credit	\$16,300,000	95	The program provides two income tax credits to businesses that initiate major investment projects in Maryland's economically distressed jurisdictions. The Project Tax Credit can be \$5 million and the Start Up Tax Credit can be \$500,000. The business must create at least 25 new positions paying at least 150% of the federal minimum wage. Tax being abated is the State business income tax. Taxes are reduced as an allowance of the credit against taxes. If the credit is less than the tax liability the credit may be used over a 14 year period. After the 4th tax year but before the 15th year after the project has been placed in service the business may apply the excess credit for project costs to non-project related tax income and a portion may be refunded. The authority under which abatements are entered into is the Annotated Code of Maryland: Economic Development Title 6, Subtitle 4, Section 6-401-6-406. There is no provision for recapturing abated taxes.
Aerospace, Electronics or Defense Contract Tax Credit	\$7,500,000	1	The program creates a tax credit against the State income tax for a business operating a qualified aerospace, electronics or defense contract tax credit project. The purpose of the program is to keep aerospace, electronics and defense contractors employing Maryland workers and to help the Maryland economy. The credit is \$2.5 million a year for each of the three programs for 5 years. The maximum credit is \$7.5 million a year and \$37.5 million total. A business entity operating a project must create or retain 10,000 positions and expend at least \$25 million in capital expenditures in Maryland. The taxes are reduced as a credit against state business income taxes. The authority under which the abatements are entered into is the Annotated Code of Maryland, Tax General, Title 10, Subtitle 7 Section 10-737. If the credit allowed in any tax year exceeds the total income tax otherwise payable by the qualified business entity for that taxable year the business entity may claim a refund in the amount of the excess (refundable). The credit must be recaptured if during either of the 2 years after the credit year the number of qualified positions falls below a rolling average over the past 2 years of 10,000. If the credit is required to be recaptured, the credit is recomputed and reduced on a proportionate basis, based on the reduction of the rolling average number of qualified employees over the past 2 years. The recomputed credit is then subtracted from the amount of credit previously allowed. If, during any of the 2 years after the credit year, the rolling average of qualified positions falls below 9,000 for the past 2 years, all the credits shall be recaptured.
Biotechnology Investment Incentive Tax Credit	\$12,500,000	235	The purpose of the program is to increase investment in Maryland Biotechnology Companies. Investors may receive a credit on their corporate or personal Maryland State income tax equal to 50% of investment not to exceed \$250,000 and for investment in companies in certain counties, 75% of investment not to exceed \$500,000. Taxes being abated are State of Maryland corporate or personal income tax. Authority under which abatements are entered into is the Annotated Code of Maryland, Tax General, Section 10-725. Taxes are reduced as an allowance of credit against income taxes. The amount in excess of the state income tax liability may be refunded (refundable). Amount is limited to the amount in the Biotechnology Investment Incentive Tax Credit Fund. If within 2 years after the close of the tax year for which the credit was claimed the investor sells, transfers or disposes or its ownership interest or if the company ceases to have its headquarters and base of operations in Maryland, the credit must be recaptured on the investors' Maryland income tax return.

Housing and Community Development Program:

Sustainable Communities Tax Credit	\$10,300,000	192	The purpose of the program is to encourage private sector investment in the rehabilitation and re-use of Competitive Commercial Projects and to promote investment in local economies. Owners of income-producing properties may earn a state income tax credit capped at \$3 million that is equal to 20% of the eligible rehabilitation expenses. The annual appropriation is \$9 million. The tax being abated is the State of Maryland Business or Individual Income Taxes. Authority to abate taxes is the Annotated Code of Maryland; State Finance and Procurement Article; Section 5A-303. A pro-rated percentage of the credit is subject to recapture if disqualifying work is performed or the certified rehabilitation is disposed of during the 5 year period that begins with the year the certified rehabilitation was completed.
Total tax credits administered by State	\$53,800,000	524	

The State's tax revenues were reduced by \$5,700,000 under tax abatement agreements entered into and administered by the counties and municipalities, namely the Enterprise Zone Tax Credit, as follows:

Name of Program	Tax Abatements - FY 2019 ⁽¹⁾	Tax Filings - FY 2019 ⁽²⁾	Program Description
Enterprise Zone Tax Credit	\$5,700,000	157	The program is designed to bring new businesses and jobs to the State in areas that need revitalization. Businesses enter into an agreement with counties or municipalities to construct or make improvements to buildings located in an enterprise zone. Businesses may receive from the State \$1,000 to \$9,000 in tax credits over three years for hiring new employees at the new or renovated facilities. Business income taxes are being abated. Taxes are being reduced by an allowance of credit against State of Maryland income tax. The authority under which abatements are entered into is the Annotated Code of Maryland, Tax Property, Title 9 Subtitle 1, Section 9-103, Tax General Section 10-702, and Economic Development Article Section 5-1401 (e). If the credit allowed in any taxable year exceeds the State income tax for that taxable year, a business entity may apply the excess as a credit against the State income tax for succeeding taxable years until the earlier of the full amount of the excess is used or the expiration of the 5th taxable year from the date on which the business entity hired the qualified employee to whom the credit first applies. There are no provisions for recapturing abated taxes.
Total tax credits administered by counties and municipalities	\$5,700,000	157	

(1) Gross dollar amount the government's tax revenues were reduced for fiscal year 2019 as a result of tax abatement agreements

(2) Number of income tax returns filing for credit in fiscal year 2019

23. Asset Retirement Obligations

The University System of Maryland (USM) owns and operates facilities and equipment subject to certain legal and regulatory requirements to perform asset retirement activities. A non-power training nuclear reactor operated at USM is subject to statutory and regulatory requirements promulgated by the U.S. Nuclear Regulatory Commission (NRC) under Title 10 of the Code of Federal Regulations (CFR). The reactor was subject to estimated asset retirement obligations of \$13,057,000, as of June 30, 2019, and was fully depreciated.

USM is periodically required by the CFR to provide various disclosures to the NRC in order to maintain the operating license for the reactor, including, but not limited to, projected operating costs, decommissioning costs, and funding assurances. USM is in compliance with all such requirements as of June 30, 2019.

USM also owns and operates various equipment assets, including gamma cell irradiators and underground oil tanks, that are subject to statutory or regulatory asset retirement obligations of individually nominal dollar values. All such assets were fully depreciated as of June 30, 2019.

Asset retirement obligations were estimated based upon the historical decommissioning costs of similar assets, stated in current dollars using the Implicit Price Deflator issued by the U.S. Department of Commerce, with current personnel costs and a contingency factor of 25%. Total asset retirement obligations, included in accounts payable and accrued liabilities, of \$15,057,000, and deferred outflows of resources of \$12,405,000, are included on the statement of net position as of June 30, 2019. USM is financially prepared to fund and satisfy all asset retirement obligations when required.

Required Supplementary Information

COMPREHENSIVE ANNUAL FINANCIAL REPORT, STATE OF MARYLAND



STATE OF MARYLAND
Schedule of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual -
Budgetary General, Special, and Federal Funds
For the Year Ended June 30, 2019
(Expressed in Thousands)

	General Fund			
	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Income taxes	\$ 10,797,042	\$ 10,797,042	\$ 11,105,462	\$ 308,420
Sales and use taxes	4,750,875	4,750,875	4,812,090	61,215
Other taxes	1,087,227	1,087,227	1,082,744	(4,483)
Licenses and fees	160,024	160,024	161,291	1,267
Charges for services	286,252	286,252	202,405	(83,847)
Interest and other investment income	47,250	47,250	66,715	19,465
Other	634,312	634,312	755,482	121,170
Total revenues	17,762,982	17,762,982	18,186,189	423,207
Expenditures and encumbrances by major function:				
Payments of revenue to civil divisions of the State	168,463	168,463	168,463	
Public debt	286,000	286,000	286,000	
Legislative	113,960	114,828	89,416	25,412
Judicial review and legal	647,073	652,364	625,680	26,684
Executive and administrative control	308,982	297,647	252,887	44,760
Financial and revenue administration	226,211	239,574	226,267	13,307
Budget and management	169,798	126,564	119,113	7,451
Retirement and pension				
General services	72,087	76,132	67,994	8,138
Transportation and highways				
Natural resources and recreation	63,214	65,995	64,931	1,064
Agriculture	34,720	35,219	34,435	784
Health, hospitals and mental hygiene	4,908,188	4,941,512	4,911,030	30,482
Human resources	606,391	612,829	607,282	5,547
Labor, licensing and regulation	49,326	50,004	43,467	6,537
Public safety and correctional services	1,240,041	1,251,494	1,234,044	17,450
Public education	8,359,608	8,383,452	8,230,666	152,786
Housing and community development	44,575	44,541	22,324	22,217
Commerce	112,470	107,742	84,256	23,486
Maryland technology development corporation	19,474	19,475	19,474	1
Environment	31,125	31,456	30,005	1,451
Juvenile services	265,930	268,331	259,637	8,694
State police	283,103	294,783	294,617	166
State reserve fund	68,826	14,345	14,345	
Reversions	(30,000)	(30,000)		(30,000)
Total expenditures and encumbrances	18,049,565	18,052,750	17,686,333	366,417
Excess of revenues over (under) expenditures	(286,583)	(289,768)	499,856	56,790
Other sources (uses) of financial resources:				
Transfers in (out)			38,634	38,634
Excess of revenues over (under) expenditures and other sources (uses) of financial resources	(286,583)	(289,768)	538,490	95,424
Fund balances - beginning of the year	(7,254,455)	(7,009,692)	1,643,804	8,653,496
Fund balances - end of the year	\$ (7,541,038)	\$ (7,299,460)	\$ 2,182,294	\$ 8,748,920

See accompanying Notes to Required Supplementary Information.

STATE OF MARYLAND
Schedule of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual -
Budgetary General, Special, and Federal Funds
For the Year Ended June 30, 2019
(Expressed in Thousands)

	Special Fund				Federal Fund			
	Budget Amounts		Actual Amounts	Variance Positive (Negative)	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original Budget	Final Budget			Original Budget	Final Budget		
Revenues:								
Income taxes	\$ 223,038	\$ 223,038	\$ 471,179	\$ 248,141				
Sales and use taxes	50,000	72,000	76,602	4,602				
Other taxes	3,025,039	3,175,039	3,681,676	506,637				
Licenses and fees	814,662	816,551	896,639	80,088				
Charges for services	2,814,428	2,849,672	2,078,768	(770,904)				
Interest and other investment income	101,992	101,992	28,422	(73,570)			\$ 325	\$ 325
Other	2,013,047	2,074,635	1,669,395	(405,240)				
Federal revenue					\$ 13,082,031	\$ 13,074,982	\$ 12,123,140	\$ (951,842)
Total revenues	9,042,206	9,312,927	8,902,681	(410,246)	\$ 13,082,031	\$ 13,074,982	\$ 12,123,465	\$ (951,517)
Expenditures and encumbrances by major function:								
Payments of revenue to civil divisions of the State	1,200	1,200		1,200				
Public debt	1,004,000	1,004,000	1,000,726	3,274	12,831	12,831	11,591	1,240
Legislative								
Judicial review and legal	123,754	125,969	106,446	19,523	4,396	6,317	4,794	1,523
Executive and administrative control	296,172	312,888	193,267	119,621	293,222	317,284	216,386	100,898
Financial and revenue administration	158,867	169,818	144,353	25,465				
Budget and management	45,899	39,466	22,792	16,674	4,502	213		213
Retirement and pension	26,000	26,262	21,237	5,025				
General services	5,352	6,731	5,995	736	1,832	1,841	1,257	584
Transportation and highways	4,035,313	4,124,785	4,019,840	104,945	1,227,218	1,053,033	942,637	110,396
Natural resources and recreation	404,612	425,449	318,606	106,843	44,140	46,892	30,814	16,078
Agriculture	83,627	92,850	53,576	39,274	4,548	6,684	5,573	1,111
Health, hospitals and mental hygiene	1,344,492	1,365,718	1,286,460	79,258	8,069,029	8,158,392	7,846,403	311,989
Human resources	97,420	119,833	111,140	8,693	1,739,883	1,743,298	1,596,727	146,571
Labor, licensing and regulation	220,650	227,478	177,574	49,904	183,360	203,104	146,575	56,529
Public safety and correctional services	137,427	135,960	125,704	10,256	29,727	33,244	29,394	3,850
Public education	657,336	714,075	699,657	14,418	1,466,775	1,485,984	1,101,083	384,901
Housing and community development	169,360	174,906	101,445	73,461	329,353	332,359	280,630	51,729
Commerce	110,581	115,653	44,752	70,901	1,903	3,351	2,464	887
Maryland technology development corporation	7,714	7,714	7,714					
Environment	740,061	739,919	381,524	358,395	80,997	81,320	70,238	11,082
Juvenile services	3,616	3,616	3,245	371	5,306	5,326	3,696	1,630
State police	96,260	106,269	102,327	3,942	7,117	7,617	5,616	2,001
Total expenditures and encumbrances	9,769,713	10,040,559	8,928,380	1,112,179	13,506,139	13,499,090	12,295,878	1,203,212
Excess of revenues over (under) expenditures	(727,507)	(727,632)	(25,699)	701,933	(424,108)	(424,108)	(172,413)	251,695
Other sources (uses) of financial resources:								
Transfers in (out)			578,481	578,481			172,413	172,413
Excess of revenues over (under) expenditures and other sources (uses) of financial resources	(727,507)	(727,632)	552,782	1,280,414	(424,108)	(424,108)	-	424,108
Fund balances - beginning of the year	(7,953,432)	(7,806,488)	2,055,599	9,862,087	(5,280,469)	(5,288,363)		5,288,363
Fund balances - end of the year	\$ (8,680,939)	\$ (8,534,120)	\$ 2,608,381	\$ 11,142,501	\$ (5,704,577)	\$ (5,712,471)	\$ -	\$ 5,712,471

See accompanying Notes to Required Supplementary Information.

STATE OF MARYLAND
Reconciliation of the Budgetary General and Special Funds, Fund Balances
to the GAAP General and Special Funds, Fund Balances
June 30, 2019

(Expressed in Thousands)

	General	Special
Amount in budgetary funds, fund balance (page 101-102).....	\$ 2,182,294	\$ 2,608,381
Budgetary special funds reclassified to the general fund.....	1,594,875	(1,594,875)
Budgetary special funds reclassified to other funds.....		(685,613)
Other non-budgetary funds reclassified to governmental funds.....	639,042	875
Total of budgetary fund balances reclassified into the governmental funds' fund structure.....	4,416,211	328,768
Accounting principle differences:		
Assets recognized in the governmental funds financial statements not recognized for budgetary purposes:.....		
Cash.....	16,961	
Investments.....	(36,620)	
Taxes receivable.....	38,947	3,474
Intergovernmental receivables.....	(95,325)	
Other accounts receivable.....	186,097	
Prepaid items.....		
Inventories.....	24,951	94,763
Loans and notes receivable.....	(8)	
Due from other funds.....	3,558	11,760
Due from component units.....	5,950	
Liabilities and deferred inflows of resources recognized in the governmental funds financial statements not recognized for budgetary purposes:		
Salaries payable.....	(194,222)	
Accounts payable and accrued liabilities.....	(506,214)	
Due to other funds.....	(938,382)	
Accounts payable to political subdivisions.....	(25,000)	
Unearned revenue.....	(98,533)	(190,053)
Accrued self-insurance costs.....	(105,003)	
Deferred inflows of resources.....		
Financial statement governmental funds' fund balances, June 30, 2019 (page 28).....	\$ 2,693,368	\$ 248,712

See accompanying Notes to Required Supplementary Information.

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

	2019	2018	2017	2016
Governmental Activities' Special Funding Situation:				
Actuarially determined contribution.....	\$ 1,143,586	\$ 1,122,986	\$ 1,137,472	1,112,989
Less: Contributions in relation to the actuarially determined contribution.....	1,143,586	1,122,986	1,137,472	1,084,049
Contribution deficiency.....	\$ -	\$ -	\$ -	\$ 28,940
Covered payroll.....	\$ 7,153,063	\$ 6,941,097	\$ 6,780,838	\$ 6,611,038
Actual contributions as a percentage of covered payroll.....	16.0%	16.2%	16.8%	16.4%
Other Governmental Activities:				
Actuarially determined contribution.....	\$ 613,280	\$ 588,649	\$ 615,316	\$ 566,475
Less: Contributions in relation to the actuarially determined contribution.....	613,280	588,647	615,316	528,575
Contribution deficiency.....	\$ -	\$ (198)	\$ -	\$ 37,900
Covered payroll.....	\$ 2,642,155	\$ 2,576,216	\$ 2,638,040	\$ 2,428,412
Actual contributions as a percentage of covered payroll.....	23.2%	22.9%	23.3%	21.8%
Business-Type Activities:				
Actuarially determined contribution.....	\$ 28,590	\$ 24,952	\$ 28,648	\$ 27,761
Less: Contributions in relation to the actuarially determined contribution.....	28,590	24,754	28,648	25,904
Contribution deficiency.....	\$ -	\$ 198	\$ -	\$ 1,857
Covered payroll.....	\$ 114,620	\$ 118,291	\$ 114,453	\$ 148,035
Actual contributions as a percentage of covered payroll.....	24.9%	20.9%	25.0%	17.5%
Component Units:				
Actuarially determined contribution.....	\$ 143,043	\$ 142,554	\$ 142,767	\$ 130,497
Less: Contributions in relation to the actuarially determined contribution.....	143,043	142,554	142,767	121,766
Contribution deficiency.....	\$ -	\$ -	\$ -	\$ 8,731
Covered payroll.....	\$ 745,147	\$ 726,634	\$ 720,191	\$ 835,211
Actual contributions as a percentage of covered payroll.....	19.2%	19.6%	19.8%	14.6%

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

Notes to Schedule of Employer Contributions

Valuation Date:	June 30 Actuarially determined contribution rates are calculated as of June 30, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.*
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years
Asset Valuation Method	5-years smoothed market; 20% collar
Other Information:	
Notes	There were no benefit changes during the fiscal year. Adjustments to the roll-forward liabilities were made to reflect the assumption changes associated with the 2018 Experience Study for the period July 1, 2014 to June 30, 2018. Assumptions first used for the 2019 actuarial valuation and used in the calculation of the Total Pension Liability for the fiscal year 2019 are as follows:
Inflation	2.60% general, 3.10% wage.
Salary Increases	3.10% to 11.60%
Investment Rate of Return	7.40%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Public Sector 2010 Mortality Tables with generational mortality projections using scale MP-2018.

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

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

	2019	2018	2017	2016
State of Maryland's proportion of the collective NPL:				
Governmental Activities' proportion of the System's NPL	33.92%	33.31%	31.18%	32.01%
Governmental Activities' special funding proportion of the System's NPL	51.42	53.95	55.79	55.50
Business-Type Activities proportion of the System's NPL	1.42	1.18	1.23	1.23
Component Units' proportion of the System's NPL	7.00	5.86	5.78	5.27
Total	93.77%	94.30%	93.98%	94.01%
State of Maryland's proportionate share of the collective NPL:				
Governmental Activities' proportionate share of the System's NPL	\$ 7,117,624	\$ 7,203,243	\$ 7,357,073	\$ 6,650,561
Governmental Activities' special funding proportionate share of the System's NPL	10,789,240	11,665,236	13,163,108	11,534,251
Business-Type Activities proportionate share of the System's NPL	298,096	254,227	290,202	256,231
Component Units' proportionate share of the System's NPL	1,469,074	1,267,498	1,363,073	1,095,290
Total	\$ 19,674,034	\$ 20,390,204	\$ 22,173,456	\$ 19,536,333
State of Maryland's covered payroll:				
Governmental Activities' covered payroll	\$ 2,642,155	\$ 2,576,216	\$ 2,638,040	\$ 2,428,412
Governmental Activities' special funding covered payroll	7,153,063	6,941,097	6,780,838	6,611,038
Business-Type Activities covered payroll	114,620	118,291	114,453	148,035
Component Units' covered payroll	745,147	726,634	720,191	835,211
Proportionate share of the collective NPL as a percentage of covered payroll:				
Governmental Activities' proportionate share of NPL as a % of covered payroll	269.39%	279.61%	278.88%	273.86%
Governmental Activities' special funding proportionate share of NPL as a % of covered payroll	150.83%	168.06%	194.12%	174.47%
Business-Type Activities proportionate share of NPL as % of covered payroll	260.07%	214.92%	253.56%	173.09%
Component Units' proportionate share of NPL as % of covered payroll	197.15%	174.43%	189.27%	131.14%
Plan fiduciary net position as a percentage of total pension liability - All	71.18%	69.38%	65.79%	68.78%

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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution.....	\$ 64,649	\$ 66,495	\$ 62,217	\$ 44,736	\$ 40,807	\$ 39,749	\$ 34,582	\$ 32,859	\$ 33,928	\$ 26,151
Less: Contributions in relation to the actuarially determined contribution.....	41,597	40,997	40,997	38,037	38,361	39,749	29,519	37,859	42,528	37,761
Contribution deficiency/(excess).....	\$ 23,052	\$ 25,498	\$ 21,220	\$ 6,699	\$ 2,446	\$ 0	\$ 5,063	\$ (5,000)	\$ (8,600)	\$ (11,610)
Covered payroll.....	\$ 148,445	\$ 145,834	\$ 137,154	\$ 137,427	\$ 137,680	\$ 135,545	\$ 137,596	\$ 152,276	\$ 147,474	\$ 145,029
Actual contributions as a percentage of covered payroll	28.0%	28.1%	29.9%	27.7%	27.9%	29.3%	21.5%	24.9%	28.8%	26.0%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age Normal, Level Dollar
Amortization method	Level Payments ^(Closed)
Remaining amortization period	Remaining payments range from 2 to 25 years
Asset valuation method	5-year smoothed market
Inflation	3.20%
Salary increases	Rates vary by participant service
Investment rate of return	7.50 % net of investment expenses, including inflation for funded benefits
Retirement age	Rates vary by participant age
Mortality	RP-2014 Blue Collar tables with MP-2014. The RP-2014 Disabled Retiree table is used for disabled members.

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

(Expressed in Thousands)

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 36,027	\$ 37,194	\$ 36,334	\$ 45,868	\$ 24,718	\$ 19,438
Interest	56,520	54,904	57,881	31,181	39,236	43,472
Changes of benefit terms	(203)	3,106	2,133	82,510		
Differences between expected and actual experience	(8,528)	17,385	(20,741)	(15,024)	(19,621)	4,025
Changes of assumptions	(51,455)	(45,637)	(151,242)	338,950	53,480	38,643
Benefit payments, including refunds of member contributions	(42,724)	(37,203)	(39,062)	(35,283)	(30,636)	(32,598)
Net changes in total pension liability	(10,363)	29,749	(114,697)	448,202	67,177	72,980
Total pension liability-beginning	1,271,782	1,242,033	1,356,730	908,528	841,351	768,371
Total pension liability-ending ^(a)	\$ 1,261,419	\$ 1,271,782	\$ 1,242,033	\$ 1,356,730	\$ 908,528	\$ 841,351
Plan fiduciary net position						
Net investment income	\$ 31,023	\$ 20,550	\$ 27,739	\$ 3,513	\$ 8,279	\$ 28,742
Contributions-employer	41,597	40,997	40,997	38,037	38,361	39,749
Benefit payments, including refunds of member contributions	(42,724)	(37,203)	(35,967)	(35,283)	(30,636)	(32,598)
Administrative expenses	(2,325)	(2,213)	(1,914)	(1,967)	(1,851)	(2,057)
Net change in plan fiduciary net position	30,577	25,447	30,855	4,300	14,153	33,836
Plan fiduciary net position-beginning	298,447	273,000	242,145	237,845	223,692	189,856
Plan fiduciary net position-ending ^(b)	\$ 329,024	\$ 298,447	\$ 273,000	\$ 242,145	\$ 237,845	\$ 223,692
Net pension liability-ending (a)-(b)	\$ 932,395	\$ 973,335	\$ 969,033	\$ 1,114,585	\$ 670,683	\$ 617,659
Plan fiduciary net position as a percentage of the total pension liability	26.1%	23.5%	22.0%	17.8%	26.2%	26.6%
Covered payroll	\$ 148,445	\$ 145,834	\$ 137,154	\$ 137,427	\$ 137,680	\$ 135,545
Employer net pension liability as a percent of covered payroll	628.1%	667.4%	706.5%	811.0%	487.1%	455.7%

Notes to Schedule

Changes of Assumptions: Fiscal year 2019 reflects an increase to the effective discount rate from 4.52% to 4.53% and a change in the COLA assumption from 2.5% to 2.1%

Benefits Changes: For some employees fiscal year 2019 reflects that the dollar per month maximum benefit was eliminated, the vesting requirement was increased to 10 years, pensionable earnings were limited to 2,392 hours per year, and employee contributions increased to 2%.

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

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

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

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

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

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

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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 644,919	\$ 532,287	\$ 779,316	\$ 634,552	\$ 574,359	\$ 576,050	\$ 634,465	\$ 704,382	\$ 1,225,206	\$ 1,184,522
Less: Contributions in relation to the actuarially determined contribution	499,502	562,479	526,535	490,765	449,750	402,794	393,078	385,913	368,844	336,408
Contribution deficiency/(excess)	<u>\$ 145,417</u>	<u>(30,192)</u>	<u>\$ 252,781</u>	<u>\$ 143,787</u>	<u>\$ 124,609</u>	<u>\$ 173,256</u>	<u>\$ 241,387</u>	<u>\$ 318,469</u>	<u>\$ 856,362</u>	<u>\$ 848,114</u>
Covered payroll	\$ 5,380,192	\$ 5,115,140	\$ 5,111,236	\$ 4,997,602	\$ 4,929,100	\$ 4,803,627	\$ 4,457,421	\$ 4,144,267	\$ 4,633,653	\$ 4,627,379
Actual contributions as a percentage of covered payroll	9.3%	11.0%	10.3%	9.8%	9.1%	8.4%	8.8%	9.3%	8.0%	7.3%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost method
Amortization method	Level percent of payroll
Remaining amortization period	30 years
Asset valuation method	Market value of asset

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

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

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

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

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

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

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

Fiscal Year Ended	Annual money-weighted rate of return, net of investment expenses
2019	6.5%
2018	7.4%
2017	11.10%

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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 41,137	\$ 47,907	\$ 90,004	\$ 72,624	\$ 67,496	\$ 70,512	\$ 70,512	\$ 55,852	\$ 53,015	\$ 45,500
Less: Contributions in relation to the actuarially determined contribution	15,617	12,422	16,887	15,296	13,905	18,383	14,147	15,103	14,230	10,900
Contribution deficiency/(excess)	\$ 25,520	\$ 35,485	\$ 73,117	\$ 57,328	\$ 53,591	\$ 52,129	\$ 56,365	\$ 40,749	\$ 38,785	\$ 34,600
Covered payroll	\$ 148,445	\$ 145,834	\$ 137,154	\$ 137,427	\$ 137,680	\$ 135,545	\$ 137,596	\$ 152,276	\$ 147,474	\$ 145,029
Actual contributions as a percentage of covered payroll	10.5%	8.5%	12.3%	11.1%	10.1%	13.6%	10.3%	9.9%	9.6%	7.5%

Notes to Schedule

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

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

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

**OPEB plan funds pay-go only*

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

	2019	2018
Total OPEB liability		
Service cost	\$ 41,137	\$ 47,907
Interest	29,487	25,090
Differences between expected and actual experience	(14,073)	-
Changes of assumptions	(145,356)	(113,863)
Benefit payments, including refunds of member contributions	(15,617)	(12,422)
Net changes in total OPEB liability	(104,422)	(53,288)
Total OPEB liability-beginning	833,289	886,577
Total OPEB liability-ending ^(a)	\$ 728,867	\$ 833,289
Plan fiduciary net position		
Contributions-employer	\$ 15,617	\$ 13,208
Benefit payments, including refunds	(15,617)	(12,422)
Administrative expenses	-	(786)
Net change in plan fiduciary net position	-	-
Plan fiduciary net position-beginning	-	-
Plan fiduciary net position-ending ^(b)	\$ -	\$ -
Net OPEB liability-ending (a)-(b)	\$ 728,867	\$ 833,289
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%
Covered payroll	\$ 148,445	\$ 145,834
Employer net OPEB liability as a percent of covered payroll	491.0%	571.4%

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

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

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

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

STATE OF MARYLAND
Notes to Required Supplementary Information
For the Year Ended June 30, 2019

Budgeting and Budgetary Control:

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

All State budgetary expenditures for the general, special and federal funds are made pursuant to appropriations in the annual budget, as amended from time to time, by budget amendments. The legal level of budgetary control is at the program level of the general, special and federal funds. State governmental departments and independent agencies may, with the Governor's approval, amend the appropriations by program within the budgetary general fund, provided they do not exceed their total general fund appropriations as contained within the annual budget. Increases in total general fund appropriations must be approved by the General Assembly. For the fiscal year ended June 30, 2019, the General Assembly approved a net increase in General Fund appropriations of \$52,079,000. Appropriations for programs funded by, in whole or in part, from the special or federal funds, may permit expenditures in excess of original special or federal fund appropriations to the extent that actual revenues exceed original budget estimates and such additional expenditures are approved by the Governor. Unexpended appropriations from the general fund may be carried over to succeeding years to the extent of encumbrances, with all other appropriations lapsing as of the end of the fiscal year. Unexpended appropriations from special and federal funds may be carried over to the extent of (a) available resources, and (b) encumbrances. The State's accounting system is maintained by the Comptroller in compliance with State Law and in accordance with the State's Budgetary Funds. It controls expenditures at the program level to ensure legal compliance. The "Agency Appropriation Unencumbered Balance Report," which is available for public inspection at the Office of the Comptroller, provides a more comprehensive accounting of activity on the basis of budgeting at the legal level of budgetary control.

The original and amended budget adopted by the General Assembly for the general, special and federal funds is presented in the Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balances, Budget and Actual for the year ended June 30, 2019. The State's budgetary fund structure and the basis of budgeting, which is the modified accrual basis with certain exceptions, differ from that utilized to present financial statements in conformity with generally accepted accounting principles. The budgetary system's principal departures from the modified accrual basis are the classification of the State's budgetary funds and the timing of recognition of certain revenues and expenditures. A summary of the effects of the fund structure differences and exceptions to the modified accrual basis of accounting, as of June 30, 2019, is provided in the "Reconciliation of the Budgetary General and Special Fund, Fund Balances to the GAAP General and Special Revenue Fund Balances" immediately following the budgetary schedule.



Combining Financial Statements

COMPREHENSIVE ANNUAL FINANCIAL REPORT, STATE OF MARYLAND



STATE OF MARYLAND

Non-major Governmental Funds

Debt Service Funds

General Obligation Bonds, Debt Service Fund: Transactions related to resources obtained and used for the payment of interest and principal on general long-term debt obligations are accounted for in the general obligation bonds debt service fund.

Transportation Bonds, Debt Service Fund: Transactions related to resources obtained and used for the payment of interest and principal on transportation long-term debt obligations are accounted for in the transportation bonds debt service fund.

Capital Projects Funds

Transactions related to resources obtained and used for the acquisition, construction or improvement of certain capital facilities, including those provided to political subdivisions and other public organizations are accounted for in the capital projects fund. Such resources are derived principally from proceeds of general obligation bond issues, federal grants and operating transfers from the State's general fund. The State enters into long-term contracts for construction of major capital projects and records the related commitments as encumbrances.

STATE OF MARYLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019

(Expressed in Thousands)

	Debt Service Funds			Total Non-major Governmental Funds
	General Obligation Bonds	Transportation Bonds	Capital Projects Fund	
Assets:				
Equity in pooled invested cash			\$ 266,807	\$ 266,807
Investments			253,332	253,332
Other accounts receivable			130	130
Restricted Assets:				
Cash with fiscal agent	\$ 46,835			46,835
Equity in pooled invested cash	114,224			114,224
Investments	26,264			26,264
Taxes receivable, net	26,744			26,744
Other accounts receivable	477			477
Loans and notes receivable, net	1,252			1,252
Total assets	\$ 215,796	\$ -	\$ 520,270	\$ 736,065
Liabilities:				
Vouchers payable			\$ 53,824	\$ 53,824
Accounts payable and accrued liabilities			42,605	42,605
Due to other funds			25,493	25,493
Accounts payable to political subdivisions			6,768	6,768
Total liabilities			128,690	128,690
Fund balances:				
Restricted	\$ 215,796			215,796
Committed			618,245	618,245
Unassigned			(226,666)	(226,666)
Total fund balance	215,796		391,579	607,375
Total liabilities and fund balances	\$ 215,796	\$ -	\$ 520,270	\$ 736,066

STATE OF MARYLAND
Combining Statement of Revenues, Expenditures, Other Sources and Uses of
Financial Resources and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2019
(Expressed in Thousands)

	Debt Service Funds			Total Non-major Governmental Funds
	General Obligation Bonds	Transportation Bonds	Capital Projects Fund	
Revenues:				
Property taxes	\$ 833,196			\$ 833,196
Interest and other investment income	2,259		\$ 7,788	10,047
Federal revenue	11,591			11,591
Other	2,074			2,074
Total revenue	849,121		7,788	856,908
Expenditures:				
Education			408,418	408,418
Aid to higher education			374,964	374,964
Intergovernmental grants and revenue sharing			218,253	218,253
Capital outlays			143,406	143,406
Debt service:				
Principal retirement	872,498	\$ 199,410		1,071,908
Interest	418,154	138,156		556,310
Bond issuance costs			2,233	2,233
Total expenditures	1,290,652	337,566	1,147,274	2,775,492
Deficiency of revenues under expenditures	(441,531)	(337,566)	(1,139,486)	(1,918,583)
Other sources (uses) of financial resources:				
Bonds issued			1,000,000	1,000,000
Bond premium	116,887		57,836	174,723
Transfers in	293,183	337,566	228,248	858,997
Transfers out			(90,170)	(90,170)
Total other sources of financial resources	410,070	337,566	1,195,914	1,943,550
Net changes in fund balances	(31,461)		56,427	24,967
Fund balances, beginning of year	247,256		335,152	582,408
Fund balances, end of year	\$ 215,796	\$ -	\$ 391,579	\$ 607,375

STATE OF MARYLAND

Non-major Enterprise Funds

Transactions related to commercial types of activities operated by the State are accounted for in the enterprise funds. The non-major enterprise funds consist of the economic development insurance programs of the Department of Housing and Community Development and Maryland Correctional Enterprises, which utilizes inmate labor from State correctional institutions to manufacture goods, wares and merchandise to be sold to State and federal agencies, political subdivisions and charitable, civic, educational, fraternal or religious associations or institutions.

STATE OF MARYLAND
Combining Statement of Net Position
Non-major Enterprise Funds
June 30, 2019

(Expressed in Thousands)

	Economic Development Insurance Programs	Maryland Correctional Enterprises	Total Non-Major Enterprise Funds
Assets-			
Current assets:			
Equity in pooled invested cash	\$ 1,968	\$ 18,889	\$ 20,857
Other accounts receivable		6,908	6,908
Inventories		12,804	12,804
Other assets	1,221	55	1,276
Restricted equity in pooled invested cash	83,908		83,908
Total current assets	87,097	38,656	125,753
Non-current assets:			
Investments	2,334		2,334
Capital assets, net of accumulated depreciation:			
Structures and improvements		5,247	5,247
Equipment		3,064	3,064
Total non-current assets	2,334	8,311	10,645
Total assets	89,431	46,967	136,398
Deferred outflows of resources		4,379	4,379
Liabilities-			
Current liabilities:			
Accounts payable and accrued liabilities	81	1,537	1,618
Accrued insurance on loan losses	9,580		9,580
Other liabilities	381	781	1,162
Unearned revenue	544	295	839
Total current liabilities	10,586	2,613	13,199
Non-current liabilities:			
Other liabilities	2,367	16,273	18,640
Total non-current liabilities	2,367	16,273	18,640
Total liabilities	12,953	18,886	31,839
Deferred inflows of resources		1,127	1,127
Net Position-			
Net investment in capital assets		8,311	8,311
Restricted for insurance programs	83,908		83,908
Unrestricted (deficit)	(7,430)	23,022	15,592
Total net position	\$ 76,478	\$ 31,333	\$ 107,811

STATE OF MARYLAND
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Non-major Enterprise Funds
For the Year Ended June 30, 2019
(Expressed in Thousands)

	Economic Development Insurance Programs	Maryland Correctional Enterprises	Total Non-Major Enterprise Funds
Operating revenues:			
Charges for services and sales	\$ 948	\$ 52,457	\$ 53,405
Unrestricted interest on loan income	532		532
Other	556		556
Total operating revenues	2,036	52,457	54,493
Operating expenses:			
Cost of sales and services		40,980	40,980
General and administrative	1,139	9,278	10,417
Depreciation and amortization		1,104	1,104
Provision for insurance on loan losses	(110)		(110)
Total operating expenses	1,029	51,362	52,391
Operating income (loss)	1,007	1,095	2,102
Non-operating revenues (expenses):			
Restricted investment income	1,529		1,529
Total non-operating revenues (expenses)	1,529		1,529
Changes in net position	2,536	1,095	3,631
Total net position - beginning of the year	73,942	30,238	104,180
Total net position - end of the year	\$ 76,478	\$ 31,333	\$ 107,811

STATE OF MARYLAND
Combining Statement of Cash Flows
Non-major Enterprise Funds
For the Year Ended June 30, 2019
(Expressed in Thousands)

	Economic Development Insurance Programs	Maryland Correctional Enterprises	Total Non-Major Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	\$ 695	\$ 52,812	\$ 53,507
Payments to suppliers		(37,774)	(37,774)
Payments to employees	(2,236)	(14,816)	(17,052)
Other receipts	1,585		1,585
Other payments	(397)		(397)
Net cash from operating activities	(353)	222	(131)
Cash flows from capital and related financing activities:			
Acquisition of capital assets		(1,049)	(1,049)
Net cash from capital and related financing activities		(1,049)	(1,049)
Cash flows from investing activities:			
Interest received on debt instruments of other entities	1,529		1,529
Net cash from investing activities	1,529		1,529
Net change in cash and cash equivalents	1,176	(827)	349
Balance - beginning of the year	84,700	19,716	104,416
Balance - end of the year	\$ 85,876	\$ 18,889	\$ 104,765
Reconciliation of operating income to net cash from operating activities:			
Operating income (loss)	\$ 1,007	\$ 1,095	\$ 2,102
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization		1,104	1,104
Deferred inflows of resources		190	190
Deferred outflows of resources		(1,844)	(1,844)
Effect of changes in non-cash operating assets and liabilities:			
Other accounts receivable		233	233
Inventories		(2,316)	(2,316)
Other assets	(151)	(24)	(175)
Accounts payable and accrued liabilities	(299)	(448)	(747)
Accrued insurance and loan losses	(799)		(799)
Unearned revenue	(111)	122	11
Other liabilities		2,110	2,110
Net cash from operating activities	\$ (353)	\$ 222	\$ (131)

STATE OF MARYLAND

Fiduciary Funds

The Pension and Other Post-Employment Benefits Trust Funds include the Maryland State Retirement and Pension System, Maryland Transit Administration Pension Plan, Deferred Compensation Plan and Post-Employment Health Benefits Trust Fund. The Pension Trust Funds reflect the transactions, assets, liabilities and net position of the plans administered by the State and the Maryland Transit Administration and are accounted for using the flow of economic resources measurement focus. The Deferred Compensation Plan, which is included with a year end of December 31, accounts for participant earnings deferred in accordance with Internal Revenue Code Sections 457, 403(b), 401(a) and 401(k). Amounts deferred are invested and are not subject to Federal income taxes until paid to participants upon termination or retirement from employment, death or for an unforeseeable emergency. The other Post-Employment Health Benefits Trust Fund (OPEB Trust) accumulates funds to assist the State's Employee and Retiree Health and Welfare Benefits Program finance the State's postretirement health insurance subsidy. The OPEB Trust is administered by the Board of Trustees for the Maryland State Retirement and Pension System, and its transactions and account balances are accounted for using the flow of economic resources measurement focus.

The agency funds are custodial in nature and do not present the results of operations or have a measurement focus. The State uses agency funds to account for the receipt and disbursement of patient and prisoner accounts, various taxes collected by the State for distribution to the Federal government and political subdivisions and amounts withheld from employee's payroll.

STATE OF MARYLAND
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefits Trust Funds
June 30, 2019

(Expressed in Thousands)

	Maryland State Retirement and Pension System	Maryland Transit Administration Pension Plan	Postretirement Health Benefits Trust Fund	Deferred Compensation Plan December 31, 2018	Total
Assets:					
Cash	\$ 1,639,447	\$ 8,956	\$ 36	\$ 3,353	\$ 1,651,793
Investments:					
US Treasury and agency obligations	4,614,839	39,460	53,153		4,707,452
Bonds	4,845,530	32,952	41,666		4,920,148
Corporate equity securities	17,691,050	120,906	194,737		18,006,693
Mortgage related securities	1,658,341	10,159	8,239		1,676,739
Mutual funds				2,869,681	2,869,681
Guaranteed investment contracts				764,170	764,170
Real estate	4,264,665		38,487		4,303,152
Annuity contracts				67,705	67,705
Private equity	6,426,063				6,426,063
Commingled funds	8,606,776	118,218	14,424		8,739,418
Investment held by borrowers under securities lent with cash collateral	4,405,523				4,405,523
Total investments	52,512,787	321,695	350,706	3,701,557	56,886,745
Other receivables	1,956,844	10,107		41,162	2,008,113
Collateral for lent securities	4,483,334				4,483,334
Total assets	60,592,412	340,758	350,742	3,746,072	65,029,984
Liabilities:					
Accounts payable and accrued liabilities	2,165,658	11,733	11		2,177,402
Collateral obligation for lent securities	4,483,334				4,483,334
Total liabilities	6,648,992	11,733	11		6,660,736
Total liabilities and deferred inflows of resources			11		11
Net position restricted for :					
Pension benefits	53,943,420	329,025			54,272,445
Deferred compensation benefits				3,746,072	3,746,072
Postretirement health benefits			350,732		350,732
Total net position	\$ 53,943,420	\$ 329,025	\$ 350,732	\$ 3,746,072	\$ 58,369,248

STATE OF MARYLAND
Combining Statement of Changes in Plan Net Position
Pension and Other Employee Benefits Trust Funds
For the Year Ended June 30, 2019
(Expressed in Thousands)

	Maryland State Retirement and Pension System	Maryland Transit Administration Pension Plan	Postretirement Health Benefits Trust Fund	Deferred Compensation Plan December 31, 2018	Total
Additions:					
Contributions:					
Employers	\$ 1,302,146	\$ 48,317	\$ 499,503	\$ 36	\$ 1,850,002
Members	807,291	3,006		164,038	974,335
Sponsors	751,945				751,945
Total contributions	2,861,382	51,323	499,503	164,074	3,576,282
Investment earnings:					
Net appreciation (depreciation) in fair value of investments	1,424,075	6,220	21,659	(165,557)	1,286,398
Interest	457,585	18,084	24	24,162	499,855
Dividends	1,776,675				1,776,675
Total investment income	3,658,335	24,304	21,684	(141,395)	3,562,928
Less: investment expense	370,126		224		370,350
Net investment income	3,288,209	24,304	21,459	(141,395)	3,192,577
Total additions	6,149,591	75,627	520,962	22,679	6,768,860
Deductions:					
Benefit payments	3,926,220	42,724	499,503	238,499	4,706,946
Refunds	67,400				67,400
Administrative expenses	39,784	2,325		6,265	48,374
Total deductions	4,033,404	45,049	499,503	244,763	4,822,719
Net increase/(decrease)	2,116,187	30,578	21,459	(222,085)	1,946,141
Net position-beginning	51,827,233	298,447	329,272	3,968,155	56,423,107
Net position-ending	\$ 53,943,420	\$ 329,025	\$ 350,731	\$ 3,746,072	\$ 58,369,247

STATE OF MARYLAND
Combining Schedule of Fiduciary Net Position
Maryland State Retirement and Pension System
June 30, 2019

(Expressed in Thousands)

	Teachers' Retirement and Pension System	Employees' Retirement and Pension System	State Police Retirement System	Judges' Retirement System	Law Enforcement Officers' Pension System	Subtotal	Eliminations*	Total
Assets:								
Cash.....	\$ 975,728	\$ 562,140	\$ 50,741	\$ 18,757	\$ 32,081	\$ 1,639,447		\$ 1,639,447
Investments, at fair value.....	31,960,901	17,602,192	1,464,704	473,479	1,011,511	52,512,787		52,512,787
Other receivables.....	1,175,300	672,574	55,538	17,297	36,135	1,956,844		1,956,844
Due from other systems.....	47,480	44,541	66		3,974	96,061	\$ (96,061)	
Collateral for lent securities.....	2,725,974	1,509,530	125,083	40,278	82,469	4,483,334		4,483,334
Total assets.....	36,885,383	20,390,977	1,696,132	549,811	1,166,170	60,688,473	(96,061)	60,592,412
Liabilities:								
Accounts payable and accrued liabilities.....	1,312,208	734,262	60,721	19,513	38,954	2,165,658		2,165,658
Due to other system.....	44,275	51,784		2		96,061	(96,061)	
Collateral obligation for lent securities.....	2,725,973	1,509,531	125,083	40,278	82,469	4,483,334		4,483,334
Total liabilities.....	4,082,456	2,295,577	185,804	59,793	121,423	6,745,053	(96,061)	6,648,992
Net Position:								
Restricted for pension benefits.....	\$ 32,802,927	\$ 18,095,400	\$ 1,510,328	\$ 490,018	\$ 1,044,747	\$ 53,943,420	\$ -	\$ 53,943,420

* Intersystem balances have been eliminated in the financial statements.

STATE OF MARYLAND
Combining Schedule of Changes in Plan Net Position
Maryland State Retirement and Pension System
For the Year Ended June 30, 2019

(Expressed in Thousands)

	Teachers' Retirement and Pension System	Employees' Retirement and Pension System	State Police Retirement System	Judges' Retirement System	Law Enforcement Officers' Pension System	Subtotal	Eliminations*	Total
Additions:								
Contributions:								
Employers	\$ 391,639	\$ 737,284	\$ 86,172	\$ 21,737	\$ 65,314	\$ 1,302,146	\$ -	\$ 1,302,146
Members	494,698	288,350	8,579	3,176	12,488	807,291		807,291
Sponsors	751,945					751,945		751,945
Total contributions	1,638,282	1,025,634	94,751	24,913	77,802	2,861,382		2,861,382
Investment earnings:								
Net increase in fair value of investments	868,109	475,684	39,543	12,705	28,034	1,424,075		1,424,075
Interest	269,618	149,736	12,516	4,139	8,516	444,525		444,525
Dividends	1,078,351	598,698	49,709	16,074	33,843	1,776,675		1,776,675
Income from securities lending	7,929	4,398	365	118	250	13,060		13,060
Total investment income	2,224,007	1,228,516	102,133	33,036	70,643	3,658,335		3,658,335
Less: investment expense	224,746	124,589	10,355	3,347	7,089	370,126		370,126
Net investment income	1,999,261	1,103,927	91,778	29,689	63,554	3,288,209		3,288,209
Total additions	3,637,543	2,129,561	186,529	54,602	141,356	6,149,591		6,149,591
Deductions:								
Benefit payments	2,266,458	1,430,163	122,142	34,347	73,110	3,926,220		3,926,220
Refunds	30,286	35,462	304	193	1,155	67,400		67,400
Administrative expenses	22,195	16,645	275	64	605	39,784		39,784
Total deductions	2,318,939	1,482,270	122,721	34,604	74,870	4,033,404		4,033,404
Net system transfers	3,870	(4,830)	(28)		988			
Changes in net position	1,322,474	642,461	63,780	19,998	67,474	2,116,187		2,116,187
Net position restricted for pension benefits:								
Beginning of the year	31,480,453	17,452,939	1,446,548	470,020	977,273	51,827,233		51,827,233
End of the year	\$ 32,802,927	\$ 18,095,400	\$ 1,510,328	\$ 490,018	\$ 1,044,747	\$ 53,943,420	\$ -	\$ 53,943,420

*Intersystem transfers have been eliminated in the financial statements.

STATE OF MARYLAND
Combining Schedule of Fiduciary Net Position
Deferred Compensation Plan
December 31, 2018
(Expressed in Thousands)

	Deferred Compensation Plan Section 457	Savings and Investment Plan Section 401(k) Plan	Match Plan and Trust 401(a) Plan	Tax Sheltered Annuity Plan 403(b) Plan	Total
Assets:					
Cash	\$ 3,354			\$	3,354
Investments, at fair value	1,625,216	\$ 1,807,430	\$ 178,289	\$ 90,622	3,701,557
Other receivables	21,145	19,600		416	41,162
Total assets	1,649,715	1,827,030	178,289	91,038	3,746,072
Net position:					
Restricted for deferred compensation benefits	\$ 1,649,715	\$ 1,827,030	\$ 178,289	\$ 91,038	\$ 3,746,072

STATE OF MARYLAND
Combining Schedule of Changes in Plan Net Position
Deferred Compensation Plan
For the Year Ended December 31, 2018
(Expressed in Thousands)

	Deferred Compensation Plan Section 457	Savings and Investment Plan Section 401(k) Plan	Match Plan and Trust 401(a) Plan	Tax Sheltered Annuity Plan 403(b) Plan	Total
Additions:					
Contributions:					
Employers			\$ 36	\$	36
Members	\$ 74,579	\$ 87,096		\$ 2,363	\$ 164,038
Total contributions	74,579	87,096	\$ 36	2,363	164,074
Investment earnings:					
Net increase (decrease) in fair value of investments	(68,700)	(84,251)	\$ (8,168)	(4,438)	(165,556)
Interest	13,816	9,341	760	245	24,162
Net investment income	(54,884)	(74,911)	(7,409)	(4,192)	(141,394)
Total additions	19,695	12,186	(7,373)	(1,829)	22,680
Deductions:					
Benefit payments	108,395	113,828	9,940	6,334	238,499
Administrative expenses	3,048	2,842	246	128	6,265
Total deductions	111,444	116,670	10,186	6,462	244,763
Changes in net position	(91,749)	(104,484)	(17,560)	(8,291)	(222,084)
Net position restricted for pension and other employee benefits:					
Beginning of the year	1,741,463	1,931,514	195,848	99,330	3,968,155
End of the year	\$ 1,649,715	\$ 1,827,030	\$ 178,289	\$ 91,038	\$ 3,746,073

STATE OF MARYLAND
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2019

(Expressed in Thousands)

	Agency Funds						
	Local Income Taxes	Insurance Premium Taxes	Local Transportation Funds and Other Taxes	Payroll Taxes and Fringe Benefits	Litigant, Patient and Prisoner Accounts	Total Agency Funds	
Assets:							
Cash		\$ 10	\$ 54,162		\$ 65,187	\$ 119,359	
Equity in pooled invested cash	\$ 1,226,735	107,071	15,837	\$ 453	9,566	1,359,662	
Taxes receivable, net	170,237					170,237	
Intergovernmental receivables	249,642					249,642	
Accounts receivable from state treasury	883,698					883,698	
Total assets	\$ 2,530,312	\$ 107,081	\$ 69,999	\$ 453	\$ 74,753	\$ 2,782,598	
Liabilities:							
Accounts payable and accrued liabilities		\$ 107,081	\$ 3,951	\$ 453	\$ 69,753	\$ 181,238	
Accounts payable to political subdivisions	\$ 2,530,312		66,048		5,000	2,601,360	
Total liabilities	\$ 2,530,312	\$ 107,081	\$ 69,999	\$ 453	\$ 74,753	\$ 2,782,598	

STATE OF MARYLAND
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019
(Expressed in Thousands)

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<i>Litigant, Patient and Prisoner Accounts</i>				
Assets:				
Cash	\$ 60,949	\$ 70,584	\$ 66,346	\$ 65,187
Equity in pooled invested cash	8,670	26,106	25,210	9,566
Total assets	\$ 69,619	\$ 96,690	\$ 91,556	\$ 74,753
Liabilities:				
Accounts payable and accrued liabilities	\$ 66,064	\$ 94,978	\$ 91,289	\$ 69,753
Accounts payable to political subdivisions	3,555	1,712	267	5,000
Total liabilities	\$ 69,619	\$ 96,690	\$ 91,556	\$ 74,753
<i>Insurance Premium Taxes</i>				
Assets:				
Cash	\$ 10			\$ 10
Equity in pooled invested cash	102,999	\$ 35,366	\$ 31,294	107,071
Total assets	\$ 103,009	\$ 35,366	\$ 31,294	\$ 107,081
Liabilities:				
Accounts payable and accrued liabilities	\$ 103,009	\$ 35,366	\$ 31,294	\$ 107,081
<i>Local Income Taxes</i>				
Assets:				
Equity in pooled invested cash	\$ 803,463	\$ 6,118,197	\$ 5,694,925	\$ 1,226,735
Taxes receivable	158,951	170,237	158,951	170,237
Intergovernmental receivables	244,370	5,272		249,642
Accounts receivable from state treasury	804,492	623,698	544,492	883,698
Total assets	\$ 2,011,276	\$ 6,917,404	\$ 6,398,368	\$ 2,530,312
Liabilities:				
Accounts payable to political subdivisions	\$ 2,011,276	\$ 6,917,404	\$ 6,398,368	\$ 2,530,312
<i>Local Transportation Funds and Other Taxes</i>				
Assets:				
Cash	\$ 25,106	29,056	-	\$ 54,162
Equity in pooled invested cash	17,428	\$ 180,458	182,049	15,837
Total assets	\$ 42,534	\$ 209,514	\$ 182,049	\$ 69,999
Liabilities:				
Accounts payable and accrued liabilities	\$ 4,263	\$ 3,951	\$ 4,263	\$ 3,951
Accounts payable to political subdivisions	38,271	205,563	177,786	66,048
Total liabilities	\$ 42,534	\$ 209,514	\$ 182,049	\$ 69,999
<i>Payroll Taxes and Fringe Benefits</i>				
Assets:				
Equity in pooled invested cash	\$ 390	\$ 1,760,104	\$ 1,760,041	\$ 453
Intergovernmental receivables	35		35	
Total assets	\$ 425	\$ 1,760,104	\$ 1,760,076	\$ 453
Liabilities:				
Accounts payable and accrued liabilities	\$ 425	\$ 1,760,104	\$ 1,760,076	\$ 453
<i>Totals - All Agency Funds</i>				
Assets:				
Cash	\$ 86,065	\$ 99,640	\$ 66,346	\$ 119,359
Equity in pooled invested cash	932,950	8,120,231	7,693,519	1,359,662
Taxes receivable	158,951	170,237	158,951	170,237
Intergovernmental receivables	244,405	5,272	35	249,642
Accounts receivable from state treasury	804,492	623,698	544,492	883,698
Total assets	\$ 2,226,863	\$ 9,019,078	\$ 8,463,343	\$ 2,782,598
Liabilities:				
Accounts payable and accrued liabilities	\$ 173,761	\$ 1,894,399	\$ 1,886,922	\$ 181,238
Accounts payable to political subdivisions	2,053,102	7,124,679	6,576,421	2,601,360
Total liabilities	\$ 2,226,863	\$ 9,019,078	\$ 8,463,343	\$ 2,782,598

STATE OF MARYLAND

Non-major Component Unit Financial Statements

Non-major Component Units

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

Maryland Environmental Service

The Maryland Environmental Service was created as a body corporate and politic. The Service helps private industry and local governments manage liquid, solid and hazardous wastes. In accordance with direction from the Governor, the Service plans and establishes major resource recovery facilities, solid waste management plans and hazardous waste management programs.

Maryland Industrial Development Financing Authority

The Maryland Industrial Development Financing Authority was established as a body corporate and politic and a public instrumentality of the State to provide financial assistance to enterprises seeking to locate or expand operations in Maryland.

Maryland Food Center Authority

The Maryland Food Center Authority is a body corporate and politic which was created to establish and operate a consolidated wholesale food center within the Greater Baltimore Region and is subject to State regulations.

Maryland Technology Development Corporation

The Maryland Technology Development Corporation was established as a body corporate and politic and a public instrumentality of the State to assist in the commercialization of technology developed in the universities and the private sector. The Corporation administers the Maryland Technology Incubator program, Maryland Stem Cell Research Fund and Maryland Venture Fund.

STATE OF MARYLAND
Combining Statement of Net Position
Non-major Component Units
June 30, 2019

(Expressed in Thousands)

	Maryland Environmental Service	Maryland Industrial Development Financing Authority	Maryland Food Center Authority	Maryland Technology Development Corporation	Total Non-major Component Units
Assets:					
Cash	\$ 24,586		\$ 8	\$ 36,114	\$ 60,708
Equity in pooled invested cash		\$ 21,906	8,098	5,025	35,029
Investments	6,009			80,565	86,574
Other accounts receivable	28,860		415	1,369	30,644
Loans and notes receivable, net				10,297	10,297
Other assets	13,536		1	156	13,693
Restricted assets:					
Cash	240			3,238	3,478
Investments	7,112				7,112
Capital assets, net of accumulated depreciation:					
Land	5,952		3,582		9,534
Structures and improvements	26,211		14,371		40,582
Infrastructure	139				139
Equipment	5,992		593	16	6,601
Construction in progress	9,493		6,525		16,018
Total assets	128,130	21,906	33,593	136,780	320,409
Deferred outflows of resources	952		1,108		2,060
Liabilities:					
Accounts payable and accrued liabilities	14,897		977	11,832	27,706
Due to Primary Government				4,759	4,759
Unearned revenue		19	12	3,594	3,625
Accrued insurance on loan losses		651			651
Other liabilities			222		222
Bonds and notes payable:					
Due within one year	1,835				1,835
Due in more than one year	25,062				25,062
Other noncurrent liabilities:					
Due within one year	26,423		194		26,617
Due in more than one year	15,854		2,450		18,304
Total liabilities	84,071	670	3,855	20,185	108,781
Deferred inflows of resources	1,303		159		1,462
Net position:					
Net investment in capital assets	22,959		25,072	15	48,046
Restricted:					
Capital improvements and deposits	12				12
Unrestricted	20,737	21,236	5,615	116,580	164,168
Total net position	\$ 43,708	\$ 21,236	\$ 30,687	\$ 116,595	\$ 212,226

STATE OF MARYLAND
Combining Statement of Activities
Non-major Component Units
For the Year Ended June 30, 2019

(Expressed in Thousands)

	Maryland Environmental Service	Maryland Industrial Development Financing Authority	Maryland Food Center Authority	Maryland Technology Development Corporation	Total Non-major Component Units
Expenses:					
General and administrative	\$ 16,436	\$ 2,847	\$ 1,450	\$ 1,662	\$ 22,395
Operation and maintenance of facilities	144,863		1,769		146,632
Provision for insurance on loan losses, net		178			178
Interest on long-term debt	919				919
Depreciation and amortization	2,983		1,020	38	4,041
Other	1,095	5,000		27,277	33,372
Total expenses	166,296	8,025	4,239	28,977	207,537
Program revenues:					
Charges for services and sales	167,022	317	4,278	1,666	173,283
Total charges for services	167,022	317	4,278	1,666	173,283
Operating grants and contributions	2,867			23,657	26,524
Total program revenues	169,889	317	4,278	25,323	199,807
Net program revenue (expense)	3,593	(7,708)	39	(3,654)	(7,730)
General revenues:					
Unrestricted investment income	638	499		5,577	6,714
Total general revenues	638	499		5,577	6,714
Change in net position	4,231	(7,209)	39	1,923	(1,016)
Net position - beginning of the year	39,477	28,445	30,648	114,672	213,242
Net position - end of the year	\$ 43,708	\$ 21,236	\$ 30,687	\$ 116,595	\$ 212,226



Statistical Section

COMPREHENSIVE ANNUAL FINANCIAL REPORT, STATE OF MARYLAND



STATISTICAL SECTION

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

Table of Contents

Financial Trends

These schedules contain trend information to help the reader understand how the State’s financial position and well-being have changed over time 138

Revenue Capacity

These schedules contain information to help the reader assess the State’s most significant own-source revenues 146

Debt Capacity

These schedules present information to help the reader assess the affordability of the State’s current levels of outstanding debt and the State’s ability to issue additional debt in the future..... 150

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the State’s financial activities take place..... 154

Operating Information

These schedules contain service data to help the reader understand how the information in the State’s financial report relates to the services the State provides and the activities it performs 156

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

STATE OF MARYLAND
Net Position by Component, Primary Government
Last Ten Fiscal Years
(accrual basis of accounting)
(Expressed in Thousands)

	Year ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities:										
Net investment in capital assets	\$ 16,521,914	\$ 16,702,586	\$ 16,164,081	\$ 15,311,051	\$ 14,737,916	\$ 14,312,895	\$ 14,203,503	\$ 13,771,338	\$ 13,669,573	\$ 13,796,006
Restricted	223,982	255,515	248,519	299,288	233,403	214,000	241,446	229,448	200,791	154,372
Unrestricted (deficit)	(36,101,866)	(34,404,356)	(27,010,946)	(25,671,817)	(25,444,098)	(12,086,503)	(10,915,188)	(10,023,466)	(8,238,126)	(6,664,836)
Total governmental activities net position	\$ (19,355,970)	\$ (17,446,255)	\$ (10,598,346)	\$ (10,061,478)	\$ (10,472,779)	\$ 2,440,392	\$ 3,529,761	\$ 3,977,320	\$ 5,632,238	\$ 7,285,542
Business-type activities:										
Net investment in capital assets	\$ 4,682,501	\$ 4,360,412	\$ 3,465,391	\$ 3,278,343	\$ 3,070,913	\$ 2,780,663	\$ 2,396,073	\$ 2,314,382	\$ 2,117,369	\$ 1,554,706
Restricted	2,167,672	2,186,191	2,182,755	1,901,482	1,981,316	2,074,041	2,267,356	2,219,474	2,002,872	2,281,572
Unrestricted	2,261,575	1,989,288	2,442,849	2,457,957	2,213,139	2,208,475	2,112,651	1,855,353	1,602,600	1,453,631
Total business-type activities net position	\$ 9,111,748	\$ 8,535,891	\$ 8,090,995	\$ 7,637,782	\$ 7,265,368	\$ 7,063,179	\$ 6,776,080	\$ 6,389,209	\$ 5,722,841	\$ 5,289,909
Primary government:										
Net investment in capital assets	\$ 21,204,415	\$ 21,062,998	\$ 19,629,472	\$ 18,589,394	\$ 17,808,829	\$ 17,093,558	\$ 17,093,558	\$ 16,599,576	\$ 16,085,720	\$ 15,786,942
Restricted	2,391,654	2,441,706	2,431,274	2,200,770	2,214,719	2,288,041	2,288,041	2,508,802	2,448,922	2,203,663
Unrestricted (deficit)	(33,840,291)	(32,415,068)	(24,568,097)	(23,213,860)	(23,230,959)	(9,878,028)	(9,878,028)	(8,802,537)	(8,168,113)	(6,635,526)
Total primary government net position	\$ (10,244,222)	\$ (8,910,364)	\$ (2,507,351)	\$ (2,423,696)	\$ (3,207,411)	\$ 9,503,571	\$ 9,503,571	\$ 10,305,841	\$ 10,366,529	\$ 11,355,079

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities: ⁽¹⁾										
Expenses	\$ 41,545,755	\$ 37,109,957	\$ 36,672,888	\$ 34,595,952	\$ 33,955,678	\$ 32,979,215	\$ 31,110,854	\$ 31,045,539	\$ 31,067,223	\$ 29,909,914
Program revenues	16,251,366	15,273,365	15,313,142	14,422,414	14,239,658	13,221,268	12,655,977	12,356,151	13,002,556	12,207,706
Net (expense)/revenue, governmental activities	(25,294,389)	(21,836,592)	(21,359,746)	(20,173,538)	(19,716,020)	(19,757,947)	(18,454,877)	(18,689,388)	(18,064,667)	(17,702,208)
General revenues and other changes, governmental activities	23,384,676	21,964,499	20,822,878	20,584,839	19,853,048	18,699,201	18,007,318	17,034,470	16,411,363	15,632,420
Change in net position, governmental activities	(1,909,714)	127,907	(536,868)	411,301	137,028	(1,058,746)	(447,559)	(1,654,918)	(1,653,304)	(2,069,788)
Net position, beginning	(17,446,255)	(10,598,346)	(10,061,478)	(10,472,779)	2,440,392	3,529,761	3,977,320	5,632,238	7,285,542	9,355,330
Restatement ⁽²⁾		(6,975,816)			(13,050,199)	(30,623)				
Net position, ending, governmental activities	\$ (19,355,969)	\$ (17,446,255)	\$ (10,598,346)	\$ (10,061,478)	\$ (10,472,779)	\$ 2,440,392	\$ 3,529,761	\$ 3,977,320	\$ 5,632,238	\$ 7,285,542
Business-type activities: ⁽¹⁾										
Expenses	\$ 4,060,172	\$ 3,953,255	\$ 3,762,859	\$ 3,576,982	\$ 3,519,427	\$ 3,560,492	\$ 3,724,891	\$ 3,751,849	\$ 3,666,971	\$ 3,905,705
Program revenues	5,797,773	5,558,670	5,248,348	5,025,995	4,847,349	4,767,617	4,889,817	4,917,366	4,622,076	4,628,272
Net (expense)/revenue, business- type activities	1,737,601	1,605,415	1,485,498	1,449,013	1,327,922	1,207,125	1,164,926	1,165,517	955,105	722,567
General revenues and other changes, business-type activities	(1,161,744)	(1,160,519)	(1,032,276)	(973,165)	(935,046)	(879,484)	(778,055)	(499,149)	(522,173)	(605,726)
Special item -Transfer of operations				(103,434)						
Change in net position, business- type activities	575,857	444,896	453,213	372,414	392,876	327,641	386,871	666,368	432,932	116,841
Net position, beginning	8,535,891	8,090,995	7,637,782	7,265,368	7,063,179	6,776,080	6,389,209	5,722,841	5,289,909	5,188,374
Restatement ⁽²⁾					(190,687)	(40,542)				(15,306)
Net position, ending, business- type activities	\$ 9,111,748	\$ 8,535,891	\$ 8,090,995	\$ 7,637,782	\$ 7,265,368	\$ 7,063,179	\$ 6,776,080	\$ 6,389,209	\$ 5,722,841	\$ 5,289,909
Primary government:										
Expenses	\$ 45,605,927	\$ 41,063,212	\$ 40,435,747	\$ 38,172,934	\$ 37,475,105	\$ 36,539,707	\$ 34,835,745	\$ 34,797,388	\$ 34,734,194	\$ 33,815,619
Program revenues	22,049,139	20,832,035	20,561,490	19,448,409	19,087,007	17,988,885	17,545,794	17,273,517	17,624,632	16,835,978
Net (expense)/revenue, primary government	(23,556,788)	(20,231,177)	(19,874,256)	(18,724,525)	(18,388,098)	(18,550,822)	(17,289,951)	(17,523,871)	(17,109,562)	(16,979,641)
General revenues and other changes, primary government	22,222,932	20,803,980	19,790,602	19,611,674	18,918,002	17,819,717	17,229,263	16,535,321	15,889,190	15,026,694

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Special item - Transfer of operations				\$ (103,434)						
Change in net position, primary government	\$ (1,333,856.65)	\$ 572,803	\$ (83,655)	783,715	\$ 529,904	\$ (731,105)	\$ (60,688)	\$ (988,550)	\$ (1,220,372)	\$ (1,952,947)
Net position, beginning	(8,910,364)	(2,507,351)	(2,423,696)	(3,207,411)	9,503,571	10,305,841	10,366,529	11,355,079	12,575,451	14,543,704
Restatement		(6,975,816)			(13,240,886)	(71,165)				(15,306)
Net position ending, primary government	\$ (10,244,221)	\$ (8,910,364)	\$ (2,507,351)	\$ (2,423,696)	\$ (3,207,411)	\$ 9,503,571	\$ 10,305,841	\$ 10,366,529	\$ 11,355,079	\$ 12,575,451

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

⁽²⁾ Beginning net position balances were restated for fiscal year 2009 to recognize pollution remediation obligations for governmental activities and a prior period adjustment for capital assets of the Maryland Transportation Authority in the business-type activities. Beginning net position was restated for fiscal year 2010, 2014, 2015 and 2018 due to implementation of GASB Statements No. 53, 65, 68 and 75, respectively.

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

Functions/Programs	Year ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Government activities:										
General government	\$ 1,402,851	\$ 965,904	\$ 946,670	\$ 880,414	\$ 861,601	\$ 832,041	\$ 894,637	\$ 871,352	\$ 865,519	\$ 837,542
Health and mental hygiene	14,698,350	13,526,404	13,414,334	12,215,519	11,995,583	11,078,408	10,038,006	9,870,227	9,592,240	9,174,006
Education	8,447,548	8,493,967	8,486,468	7,860,472	7,765,925	7,970,236	7,695,521	7,790,385	7,896,010	7,294,358
Aid for higher education	2,471,292	2,331,498	2,323,284	2,351,057	2,200,669	2,042,523	1,918,549	1,898,244	1,921,224	1,908,027
Human resources	2,611,404	2,336,614	2,446,063	2,510,369	2,544,917	2,584,755	2,611,879	2,551,033	2,537,952	2,401,029
Public safety	2,897,054	2,107,790	2,278,563	2,031,359	2,034,175	2,101,314	2,095,994	2,078,085	2,198,490	2,119,696
Transportation	5,074,650	4,068,118	3,478,387	3,706,904	3,610,810	3,504,411	3,146,053	3,155,703	3,176,910	3,460,865
Judicial	1,055,281	779,043	803,668	733,794	699,116	662,086	642,559	649,324	681,717	654,605
Labor, licensing and regulation	427,255	373,815	349,394	312,850	325,179	333,701	319,757	279,632	277,887	253,977
Natural resources and recreation	500,645	367,266	360,187	255,076	275,936	213,004	185,627	207,840	205,921	187,525
Housing and community development	369,919	329,330	321,792	283,046	266,523	294,408	295,611	347,008	373,548	319,721
Environment	151,101	108,218	110,577	111,686	109,349	102,712	104,685	108,213	126,054	121,957
Agriculture	114,191	97,966	111,321	94,561	89,464	97,770	97,234	46,645	90,502	57,275
Commerce	99,882	101,475	109,054	83,664	100,264	105,177	71,517	78,406	83,519	78,701
Intergovernmental grants	612,968	599,408	649,794	662,629	600,362	541,034	507,660	614,685	611,595	635,467
Interest	611,365	523,141	483,332	502,553	475,805	515,633	485,565	498,757	428,135	405,163
Total governmental activities expenses	41,545,757	37,109,957	36,672,888	34,595,952	33,955,678	32,979,215	31,110,854	31,045,539	31,067,223	29,909,914
Business-type activities:										
Economic development-insurance programs	1,029	1,380	1,227	3,372	2,838	4,534	12,565	4,689	12,693	4,247
Economic development-general loan programs	27,336	23,339	23,496	15,062	16,817	32,176	20,344	20,106	18,905	13,501
Economic development-water quality loan programs ..	110,750	138,369	168,631	221,101	251,636	174,566	209,263	142,280	153,331	99,911
Economic development-housing loan programs	201,748	171,443	163,267	175,706	179,393	202,818	207,423	204,117	193,258	201,077
Unemployment insurance program	447,927	518,190	546,415	571,259	680,420	925,005	1,246,507	1,585,495	1,629,721	2,004,334
Maryland Lottery and Gaming Control Agency	2,656,397	2,490,823	2,264,581	1,993,732	1,845,837	1,701,020	1,525,381	1,331,899	1,254,095	1,205,310
Maryland Transportation Authority	563,623	558,553	537,773	538,560	489,859	469,606	451,944	412,509	355,467	327,360
Maryland Correctional Enterprises	51,362	51,158	57,467	58,190	52,627	50,767	51,464	50,754	49,501	49,965
Total business-type activities expenses	4,060,172	3,953,255	3,762,859	3,576,982	3,519,427	3,560,492	3,724,891	3,751,849	3,666,971	3,905,705
Total primary government expenses	\$ 45,605,929	\$ 41,063,212	\$ 40,435,747	\$ 38,172,934	\$ 37,475,105	\$ 36,539,707	\$ 34,835,745	\$ 34,797,388	\$ 34,734,194	\$ 33,815,619

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

(Expressed in Thousands)

Source	Year ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities:										
Program revenues:										
Charges for services:										
General government	\$ 1,052,239	\$ 618,153	\$ 778,578	\$ 817,528	\$ 657,548	\$ 577,929	\$ 724,997	\$ 500,747	\$ 455,729	\$ 490,230
Health and mental hygiene	1,176,854	1,022,439	1,082,744	1,156,098	1,223,465	1,445,746	1,368,278	1,332,658	1,205,122	948,124
Transportation	746,239	865,512	625,103	618,334	652,820	582,332	679,378	541,961	540,859	527,330
Judicial	284,302	260,136	305,700	278,514	277,001	313,598	349,347	434,276	283,781	246,027
Other activities	576,580	556,702	529,020	467,989	391,082	418,981	454,900	462,765	460,733	608,284
Operating grants and contributions	11,546,991	11,046,827	11,120,269	10,342,983	10,263,139	9,056,184	8,233,915	8,199,616	9,341,179	8,659,808
Capital grants and contributions	868,160	903,595	871,728	740,968	774,605	826,498	845,162	884,128	715,153	727,903
Total program revenues	16,251,365	15,273,364	15,313,144	14,422,414	14,239,660	13,221,268	12,655,977	12,356,151	13,002,556	12,207,706
General revenues:										
Taxes:										
Income Taxes	11,495,536	10,676,428	9,828,434	9,797,055	9,445,934	8,803,951	8,657,390	7,868,089	7,605,497	7,003,514
Sales and use taxes	4,889,889	4,720,311	4,612,619	4,506,092	4,412,308	4,199,862	4,115,724	4,078,000	3,898,509	3,760,756
Motor vehicle taxes	2,758,744	2,631,645	2,657,696	2,554,740	2,383,505	2,196,805	2,072,571	1,988,153	1,913,570	1,796,769
Tobacco taxes	356,684	372,724	386,965	395,266	391,452	402,403	415,922	411,427	407,570	405,915
Insurance company taxes	556,409	541,758	512,033	491,226	505,991	475,294	429,410	428,023	392,287	382,569
Property taxes	1,149,200	1,153,640	1,099,731	1,053,103	1,002,787	972,947	990,061	994,439	1,043,943	1,009,768
Estate & inheritance taxes	209,343	241,226	252,118	288,833	266,809	238,276	258,978	221,206	241,576	196,002
Other taxes	324,712	323,472	312,867	311,694	306,505	313,474	293,031	296,068	302,421	294,752
Unrestricted investment earnings	453,966	136,427	120,657	197,411	186,926	212,533	(4,794)	155,587	79,042	167,581
Transfers	1,190,192	1,166,868	1,039,758	989,420	950,831	883,656	779,026	593,478	526,948	614,794
Total general revenues and transfers	23,384,676	21,964,499	20,822,878	20,584,840	19,853,048	18,699,201	18,007,318	17,034,470	16,411,363	15,632,420
Total revenues and transfers - governmental activities	39,636,041	37,237,863	36,136,022	35,007,254	34,092,708	31,920,469	30,663,295	29,390,621	29,413,919	27,840,126
Business-type activities:										
Program revenues:										
Charges for services:										
Unemployment insurance program	484,130	520,163	565,671	627,998	679,346	658,998	899,368	1,136,677	1,031,602	953,711
Maryland Lottery and Gaming Control Agency	3,975,521	3,740,610	3,384,334	3,078,920	2,877,945	2,645,960	2,444,195	2,022,445	1,828,489	1,711,285
Maryland Transportation Authority	862,534	862,395	869,605	836,079	827,759	804,642	617,334	532,042	553,786	588,427
Other activities	318,624	326,924	331,113	351,511	337,580	355,935	337,214	307,914	327,854	359,204
Operating grants and contributions	156,964	108,578	97,625	131,487	124,719	302,082	591,706	917,219	880,345	1,015,645
Capital grants and contributions							1,069	1,069		
Total program revenues	5,797,773	5,558,670	5,248,348	5,025,995	4,847,349	4,767,617	4,889,817	4,917,366	4,622,076	4,628,272
General revenues:										
InvestMD tax credits							84,000	84,000		
Unrestricted investment earnings	28,448	6,349	7,482	16,255	15,785	4,172	971	10,329	4,775	9,068
Transfers	(1,190,192)	(1,166,868)	(1,039,758)	(989,420)	(950,831)	(883,656)	(779,026)	(593,478)	(526,948)	(614,794)
Total general revenues and transfers	(1,161,744)	(1,160,519)	(1,032,276)	(973,165)	(935,046)	(879,484)	(778,055)	(499,149)	(522,173)	(605,726)
Special item - Transfer of operations				(103,434)						
Total revenues, transfers, and special items - business-type activities	4,636,029	4,398,151	4,216,072	3,949,396	3,912,303	3,888,133	4,111,762	4,418,217	4,099,903	4,022,546
Total primary government revenues and transfers	\$ 44,272,070	\$ 41,636,014	\$ 40,352,094	\$ 38,956,650	\$ 38,005,011	\$ 35,808,602	\$ 34,775,057	\$ 33,808,838	\$ 33,513,822	\$ 31,862,672

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

(Expressed in Thousands)

	Year ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund:										
Nonspendable	\$ 610,281	\$ 598,754	\$ 571,891	\$ 618,563	\$ 514,051	\$ 495,542	\$ 493,431	\$ 485,654	\$ 468,330	448,982
Restricted	8,186	8,259	10,459	11,403	16,487	6,501	187	632	294	398
Committed	2,094,213	1,633,323	1,564,668	1,675,674	1,519,539	1,553,584	1,488,477	1,271,765	1,163,278	1,140,676
Unassigned	(19,312)	(507,376)	(788,832)	(509,187)	(766,124)	(916,302)	(622,860)	(680,949)	(292,292)	(340,964)
Reserved										\$ 1,363,060
Unreserved (deficit)										146,862
Total general fund	2,693,368	1,732,960	1,358,186	1,796,453	1,283,953	1,139,325	1,359,235	1,077,102	1,339,610	1,249,092
All other governmental funds:										
Nonspendable	257,039	240,924	103,510	211,726	197,847	192,871	183,355	181,093	182,156	171,094
Restricted	215,796	247,256	243,829	287,885	216,916	207,499	241,260	228,816	200,497	154,386
Committed	627,153	583,117	578,790	685,348	800,158	791,084	663,718	550,287	568,396	608,854
Unassigned ⁽¹⁾	(243,901)	(469,780)	(264,367)	(273,530)	(511,961)	(414,043)	(353,964)	(431,416)	(403,711)	(358,796)
Reserved										
Unreserved, reported in:										
Special revenue funds										
Capital projects funds ⁽¹⁾										
Debt service funds										
Total all other governmental funds	856,087	601,517	661,763	911,429	702,960	777,411	734,369	528,780	547,338	575,538
Total governmental funds	\$ 3,549,455	\$ 2,334,477	\$ 2,019,948	\$ 2,707,882	\$ 1,986,913	\$ 1,916,736	\$ 2,093,604	\$ 1,605,882	\$ 1,886,948	\$ 1,824,630

⁽¹⁾ The unreserved and unassigned fund balance deficit of the capital projects fund will be funded by future bond proceeds and capital appropriations of the general fund.

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

	Year ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Income taxes	\$ 11,475,949	\$ 10,740,942	\$ 9,786,505	\$ 9,832,668	\$ 9,418,584	\$ 8,743,986	\$ 8,652,063	\$ 7,822,259	\$ 7,639,285	\$ 6,957,811
Retail sales and use taxes	4,888,811	4,716,515	4,609,782	4,504,417	4,410,080	4,196,314	4,114,462	4,076,729	3,896,876	3,754,326
Motor vehicle taxes and fees	2,758,744	2,631,645	2,657,696	2,554,740	2,383,505	2,196,805	2,072,571	1,988,153	1,913,570	1,796,769
Tobacco taxes	356,684	372,724	386,965	395,266	391,452	402,403	415,922	411,427	407,570	405,915
Insurance company taxes	556,409	541,758	512,033	491,226	505,991	475,294	429,410	428,023	392,287	382,569
Property taxes	1,149,200	1,153,639	1,099,731	1,053,102	1,002,786	972,947	990,061	994,439	1,043,943	1,009,768
Estate & inheritance taxes	209,343	241,226	252,118	288,833	266,809	238,276	258,978	221,206	241,576	196,002
Other taxes	324,712	323,472	312,867	311,694	306,505	313,474	293,031	296,068	302,421	294,752
Other licenses and fees	870,084	561,410	604,004	646,622	641,478	607,785	678,648	714,891	683,289	682,756
Charges for services	2,253,364	2,206,187	2,115,409	2,191,464	2,132,893	2,304,305	2,403,377	2,150,332	1,878,075	1,639,917
Revenues pledged as security for bonds*								95,057	95,057	89,521
Interest and other investment income	263,706	(36,350)	(59,874)	57,549	66,067	110,607	(89,273)	88,068	23,052	121,233
Federal	12,378,980	11,762,012	11,970,737	10,999,638	11,033,156	9,897,214	9,096,720	9,104,024	9,968,631	9,386,888
Other	728,234	438,336	574,784	477,526	439,015	412,182	474,867	405,263	309,902	413,762
Total revenues	38,214,220	35,653,516	34,822,757	33,804,745	32,998,321	30,871,592	29,790,837	28,700,882	28,795,534	27,131,989
Expenditures:										
Current:										
General government	1,019,605	914,344	878,805	887,127	860,009	836,341	884,048	836,112	775,370	762,488
Education	10,915,201	10,510,656	10,403,553	10,231,349	10,079,813	9,636,845	9,305,918	9,298,976	9,474,145	9,104,692
Commerce	92,348	100,377	106,959	83,389	100,030	103,253	69,425	75,835	79,284	74,578
Labor, licensing and regulation	366,086	364,276	334,642	315,758	322,158	319,814	304,289	261,615	246,700	226,118
Human resources	2,325,457	2,324,795	2,391,286	2,501,100	2,543,937	2,542,075	2,557,386	2,488,200	2,420,789	2,291,347
Health and mental hygiene	14,295,022	13,483,142	13,334,642	12,206,406	12,007,975	11,160,187	9,949,816	9,772,861	9,441,903	9,040,549
Environment	109,268	102,623	108,702	108,548	107,103	96,901	87,728	96,116	107,457	110,092
Transportation	2,457,431	1,925,329	1,533,532	1,737,964	1,719,153	1,793,001	1,468,019	1,472,418	1,228,659	1,422,084
Public safety	2,075,392	1,989,791	2,076,945	1,983,864	1,972,570	1,888,200	1,879,264	1,875,795	1,873,921	1,773,141
Judicial	760,493	742,851	740,041	715,230	689,975	638,115	594,522	590,082	577,333	556,908
Housing and community development	360,319	327,564	319,809	282,414	266,912	292,494	293,743	344,408	368,857	315,630
Natural resources and recreation	406,571	353,728	306,062	236,959	232,514	186,486	171,206	179,682	182,229	184,342
Agriculture	94,104	82,600	71,000	69,105	75,226	87,110	80,353	79,294	80,770	92,954
Intergovernmental	1,489,761	1,384,498	1,379,988	1,352,665	1,344,034	1,190,477	1,156,328	1,265,314	1,249,592	1,187,153

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

	Year ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Debt service:										
Principal	\$ 1,071,908	\$ 1,057,156	\$ 993,324	\$ 926,719	\$ 810,783	\$ 744,599	\$ 673,639	\$ 645,024	\$ 598,265	\$ 560,348
Interest	556,310	510,154	496,946	468,169	440,063	434,811	414,089	399,710	390,340	366,237
Capital outlay	1,672,509	2,239,206	2,594,494	2,115,363	1,910,348	1,598,458	1,614,972	1,274,591	1,276,049	1,200,176
Total expenditures	40,067,785	38,413,090	38,070,730	36,222,129	35,482,603	33,549,167	31,504,745	30,956,033	30,371,663	29,268,837
Excess (deficiency) of revenues over expenditures	(1,853,564)	(2,759,574)	(3,247,973)	(2,417,384)	(2,484,282)	(2,677,575)	(1,713,908)	(2,255,151)	(1,576,129)	(2,136,848)
Other financing sources (uses):										
Capital leases	14,416	11,275	8,670	43,127	9,409	170,236	32,311	23,440	53,334	15,472
Proceeds from bond issues	1,863,934	1,893,666	1,513,598	2,105,806	1,662,385	1,445,884	1,389,203	1,375,297	1,058,166	1,477,837
Proceeds from refunding bonds		969,340	813,042	1,478,889	1,478,889	279,273	424,111	656,851	798,080	798,080
Payments to escrow agents		(967,047)	(815,030)	(1,547,056)	(1,547,056)	(278,876)	(423,021)	(674,982)	(924,185)	(924,185)
Transfers in	2,442,409	2,313,026	2,104,547	1,993,776	1,766,489	1,659,660	1,331,669	1,552,089	1,716,673	1,895,049
Transfers out	(1,252,217)	(1,146,158)	(1,064,788)	(1,004,356)	(815,658)	(775,470)	(552,643)	(958,611)	(1,189,726)	(1,280,256)
Net other sources (uses) of financial resources	3,068,542	3,074,102	2,560,039	3,138,353	2,554,458	2,500,707	2,201,630	1,974,084	1,638,447	1,981,997
Net changes in fund balance	1,214,977	314,528	(687,934)	720,969	70,176	(176,868)	487,722	(281,067)	62,318	(154,851)
Fund balance, beginning of the year	2,334,477	2,019,949	2,707,882	1,986,912	1,916,736	2,093,604	1,605,882	1,886,948	1,824,630	1,979,481
Fund balance, end of the year	\$ 3,549,454	\$ 2,334,477	\$ 2,019,948	\$ 2,707,881	\$ 1,986,912	\$ 1,916,736	\$ 2,093,604	\$ 1,605,881	\$ 1,886,948	\$ 1,824,630
Debt service as a percentage of noncapital expenditures	4.2%	4.3%	4.2%	4.1%	3.7%	3.7%	3.6%	3.6%	3.5%	3.4%

* Beginning in fiscal year 2012, revenues pledged as security for bonds were reclassified to charges for services.

STATE OF MARYLAND
Personal Income Tax Filers by Subdivision
Tax Year Ended December 31, 2018

Subdivision	Number of Filers	Adjusted Gross Income	Net Taxable Income	State Income Tax ⁽¹⁾	Local Income Tax	State and Local Income Tax	Local Tax Rate
Allegany.....	21,132	1,227,334,608	1,005,063,533	45,525,069	29,723,845	75,248,914	3.05%
Anne Arundel.....	229,562	24,299,259,946	20,845,496,522	981,456,734	510,789,305	1,492,246,039	2.50%
Baltimore County.....	323,640	29,967,931,637	25,407,083,008	1,201,292,522	703,305,938	1,904,598,460	2.83%
Calvert.....	35,921	3,488,858,032	2,945,239,028	138,118,877	87,220,979	225,339,856	3.00%
Caroline.....	11,590	716,389,387	578,547,625	24,701,274	15,134,593	39,835,867	2.73%
Carroll.....	68,486	6,500,062,655	5,543,363,286	262,099,188	166,361,088	428,460,276	3.03%
Cecil.....	36,990	2,730,476,169	2,285,159,944	81,335,784	64,348,344	145,684,128	3.00%
Charles.....	64,042	5,268,108,818	4,232,221,112	195,445,492	126,203,950	321,649,442	3.03%
Dorchester.....	11,235	664,541,326	538,147,196	23,458,279	13,444,243	36,902,521	2.62%
Frederick.....	103,996	9,673,880,643	8,202,980,647	385,836,791	239,866,695	625,703,487	2.96%
Garrett.....	10,263	665,284,291	551,246,969	23,632,451	14,018,179	37,650,630	2.65%
Harford.....	102,069	9,016,092,240	7,655,549,977	356,347,999	230,891,091	587,239,090	3.06%
Howard.....	126,918	16,563,837,159	14,496,836,737	696,639,644	458,326,459	1,154,966,103	3.20%
Kent.....	7,123	603,840,318	500,099,463	21,543,812	13,734,236	35,278,048	2.85%
Montgomery.....	425,535	56,342,729,408	49,375,804,377	2,328,980,454	1,531,412,724	3,860,393,177	3.20%
Prince George's.....	361,388	24,383,748,608	18,961,752,472	863,882,805	591,297,414	1,455,180,218	3.20%
Queen Anne's.....	19,371	2,011,428,912	1,715,973,778	79,722,503	54,046,936	133,769,439	3.20%
St Mary's.....	41,691	3,748,682,972	3,189,401,656	149,163,981	94,363,677	243,527,658	3.00%
Somerset.....	6,012	315,592,593	246,974,538	10,645,144	7,485,060	18,130,205	3.20%
Talbot.....	14,703	1,750,525,330	1,478,248,845	71,214,224	34,654,632	105,868,856	2.40%
Washington.....	54,476	3,677,368,168	3,034,595,064	138,929,741	82,909,973	221,839,713	2.80%
Wicomico.....	34,629	2,150,506,897	1,758,156,283	74,787,620	53,645,776	128,433,396	3.20%
Worcester.....	21,766	1,650,656,050	1,387,009,956	61,120,584	23,289,508	84,410,092	1.75%
Baltimore City.....	193,809	13,084,758,623	10,912,128,996	497,038,104	335,021,767	832,059,871	3.20%
Non-resident.....	139,190	8,421,381,235	7,595,803,654	535,096,446		535,096,446	
Total.....	\$ 2,465,537	\$ 228,923,276,025	\$ 194,442,884,666	\$ 9,248,015,522	\$ 5,481,496,412	\$ 14,729,511,932	

⁽¹⁾ See State personal income tax rates schedules for tax rate information.

Source: Revenue Administration Division, State Comptroller's Office

STATE OF MARYLAND

State Personal Income Tax and Sales Tax Rates Calendar Year 2012 - 2019*

Filing Status, Single:		Married Filing Jointly:	
Taxable Income:	Rate:	Taxable Income:	Rate:
\$3,001 - \$100,000	4.75%	\$3,001 - \$150,000	4.75%
\$100,001 - \$125,000	5.00%	\$150,001 - \$175,000	5.00%
\$125,001 - \$150,000	5.25%	\$175,001 - \$225,000	5.25%
\$150,001 - \$250,000	5.50%	\$225,001 - \$300,000	5.50%
Over \$250,000	5.75%	Over \$300,000	5.75%
Sales Tax Rate: 6%			

*Rates effective January 1, 2012

State Personal Income Tax and Sales Tax Rates Calendar Years 2010 - 2011**

Filing Status, Single:		Married Filing Jointly:	
Taxable Income:	Rate:	Taxable Income:	Rate:
\$3,000 - \$150,000	4.75%	\$3,000 - \$200,000	4.75%
\$150,001 - \$300,000	5.00%	\$200,001 - \$350,000	5.00%
\$300,001 - \$500,000	5.25%	\$350,001 - \$500,000	5.25%
\$500,001 - \$1,000,000	5.50%	\$500,001 - \$1,000,000	5.50%
Over \$1,000,000	6.25%**	Over \$1,000,000	6.25%**
Sales Tax Rate: 6%			

*Rates effective January 1, 2008

**Rates for calendar year 2011 were 5.50%

Source: Revenue Administration Division, State Comptroller's Office

STATE OF MARYLAND
Personal Income Tax Filers and Liability by Income Level
Last Ten Tax Years Ended December 31st
(Dollars, except income level, Expressed in Thousands)

2018				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$500,000 and higher	31,569	1.28 %	\$ 1,979,976	21.41 %
\$100,000-\$499,999	618,134	25.07	4,607,154	49.82
\$70,000-\$99,999	328,407	13.32	1,037,468	11.22
\$50,000-\$69,999	336,832	13.66	723,607	7.82
\$25,000-\$49,999	652,084	26.45	709,058	7.67
\$10,000-\$24,999	395,208	16.03	176,292	1.91
Under \$10,000	103,303	4.19	14,461	0.16
Total	2,465,537	100.00 %	\$ 9,248,016	100.00 %

2016				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$500,000 and higher	26,496	1.09 %	\$ 1,607,900	20.11 %
\$100,000-\$499,999	562,683	23.05	3,948,852	49.40
\$70,000-\$99,999	321,207	13.16	954,063	11.94
\$50,000-\$69,999	326,819	13.39	653,878	8.18
\$25,000-\$49,999	639,012	26.17	646,421	8.09
\$10,000-\$24,999	463,348	18.98	169,317	2.12
Under \$10,000	101,955	4.18	13,008	0.16
Total	2,441,520	100.00 %	\$ 7,993,441	100.00 %

2014				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$500,000 and higher	24,432	1.03 %	\$ 1,487,042	19.88 %
\$100,000-\$499,999	527,543	22.14	3,648,239	48.76
\$70,000-\$99,999	312,138	13.10	919,952	12.30
\$50,000-\$69,999	315,473	13.24	626,493	8.37
\$25,000-\$49,999	623,459	26.16	623,584	8.33
\$10,000-\$24,999	476,740	20.01	163,914	2.19
Under \$10,000	103,143	4.33	12,749	0.17
Total	2,382,928	100.00 %	\$ 7,481,973	100.00 %

2017				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$500,000 and higher	29,053	1.17 %	\$ 1,791,955	21.14 %
\$100,000-\$499,999	590,844	23.77	4,197,129	49.52
\$70,000-\$99,999	325,479	13.10	970,305	11.45
\$50,000-\$69,999	334,540	13.46	673,911	7.95
\$25,000-\$49,999	644,074	25.91	657,865	7.76
\$10,000-\$24,999	457,559	18.41	170,442	2.01
Under \$10,000	103,941	4.18	13,429	0.16
Total	2,485,490	100.00 %	\$ 8,475,036	100.00 %

2015				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$500,000 and higher	25,747	1.08 %	\$ 1,533,581	19.70 %
\$100,000-\$499,999	552,401	23.09	3,858,612	49.56
\$70,000-\$99,999	317,167	13.25	940,026	12.07
\$50,000-\$69,999	320,708	13.40	640,008	8.22
\$25,000-\$49,999	623,249	26.05	634,477	8.15
\$10,000-\$24,999	453,975	18.97	166,838	2.14
Under \$10,000	99,564	4.16	12,631	0.16
Total	2,392,811	100.00 %	\$ 7,786,173	100.00 %

2013				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$500,000 and higher	21,935	0.92 %	\$ 1,266,568	16.27 %
\$100,000-\$499,999	503,837	21.06	3,434,142	44.11
\$70,000-\$99,999	309,903	12.95	905,699	11.63
\$50,000-\$69,999	312,548	13.06	615,553	7.91
\$25,000-\$49,999	621,710	25.98	618,113	7.94
\$10,000-\$24,999	477,663	19.96	162,722	2.09
Under \$10,000	99,685	4.17	12,100	0.16
Total	2,347,281	98.09 %	\$ 7,014,897	90.09 %

STATE OF MARYLAND
Personal Income Tax Filers and Liability by Income Level
Last Ten Tax Years Ended December 31st
(Dollars, except income level, Expressed in Thousands)
(continued)

2012				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$500,000 and higher	24,255	1.05 %	\$ 1,533,202	21.59 %
\$100,000-\$499,999	493,577	21.44	3,281,446	46.21
\$70,000-\$99,999	307,641	13.36	884,705	12.46
\$50,000-\$69,999	311,773	13.54	605,169	8.52
\$25,000-\$49,999	615,541	26.74	608,132	8.56
\$10,000-\$24,999	470,011	20.43	175,568	2.47
Under \$10,000	79,274	3.44	13,671	0.19
Total	2,302,072	100.00 %	\$ 7,101,893	100.00 %

2010				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$500,000 and higher	19,031	0.86 %	\$ 1,103,398	18.00 %
\$100,000-\$499,999	460,144	20.77	2,872,843	46.86
\$75,000-\$99,999	297,568	13.43	829,513	13.53
\$50,000-\$74,999	306,283	13.82	577,222	9.42
\$25,000-\$49,999	605,480	27.33	590,450	9.63
\$10,000-\$24,999	454,672	20.52	149,735	2.44
Under \$10,000	72,525	3.27	7,087	0.12
Total	2,215,703	100.00 %	\$ 6,130,248	100.00 %

2011				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$500,000 and higher	20,027	0.90 %	\$ 1,074,619	17.05 %
\$100,000-\$499,999	475,139	21.15	3,020,394	47.91
\$70,000-\$99,999	301,920	13.44	854,629	13.56
\$50,000-\$69,999	309,545	13.78	591,156	9.38
\$25,000-\$49,999	609,707	27.15	599,435	9.51
\$10,000-\$24,999	461,729	20.57	152,585	2.42
Under \$10,000	68,009	3.03	11,115	0.18
Total	2,246,076	100.00 %	\$ 6,303,933	100.00 %

2009				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$500,000 and higher	16,589	0.77 %	\$ 901,111	15.76 %
\$100,000-\$499,999	440,514	20.33	2,700,374	47.24
\$75,000-\$99,999	294,317	13.58	810,590	14.18
\$50,000-\$74,999	305,438	14.09	567,707	9.93
\$25,000-\$49,999	601,213	27.74	585,150	10.24
\$10,000-\$24,999	440,498	20.33	144,875	2.53
Under \$10,000	68,464	3.16	6,709	0.12
Total	2,167,033	100.00 %	\$ 5,716,516	100.00 %

Source: Revenue Administration Division, Comptroller's Office

STATE OF MARYLAND
Sales and Use Tax Receipts by Principal Type of Business
Last Ten Fiscal Years
(Expressed in Thousands)

Year	Food and Beverage*	Apparel	General Merchandise	Automotive	Furniture and Appliances	Building & Industrial Supplies	Utilities & Transportation	Hardware, Machinery & Equipment	Miscellaneous	Assessment Collections	Total Collections
2019.....	\$ 1,219,271	\$ 242,545	\$ 961,696	\$ 319,760	\$ 290,613	\$ 673,327	\$ 345,320	\$ 119,779	\$ 728,572	\$ 8,093	\$ 4,908,976
2018.....	1,178,939	228,454	914,792	298,681	287,656	643,121	361,281	113,453	699,355	8,100	4,733,832
2017.....	1,156,169	226,682	867,534	298,391	290,538	615,486	377,542	110,636	684,747	10,062	4,637,787
2016.....	1,134,386	214,016	861,937	295,298	295,776	589,726	350,722	111,102	683,872	11,718	4,548,553
2015.....	1,090,515	208,036	811,774	284,110	299,874	563,869	378,578	110,016	652,615	10,508	4,409,895
2014.....	1,034,463	199,133	751,972	274,024	295,710	530,891	383,069	103,416	614,776	8,542	4,195,996
2013.....	1,011,944	197,086	754,822	266,675	315,902	501,287	354,509	98,914	605,375	7,783	4,114,297
2012.....	1,013,589	193,049	736,119	268,506	330,226	485,588	349,284	100,832	582,760	16,627	4,076,580
2011.....	891,267	187,014	716,226	259,052	343,897	467,156	367,543	94,654	559,420	10,470	3,896,699
2010.....	864,941	189,057	705,121	239,813	347,243	445,706	370,435	92,241	484,910	14,310	3,753,777

Source: Revenue Administration Division, Comptroller's Office

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

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

Fiscal Year	General Bonded Debt		Other Governmental Activities Debt		Total Governmental Activities Debt	Debt Ratios, Governmental Activities		Business-Type Activities Debt		Total Business-Type Activities Debt	Debt Ratios, Primary Government	
	General Obligation Bonds ⁽²⁾	Transportation Bonds ⁽²⁾	Capital Leases	Capital Leases with Component Units		Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾	Revenue Bonds	Capital Leases		Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
2019	\$ 10,961,278	\$ 3,680,951	\$ 756,730	\$ 68,402	\$ 15,467,361	4.07	% \$ 2,560	\$ 4,773,362	\$ -	\$ 4,773,362	5.32	% \$ 3,350
2018	10,849,313	3,241,095	787,303	83,933	14,961,644	4.29	2,487	4,451,025		4,451,025	5.57	3,227
2017	10,526,151	2,860,829	842,363	103,100	14,332,443	4.11	2,382	5,345,081	35,669	5,380,750	5.66	3,277
2016	10,672,349	2,359,453	907,425	121,543	14,060,770	4.17	2,341	5,630,773	48,285	5,679,058	5.85	3,286
2015	9,800,864	2,233,690	929,679	140,559	13,104,792	3.98	2,193	5,721,363	60,715	5,782,078	5.73	3,160
2014	9,256,090	1,948,837	915,393	163,574	12,283,894	3.82	2,072	5,939,721	17,480	5,957,201	5.67	3,077
2013	8,659,236	1,728,192	766,393	186,706	11,340,527	3.58	1,927	6,220,872	31,024	6,251,896	5.56	2,990
2012	8,081,668	1,654,497	755,653	210,676	10,702,494	3.41	1,728	6,377,228	56,212	6,433,440	5.59	2,832
2011	7,425,402	1,630,533	755,778	214,590	10,026,303	3.35	1,645	6,504,780	44,886	6,549,666	5.66	2,776
2010	6,921,542	1,721,856	798,201	232,762	9,674,361	3.31	1,614	6,161,633	5,261	6,166,894	5.53	2,696

Source: General Accounting Division, State Comptroller's Office

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

⁽²⁾ General bonded debt and transportation bonds are net of related premiums, discounts and adjustments.

STATE OF MARYLAND
Ratio of General Bonded Debt
To Actual Value and General Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	<i>(Expressed in Thousands)</i>			Ratio of General Bonded Debt to Actual Property Value	General Bonded Debt per Capita
	Estimated Population ⁽¹⁾	Estimated Property Value	General Bonded Debt ⁽²⁾		
2019	6,043	\$ 770,707,774	\$ 10,961,278	1.42%	\$ 1,814
2018	6,052	741,299,911	10,849,313	1.46	1,793
2017	6,016	714,873,503	10,526,151	1.47	1,750
2016	6,007	693,056,335	10,672,349	1.54	1,777
2015	5,976	664,447,412	9,800,864	1.48	1,640
2014	5,929	647,265,360	9,256,090	1.43	1,561
2013	5,885	641,751,347	8,659,236	1.35	1,471
2012	5,828	653,376,073	8,081,668	1.24	1,387
2011	5,786	689,329,692	7,425,402	1.08	1,283
2010	5,699	731,809,178	6,921,542	0.95	1,215

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

⁽¹⁾ See Schedule of Demographic Statistics.

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

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

Legal Debt Margin Calculation for Fiscal Year 2019

Debt Limit ⁽¹⁾	\$ 16,411,679
Debt applicable to limit:	
General obligation bonds.....	9,606,909
Transportation bonds.....	3,342,945
Nontraditional Transportation debt ⁽²⁾	690,938
Less amounts set aside for replacement of:	
General obligation debt.....	215,796
Transportation debt.....	153,946
Total net debt applicable to limit.....	13,271,050
Legal debt margin.....	<u>\$ 3,140,629</u>

	Year ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Debt limit.....	\$ 16,411,679	\$ 15,781,124	\$ 15,123,970	\$ 15,021,257	\$ 14,493,789	\$ 13,918,130	\$ 13,169,535	\$ 12,388,337	\$ 11,790,027	\$ 11,410,017
Total net debt applicable to limit.....	13,271,050	12,705,499	12,280,624	11,991,290	11,159,389	10,615,974	10,033,126	9,438,132	8,948,851	8,658,167
Legal debt margin.....	<u>\$ 3,140,629</u>	<u>\$ 3,075,625</u>	<u>\$ 2,843,346</u>	<u>\$ 3,029,967</u>	<u>\$ 3,334,400</u>	<u>\$ 3,302,156</u>	<u>\$ 3,136,409</u>	<u>\$ 2,950,205</u>	<u>\$ 2,841,176</u>	<u>\$ 2,751,850</u>
Total net debt applicable to limit as a percentage of debt limit	80.86%	80.51%	81.20%	79.83%	76.99%	76.27%	76.18%	76.19%	75.90%	75.88%

Source: General Accounting Division, State Comptroller's Office

⁽¹⁾ For general obligation bonds, the debt limit is based on separate enabling acts for particular objects or purposes that are enacted during each legislative session. There is no separately mandated maximum amount for the issuance of general obligation bonds. For transportation bonds, the General Assembly each year establishes a maximum aggregate outstanding amount that does not exceed \$4,500,000,000.

⁽²⁾ The 2018 session of the General Assembly established a maximum outstanding principal amount of \$874,700,000 as of June 30, 2019, for all nontraditional debt of the Department. Nontraditional debt outstanding is defined as any debt instrument that is not a Consolidated Transportation Bond or GARVEE bond. This debt includes certificates of participation, debt backed by customer facility charges, passenger facility charges, or other revenues, and debt issued by the Maryland Economic Development Corporation or any other third party on behalf of the Department.

STATE OF MARYLAND
Schedule of Taxes Pledged to Consolidated Transportation Bonds and Net Revenues as
Defined for Purposes of Consolidated Transportation Bonds Coverage Tests
Last Ten Fiscal Years

(Expressed in Thousands)

	Year ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Taxes and fees:										
Taxes pledged to bonds ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾	\$ 2,103,563	\$ 1,965,757	\$ 1,971,162	\$ 1,924,937	\$ 1,749,800	\$ 1,590,767	\$ 1,382,135	\$ 1,277,770	\$ 1,300,022	\$ 1,244,280
Other taxes and fees ⁽³⁾	624,750	605,153	623,230	611,259	603,700	586,514	572,894	475,561	439,657	415,409
Total taxes and fees	2,728,313	2,570,910	2,594,392	2,536,196	2,353,500	2,177,281	1,955,029	1,753,331	1,739,679	1,659,689
Operating revenues	453,306	459,912	441,420	436,571	414,290	409,952	407,187	402,056	390,547	388,587
Investment income	56,543	60,566	69,012	59,609	47,307	29,139	30,785	40,015	60,458	394
Other	2,929	2,322	627	3,819	2,090	2,154	758	2,750	1,004	(3,600)
Total revenue	3,241,091	3,093,710	3,105,451	3,036,195	2,817,187	2,618,526	2,393,759	2,198,152	2,191,688	2,045,070
Administration, operation and maintenance expenditures	2,127,967	2,048,949	1,948,196	1,917,471	1,859,524	1,842,785	1,638,407	1,572,181	1,547,339	1,582,578
Less: Federal funds	(90,770)	(99,533)	(94,498)	(87,325)	(89,843)	(90,567)	(72,397)	(92,737)	(90,733)	(90,761)
Total	2,037,197	1,949,416	1,853,698	1,830,146	1,769,681	1,752,218	1,566,010	1,479,444	1,456,606	1,491,817
Net revenues	\$ 1,203,894	\$ 1,144,294	\$ 1,251,753	\$ 1,206,049	\$ 1,047,506	\$ 866,308	\$ 827,749	\$ 718,708	\$ 735,082	\$ 553,253
Maximum annual principal and interest requirements	\$ 415,245	\$ 358,739	\$ 331,345	\$ 305,197	\$ 292,327	\$ 270,527	\$ 237,394	\$ 219,765	\$ 210,714	\$ 210,714
Ratio of net revenues to maximum annual principal and interest requirements	5.07	3.19	3.78	3.95	3.58	3.20	3.49	3.27	3.49	2.63
Ratio of taxes pledged to bonds to maximum annual principal and interest requirements	2.90	5.48	5.95	6.31	5.99	5.88	5.82	5.81	6.17	5.91

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

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

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

⁽³⁾ The Transportation Trust Fund transferred \$40,000,000 of the Department's share of Highway User Revenues to the Revenue Stabilization Account in fiscal year 2012.

⁽⁴⁾ The allocation of the corporate income tax to the Department was changed from 24% to 17.2% in fiscal year 2012, 9.5% in fiscal year 2013, 19.5% through fiscal year 2016, and 17.2% thereafter.

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

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

	Pledged Assets ⁽¹⁾	Revenue Bonds Payable	Ratio of Pledged Assets to Revenue Bonds
2019	\$2,911,702	\$2,338,675	1.25
2018	2,489,743	1,948,457	1.28
2017	2,607,201	2,030,891	1.28
2016	2,721,570	2,158,680	1.26
2015	2,847,756	2,307,890	1.23
2014	3,015,137	2,507,082	1.20
2013	3,311,864	2,766,326	1.20
2012	3,542,214	2,926,149	1.21
2011	3,627,287	3,047,472	1.19
2010	3,717,989	3,136,883	1.19

⁽¹⁾ Bonds and notes issued by the Community Development Administration (CDA) are special obligations of CDA and are payable solely from the revenues of the applicable mortgage loan programs. Assets, principally mortgage loans, and program revenues are pledged as collateral for the revenue bonds.

STATE OF MARYLAND
Schedule of Demographic Statistics
Last Ten Years
(Expressed in Thousands)

	Population ⁽¹⁾	Total Personal Income ⁽²⁾	Per Capita Personal Income	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
2019	6,042,718	\$380,171,900	\$62,914	1,019,971	3.9%
2018	6,052,177	360,250,668	59,524	1,021,454	4.1
2017	6,016,447	348,569,720	57,936	1,009,762	4.3
2016	6,007,289	337,174,077	56,127	1,010,035	4.3
2015	5,976,407	329,559,646	55,143	1,001,193	5.2
2014	5,928,814	321,688,894	54,259	994,380	6.0
2013	5,884,563	316,681,620	53,816	992,828	6.8
2012	5,828,289	295,235,516	50,656	961,486	6.8
2011	5,785,982	283,919,505	49,070	993,996	7.2
2010	5,699,478	278,026,000	48,781	984,134	7.4

Sources:

⁽¹⁾ U.S. Census Bureau, "Annual Estimates of the Resident Population: April 1, 2011 - July 1, 2018", revised December, 2018. Estimates for the calendar year except that the current year amount is a projected estimate for the year.

⁽²⁾ U.S. Department of Commerce, Bureau of Economic Analysis. Data for all years based on revised statistics of state personal income released on March 22, 2019. All estimates of state personal income are subject to BEA's flexible annual revision schedule.

⁽³⁾ Figures are as of September 30 of the prior calendar year from State Department of Education, grades pre-kindergarten through grade 12. Includes public and nonpublic schools. Data for nonpublic schools is incomplete.

⁽⁴⁾ Figures are for the fiscal year from State Department of Labor.

STATE OF MARYLAND
Schedule of Employment by Sector
Prior Year and Nine Years Prior

	Calendar Year 2018 ⁽¹⁾			Calendar Year 2009 ⁽²⁾		
	Average Annual Employment	Total Wages (Expressed in Thousands)	Average Weekly Wage Per Worker	Average Annual Employment	Total Wages (Expressed in Thousands)	Average Weekly Wage Per Worker
Government:						
State and local	344,154	\$ 19,858,580	\$ 1,110	345,056	\$ 17,203,289	\$ 959
Federal	144,948	15,329,770	2,034	131,862	11,439,794	1,668
Total government	489,102	35,188,349	1,384	476,918	28,643,083	1,155
Manufacturing	109,202	8,627,314	1,519	118,707	7,502,332	1,215
Natural resources and mining	6,444	277,922	829	6,428	226,884	679
Construction	163,285	10,763,376	1,268	153,122	8,200,750	1,030
Trade, transportation, and utilities	462,196	21,561,451	897	436,545	17,062,305	752
Information services	36,234	3,364,141	1,785	46,513	3,197,305	1,322
Financial activities	138,188	13,059,191	1,817	141,937	9,740,039	1,320
Professional and business services	452,271	36,004,022	1,531	384,033	25,160,425	1,260
Education and health services	445,187	24,174,401	1,044	378,238	17,518,703	891
Leisure and hospitality	282,048	6,774,918	462	230,220	4,342,320	363
Unclassified and other services	92,558	3,999,193	831	88,311	2,921,744	636
Total of all sectors	2,676,715	\$ 163,794,280	\$ 1,177	2,460,972	\$ 124,515,890	\$ 973

⁽¹⁾ Source: DLLR Website - <http://dllr.maryland.gov/lmi/emppay/md2018ep.shtml>

⁽²⁾ Source: DLLR Website - <http://dllr.maryland.gov/lmi/emppay/md2009ep.shtml>

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

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

Source: Department of Labor, Licensing and Regulation; Office of Market Labor Analysis and Information – Major Employer List – March 2019

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

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

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

	Year ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
State Employees:										
Governmental activities:										
General government.....	5,855	5,605	5,770	5,841	5,464	5,922	5,396	5,487	5,479	5,695
Health and mental hygiene.....	10,495	9,868	9,878	10,187	9,629	10,416	9,743	9,929	9,459	10,103
Education.....	2,371	2,203	2,230	2,330	2,207	2,509	2,253	2,227	2,162	2,250
Human resources.....	5,943	5,901	5,970	6,122	6,122	6,232	6,149	6,268	6,327	6,456
Public safety.....	18,385	13,137	14,010	19,769	14,963	15,449	15,443	15,625	15,547	15,759
Transportation.....	6,504	6,075	5,977	6,213	6,130	6,082	6,095	6,201	6,137	6,405
Judicial.....	6,456	6,354	6,321	6,277	6,024	6,158	5,937	5,905	5,935	5,854
Labor, licensing and regulation.....	1,809	1,642	1,659	1,821	1,633	1,971	1,793	1,906	1,962	1,879
Natural resources and recreation.....	2,363	2,107	2,074	2,290	2,001	2,349	2,049	2,100	2,135	2,111
Housing and community development.....	235	216	195	199	194	210	386	385	268	274
Environment.....	907	868	881	904	901	915	931	927	958	1,000
Agriculture.....	437	431	447	439	424	472	446	436	450	482
Commerce.....	165	169	170	163	154	164	169	170	167	163
Total governmental activities employees.....	61,925	54,576	55,582	62,555	55,846	58,849	56,790	57,566	56,986	58,431
Business-type activities:										
Economic development - insurance programs.....	292	276	285	284	267	287	265	268	266	262
Maryland Lottery and Gaming Control Agency.....	325	326	326	321	298	269	248	215	200	181
Maryland Transportation Authority.....	1,669	1,662	1,578	1,667	1,666	1,683	1,644	1,681	1,650	1,660
Maryland Correctional Enterprises.....	158	146	157	171	177	190	183	194	184	200
Total business-type employees.....	2,444	2,410	2,346	2,443	2,408	2,429	2,340	2,358	2,300	2,303
Total primary government employees.....	64,369	56,986	57,928	64,998	58,254	61,278	59,130	59,924	59,286	60,734
Component Units:										
Higher Education.....	48,421	47,756	47,671	45,597	44,875	45,332	41,676	39,005	39,259	39,411
Prepaid College Trust.....	36	27	30	25	15	18	17	14	15	17
Stadium Authority.....	185	170	155	143	133	129	123	112	112	108
Other component units.....	29	27	25	28	27	27	27	29	29	28
Total component units employees.....	48,671	47,980	47,881	45,793	45,050	45,506	41,843	39,160	39,415	39,564

Source: Central Payroll Bureau, State Comptroller's Office and Maryland Department of Transportation

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

Date of Ratification	1788									
Form of Government	Legislative - Executive - Judicial									
Land Area	9844 square miles									
Function/Program	2019 ⁽¹⁾	2018	2017	2016	2015	2014	2013	2012	2011	2010
Education, Public School Enrollment	896,845	893,689	886,221	879,601	874,514	827,999	823,452	821,106	817,610	814,609
Health and Human Resources:										
Medicaid Enrollment	1,083,592	1,141,995	1,098,887	1,081,526	1,138,532	1,079,849	841,812	810,593	764,500	676,187
Children's Health Program Enrollment	154,320	147,837	146,031	136,980	122,955	114,648	111,132	103,011	98,000	97,998
WIC Food Program Recipients	126,914	129,504	134,662	140,909	140,600	140,830	144,923	146,787	155,000	148,670
Behavioral Health Clients	340,479	326,249	201,005	199,138	185,181	184,104	167,680	159,124	152,953	122,046
Public Assistance Caseload (AFDC/TANF)	42,661	46,651	50,901	56,115	61,739	64,359	67,436	72,413	67,422	67,422
Foster Care and Subsidized Adoption Average Caseload	12,535	12,727	12,977	13,410	13,477	15,090	15,386	14,230	15,297	15,093
Public Safety:										
Correctional Institutions Average Daily Population ...	21,370	22,799	23,115	23,093	23,951	24,237	24,686	25,450	21,159	20,891
Parole and Probation, Active Cases under Supervision	70,293	69,878	40,402	42,368	50,968	49,734	52,187	50,982	55,200	54,939
Youth Residential Programs, Average Daily Population	742	739	782	852	998	1,209	1,201	1,304	1,468	1,406
Average Monthly number of Youths on Probation	2,204	2,292	2,296	2,446	2,761	2,630	2,983	3,375	5,015	5,015
Public Safety (State Police):										
Number of Police Stations	23	23	23	23	26	26	25	25	25	25
Number of State Police	1,464	1,428	1,452	1,456	1,443	1,570	1,562	1,563	1,565	1,565
Motor Vehicle Citations (calendar year)	338,806	336,950	330,153	355,061	363,134	370,767	384,500	336,094	348,459	381,915
Motor Vehicle - Number of Collisions (calendar year) ⁽⁷⁾	25,669	34,278	23,779	19,907	98,400	96,200	88,700	89,285	102,000	90,517
Judicial, Total Filings	NA	1,902,579	1,886,882	1,931,138	1,946,586	1,987,309	2,050,561	2,056,603	2,105,728	2,155,864
Transportation:										
Miles of State Highway	5,284	5,274	5,270	5,274	5,271	5,273	5,264	5,266	5,254	5,244
Lane Miles Maintained	17,191	17,174	17,143	17,132	17,117	17,063	17,050	17,042	16,988	16,961
Expenditures per Lane Mile	9,320	\$ 9,423	\$ 9,373	\$ 9,199	\$ 8,430	\$ 8,261	\$ 8,655	\$ 8,618	\$ 8,171	\$ 7,572
Number of Bridges ⁽²⁾	1,483	1,483	1,484	1,483	1,499	1,496	1,434	1,182	1,183	1,180
Motor Vehicle Registrations	5.1 million	5.0 million	5.0 million	5 million	4.9 million	4.9 million	4.8 million	4.9 million	5.0 million	4.8 million
BWI Airport Passengers (calendar year)	27.1 million	24.8 million	25.7 million	24.7 million	22.8 million	22.7 million	22.2 million	22.8 million	22.5 million	21.7 million
Acres Agricultural Land Preserved - all programs	675,906	654,490	635,710	614,173	609,661	587,757	574,838	572,680	563,482	554,285
Department of Housing and Community Development:										
Active Single Family/Multifamily Bond Financed Loans ⁽⁴⁾	11,533	10,510	11,525	12,646	13,734	14,919	15,426	16,796	16,456	16,405
Department of Commerce:										
Number of businesses assisted ⁽³⁾	35	30	NA	4	7	9	9	13	17	24
Number of workers trained ⁽³⁾	1,619	1,210	NA	126	142	161	79	262	637	547

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

Function/Program	2019 ⁽¹⁾	2018	2017	2016	2015	2014	2013	2012	2011	2010
Higher Education (Universities, Colleges and Community Colleges):										
Number of Campuses in State	29	29	29	29	29	29	29	29	29	29
Number of Educators ⁽⁵⁾	8,390	8,383	8,387	8,355	8,391	8,298	8,271	9,892	9,671	9,421
Number of Students	284,200	289,879	287,831	291,797	288,720	296,805	302,115	298,273	286,106	280,196
Number of State Scholarships Awarded ⁽⁶⁾	33,689	35,252	32,203	35,859	40,061	43,318	45,212	40,485	65,544	52,965
Recreation:										
Number of State Parks and Forests	62	62	60	60	60	66	66	66	65	65
State Parks Daily Visitors	13.6 million	13.8 million	14.0 million	12.9 million	11.3 million	10.3 million	11.2 million	11.8 million	10.5 million	10.1 million
Area of State Parks, Acres	97,368	97,195	94,762	95,314	95,196	97,414	96,130	95,199	95,196	94,729
Area of State Forests, Acres	148,539	147,863	147,810	147,521	145,761	145,200	143,430	142,979	142,058	141,789

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

⁽¹⁾ These amounts are estimates.

⁽²⁾ Maryland's portion of the National Highway System was recently expanded beginning in 2013 due to Federal Highway Legislation.

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

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

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

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

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

Financial Schedules Required by Law

THESE SCHEDULES ARE REQUIRED TO BE SUBMITTED BY THE COMPTROLLER BY TITLE 2,
SECTION 102 OF THE STATE FINANCE AND PROCUREMENT ARTICLE OF THE ANNOTATED
CODE OF MARYLAND



STATE OF MARYLAND
Schedule of Estimated and Actual Revenues By Source, Budgetary Basis, for the Year Ended June 30, 2019
(Expressed in Thousands)

	Annual Budgeted Funds											Capital Projects Fund Actual Revenues	Total Actual Revenues
					Higher Education Funds								
	General Fund		Special Fund		Federal Fund		Current Unrestricted Fund		Current Restricted Fund				
	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues			
Taxes:													
Property tax		\$ 2,827	\$ 1,013,000	\$ 1,045,399									\$ 1,048,226
Franchise and corporation tax	\$ 141,141	146,303											146,303
Death taxes	186,286	180,440											180,440
Admission and amusement tax			2,819	14,822									14,822
Alcohol beverages tax	31,483	32,062		104									32,166
Motor vehicle fuel taxes			850,000	1,140,220									1,140,220
Income taxes	10,797,042	11,105,461	223,039	471,179									11,576,640
Sales and use taxes	4,750,875	4,812,090	72,000	76,602									4,888,692
Tobacco taxes	378,333	356,684											356,684
Motor vehicle titling taxes			900,000	916,536									916,536
Insurance company taxes	349,984	364,038	282,527	433,543									797,581
Horse racing taxes			1,500	1,164									1,164
Shellfish taxes				173									173
Boxing, wrestling or sparring taxes		390											390
Boat titling tax			15,193	20,016									20,016
Energy generation tax			60,000	51,377									51,377
Emergency telephone system tax			50,000	58,322									58,322
Total taxes	16,635,144	17,000,295	3,470,078	4,229,457									21,229,752
Other:													
Licenses and permits	43,497	37,302	608,022	660,676									697,978
Fees for services	157,214	146,549	897,231	862,982									1,009,531
Fines and costs	116,527	123,989	208,529	235,963									359,952
Sales to the public	31,252	8,195	650,547	111,920									120,115
Commissions and royalties	67		106,781	65,568									65,568
Rentals	75	2,914	119,208	127,998									130,912
Interest on investments	47,250	66,715	101,632	27,464		\$ 325					\$ 91		94,595
Interest on loan repayments			360	958									958
Miscellaneous	89,194	165,474	218,324	238,158									403,632
Colleges and universities							\$ 3,281,922	\$ 3,191,577	\$ 1,510,952	\$ 1,432,058			4,623,635
Federal reimbursements and grants					\$ 13,074,982	12,123,140							12,123,140
Other reimbursements	97,786	47,661	1,301,994	1,103,866									1,151,527

STATE OF MARYLAND
Schedule of Estimated and Actual Revenues By Source, Budgetary Basis, for the Year Ended June 30, 2019 (Continued)
(Expressed in Thousands)

	Annual Budgeted Funds											
							Higher Education Funds				Capital Projects Fund Actual Revenues	Total Actual Revenues
	General Fund		Special Fund		Federal Fund		Current Unrestricted Fund		Current Restricted Fund			
	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues	Estimated Revenues	Actual Revenues		
Bond issues:												
State - general purpose.....			\$ 2,487	\$ 180,896							\$ 1,000,000	\$ 1,180,896
Consolidated transportation bonds.....			1,209,512	630,680								630,680
Premiums.....											55,000	55,000
State reimbursements.....	\$ 535,711	\$ 573,823	405,120	422,115							35,428	1,031,366
Appropriated from other funds...							\$ 1,571,098	\$ 1,571,098				1,571,098
Trust funds.....			802	322								322
Revolving accounts.....	9,265	13,272	12,300	3,658								16,930
Total revenues	\$ 17,762,982	\$ 18,186,189	\$ 9,312,927	\$ 8,902,681	\$ 13,074,982	\$ 12,123,465	\$ 4,853,020	\$ 4,762,675	\$ 1,510,952	\$ 1,432,058	\$ 1,090,519	\$ 46,497,587

STATE OF MARYLAND
Schedule of Budget and Actual Expenditures and Encumbrances By Major Function, Budgetary Basis
For the Year Ended June 30, 2019

(Expressed in Thousands)

Expenditures and Encumbrances by Major Function*	Annual Budgeted Funds											Capital Projects Fund Actual	Total Actual
							Higher Education Funds						
	General Fund		Special Fund		Federal Fund		Current Unrestricted Fund		Current Restricted Fund				
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual			
Payments of revenue to civil divisions of the State	\$ 168,463	\$ 168,463	\$ 1,200										\$ 168,463
Public debt			1,004,000	\$ 1,000,726	\$ 12,831	\$ 11,591							1,012,317
Legislative	91,929	91,629											91,629
Judicial review and legal	638,516	635,665	119,314	105,602	6,317	4,794							746,061
Executive and administrative control	290,074	285,118	240,628	208,838	230,259	216,407							710,363
Financial and revenue administration	236,795	228,979	168,133	146,033									375,012
Budget and management	125,860	120,619	38,077	29,584	214								150,203
Retirement and pension			23,576	22,189									22,189
General services	69,953	69,901	5,840	5,526	1,341	1,330							76,757
Transportation and highways			4,112,304	4,018,835	1,052,967	942,572							4,961,407
Natural resources and recreation	65,486	65,356	356,099	334,011	39,227	29,285							428,652
Agriculture	35,219	34,980	90,850	53,250	6,685	5,573							93,803
Health, hospitals and mental hygiene	4,939,437	4,935,669	1,350,550	1,292,417	8,158,082	7,873,298							14,101,384
Human resources	607,773	605,773	119,333	113,943	1,725,248	1,615,866							2,335,582
Labor, licensing and regulation	45,195	44,167	226,360	177,701	172,772	152,373							374,241
Public safety and correctional services	1,235,378	1,235,273	135,798	125,740	33,035	29,291							1,390,304
Public education	8,709,016	8,338,095	707,380	699,649	1,245,727	1,144,312	\$ 4,853,020	\$ 4,754,391	\$ 1,510,952	\$ 1,430,867			16,367,314
Housing and community development	22,616	22,615	108,034	97,963	298,611	282,908							403,486
Commerce	80,638	79,881	67,452	45,951	2,937	2,870							128,702
Maryland technology development corporation	19,474	19,474	7,714	7,714									27,188
Environment	31,062	30,986	320,644	318,440	75,978	75,467							424,893
Juvenile services	264,928	262,110	3,616	3,245	5,326	3,696							269,051
State police	294,240	294,240	106,152	102,724	7,425	6,138							403,102
State reserve fund	14,345	14,345											14,345
Loan accounts	286,000	286,000										1,249,376	1,535,376
Reversions:													
Current year reversions	(30,000)												
Prior year reversions		(36,261)		(42,959)		(89,766)		(818)		(74)			(169,878)
Total expenditures and encumbrances	\$18,242,397	\$17,833,077	\$ 9,313,054	\$ 8,867,122	\$ 13,074,982	\$12,308,005	\$ 4,853,020	\$ 4,753,573	\$ 1,510,952	\$ 1,430,793	\$ 1,249,376	\$46,441,946	

*Appropriation and expenditure differences between this statement and the "Statement of Revenues, Expenditures and Encumbrances and Changes in Fund Balances - Budget and Actual - Budgetary General, Special, and Federal Funds" included in the RSI Section, result from differences in the classification of prior year encumbrances and expenditures.

STATE OF MARYLAND
Schedule of Changes in Fund Equities - Budgetary Basis
For the Year Ended June 30, 2019

(Expressed in Thousands)

	Annual Budgeted Funds								
	General Fund		Special Fund		Federal Fund	Higher Education Funds		Capital Projects Fund	Total
	General	State Reserve	Special	Debt Service		Current Unrestricted Fund	Current Restricted Fund		
Fund equities, June 30, 2018	\$ 760,242	\$ 883,562	\$ 1,872,770	\$ 182,829		\$ 1,209,322	\$ 6,870	\$ 410,202	\$ 5,325,797
Increase:									
Revenues	18,155,536	30,653	7,949,780	952,901	\$ 12,123,465	4,762,675	1,432,058	1,090,519	46,497,587
Decrease:									
Appropriations	17,912,098		8,309,054	1,004,000	13,074,982	4,853,020	1,510,952	1,249,376	
Less: Current year reversions	(42,760)		(399,696)	(3,274)	(677,211)	(98,629)	(80,085)		
Prior year reversions	(36,261)		(42,959)		(89,766)	(818)	(74)		
Expenditures and encumbrances*	17,833,077		7,866,399	1,000,726	12,308,005	4,753,573	1,430,793	1,249,376	46,441,949
Changes to encumbrances during fiscal year 2019	(146,744)		61,255		(12,127)	1,518	78		(96,020)
Expenditures	17,686,333		7,927,654	1,000,726	12,295,878	4,755,091	1,430,871	1,249,376	46,345,929
Transfers in (out)	62,140	(23,506)	571,422	7,059	172,413	(3,030)		156,094	942,592
Fund equities, June 30, 2019	\$ 1,291,585	\$ 890,709	\$ 2,466,318	\$ 142,063	\$	\$ 1,213,876	\$ 8,057	\$ 407,439	\$ 6,420,047
Fund Balance:									
Reserved:									
Encumbrances	\$ 317,391		\$ 666,251		\$ 436,235	\$ 1,279	\$ 251	\$ 618,245	\$ 2,039,652
State reserve fund		\$ 890,709							890,709
Loans and notes receivable				\$ 1,252					1,252
Shore erosion loan program			6,704						6,704
Gain/Loss on Investments									
Unreserved:									
Designated for:									
General long-term debt service				140,811					140,811
2020 operations	718,235								718,235
Undesignated surplus (deficit)	255,959		1,793,363		(436,235)	1,212,597	7,806	(210,806)	2,622,684
Total	\$ 1,291,585	\$ 890,709	\$ 2,466,318	\$ 142,063	\$	\$ 1,213,876	\$ 8,057	\$ 407,439	\$ 6,420,047

*Appropriations and expenditure differences between this statement and the "Statement of Revenues, Expenditures and Encumbrances and Changes in Fund Balances - Budget and Actual - Budgetary General, Special, and Federal Funds" included in the RSI Section, result from differences in the classification of prior year encumbrances and expenditures.

STATE OF MARYLAND
Schedule of Funds Transferred to Political Subdivisions
For the Year Ended June 30, 2019 ⁽¹⁾
(Expressed in Thousands)

Subdivision	State Sources				Other Sources				Assessed Value of Real and Personal Property ⁽²⁾	Amount Per \$100 of Assessed Value
	Direct Grants and Debt Service			Total	State Administered					
	Shared Revenues	Appropriations	Debt Service		Federal Funds	Local Revenue	Total			
Allegany	\$ 489	\$ 116,715	\$ 5,270	\$ 122,474	\$ 17,016	\$ 31,876	\$ 171,366	\$ 3,941,068	\$ 4.35	
Anne Arundel	3,064	541,454	27,328	571,846	79,795	543,178	1,194,819	93,850,223	1.27	
Baltimore County	4,252	933,578	38,829	976,659	130,722	733,706	1,841,087	90,112,564	2.04	
Calvert	662	105,879	9,357	115,898	12,890	97,585	226,373	12,530,734	1.81	
Caroline	409	70,857	345	71,611	12,425	15,991	100,027	2,674,453	3.74	
Carroll	1,164	181,560	7,657	190,381	19,770	165,072	375,223	20,693,619	1.81	
Cecil	672	147,260	5,416	153,348	22,025	69,274	244,647	10,811,393	2.26	
Charles	1,018	241,876	17,502	260,396	26,789	135,295	422,480	18,780,833	2.25	
Dorchester	454	58,996	11,015	70,465	13,300	15,762	99,527	2,929,201	3.40	
Frederick	1,419	319,411	23,716	344,546	31,821	235,859	612,226	32,379,742	1.89	
Garrett	548	39,337	1,836	41,721	7,748	16,558	66,027	4,641,086	1.42	
Harford	1,440	287,356	22,170	310,966	38,272	236,564	585,802	29,736,683	1.97	
Howard	1,673	368,556	12,073	382,302	31,481	464,766	878,549	54,902,277	1.60	
Kent	234	17,074	30	17,338	4,771	13,861	35,970	3,008,536	1.20	
Montgomery	3,881	1,772,677	42,063	1,818,621	128,250	1,530,292	3,477,163	199,113,920	1.75	
Prince George's	3,146	1,425,436	63,398	1,491,980	99,945	664,711	2,256,636	100,916,396	2.24	
Queen Anne's	551	60,367	504	61,422	9,595	60,085	131,102	8,454,420	1.55	
St Mary's	820	135,107	612	136,539	16,772	102,818	256,129	12,897,316	1.99	
Somerset	291	48,102	23,569	71,962	11,101	8,353	91,416	1,503,434	6.08	
Talbot	335	24,992	8,390	33,717	8,308	29,292	71,317	8,547,225	0.83	
Washington	913	239,365	12,694	252,972	35,962	91,309	380,243	13,371,479	2.84	
Wicomico	677	196,703	14,544	211,924	29,516	55,671	297,111	6,686,228	4.44	
Worcester	536	37,374	6,379	44,289	12,820	31,388	88,497	16,277,750	0.54	
Baltimore City	125,854	1,264,463	38,486	1,428,803	244,047	398,752	2,071,602	43,846,113	4.72	
Total	\$ 154,502	\$ 8,634,495	\$ 393,183	\$ 9,182,180	\$ 1,045,141	\$ 5,748,018	\$ 15,975,339	\$ 792,606,693		

⁽¹⁾ In addition to the amounts shown for counties and Baltimore City, \$164,564,000 was distributed to municipalities within the counties.

⁽²⁾ Source: Seventy-Fifth Report of the Department of Assessments and Taxation, dated January 2019. Assessed value of property is 100%

STATE OF MARYLAND
Schedule of Taxes Receivable from
Collectors of State Property Taxes
June 30, 2019

(Expressed in Thousands)

Political Subdivision	Taxes Receivable		
	Current Year	Prior Years	Total
Allegany.....	\$ 424	\$ 213	\$ 637
Anne Arundel.....	878	342	1,220
Baltimore County.....	432	311	743
Calvert.....	326	119	445
Caroline.....	21	18	39
Carroll.....	135	23	158
Cecil.....	76	21	97
Charles.....	(51)	66	15
Dorchester.....	142	71	213
Frederick.....	44	139	183
Garrett.....	256	13	269
Harford.....	137	35	172
Howard.....	(188)	1,158	970
Kent.....	204	48	252
Montgomery.....	(526)	(732)	(1,258)
Prince George's.....	108	569	677
Queen Anne's.....	44	23	67
St Mary's.....	212	56	268
Somerset.....	121	310	431
Talbot.....	19	23	42
Washington.....	84	(3)	81
Wicomico.....	75	126	201
Worcester.....	488	46	534
Baltimore City.....	9,977	10,311	20,288
Total	\$ 13,438	\$ 13,306	\$ 26,744

STATE OF MARYLAND
Schedule of Estimated Revenues - Budgetary Basis
For the Year Ending June 30, 2020
(Expressed in Thousands)

	General Fund	Special Fund	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Total
Income Taxes	\$ 11,339,828	\$ 249,605				\$ 11,589,433
Retail sales and use tax and licenses	5,026,412	86,596				5,113,008
Motor vehicle fuel taxes and licenses		1,190,418				1,190,418
Motor vehicle tax and licenses		1,310,900				1,310,900
Property taxes		1,077,320	(1)			1,077,320
Insurance company taxes, licenses and fees	397,861	187,024				584,885
Franchise and corporation taxes	260,392					260,392
State tobacco tax and licenses	364,021					364,021
Alcoholic beverages taxes and licenses	34,103					34,103
Death taxes	164,273					164,273
Miscellaneous taxes, fees and other revenues	156,021	174,705	(1) \$ 11,533	(1)		342,259
Budgeted tobacco settlement recoveries		153,478				153,478
Horse racing taxes and licenses		4,809				4,809
District courts fines and costs	58,184					58,184
Interest on investments	50,000	2,000				52,000
Hospital patient recoveries	56,715					56,715
Legislative	18					18
Judicial review and legal	63,653	123,152	4,654			191,459
Executive and administrative control	8,257	180,609	248,781			437,647
Financial and revenue administration	15,600	66,275				81,875
Budget and management	5,018	51,861	16,319			73,198
Maryland lottery and gaming control	547,455	634,710				1,182,165
Information technology development		16,884				16,884
Retirement and pension		22,467				22,467
General services		4,228	1,410			5,638
Transportation and highways	17	1,365,161	1,317,909			2,683,087
Natural resources and recreation	22	91,904	35,440			127,366
Agriculture	89	36,652	7,232			43,973
Health, hospitals and mental hygiene	31,072	990,821	7,926,731			8,948,624
Human resources	1,602	86,110	1,689,709			1,777,421
Labor, licensing and regulation	4,540	220,498	168,577			393,615
Public safety and correctional services	7,809	136,616	30,417			174,842
Public education	9,473	95,971	1,290,536	\$ 4,931,044	\$ 1,449,985	7,777,009
Housing and community development	399	128,499	297,481			426,379
Commerce	31	56,425	3,526			59,982
Maryland technology development corporation		8,185				8,185
Environment	495	282,371	84,003			366,869
Juvenile services	62	3,039	4,484			7,585
State police	4,010	108,369	6,925			119,304
Total estimated revenues ⁽²⁾	\$ 18,607,432	\$ 9,147,662	\$ 13,145,667	\$ 4,931,044	\$ 1,449,985	\$ 47,281,790

⁽¹⁾Includes \$1,045,503,000 recorded in the Debt Service Fund for accounting purposes.

⁽²⁾Amounts are reported as of July 1, 2019, and do not reflect revisions, if any, subsequent to that date.

STATE OF MARYLAND
Schedule of General, Special, Federal, Current Unrestricted
and Current Restricted Fund Appropriations - Budgetary Basis
For the Year Ending June 30, 2020
(Expressed in Thousands)

	General	Special	Federal	Current	Current	
	Fund	Fund	Fund	Unrestricted	Restricted	Total
Payments of revenue to civil divisions of the State	\$ 173,832	\$ 1,250				\$ 175,082
Public debt	287,000	1,033,970 ⁽¹⁾	\$ 11,533			1,332,503
Legislative	95,433					95,433
Judicial review and legal	663,608	124,089	4,654			792,351
Executive and administrative control	303,675	220,598	248,781			773,054
Financial and revenue administration	232,550	163,060				395,610
Budget and management	276,199	68,745	16,319			361,263
Retirement and pension		22,468				22,468
General services	74,236	4,500	1,410			80,146
Transportation and highways		4,077,902	1,317,909			5,395,811
Natural resources and recreation	72,264	319,563	35,440			427,267
Agriculture	39,302	75,578	7,232			122,112
Health, hospitals and mental hygiene	5,107,261	1,282,583	7,926,731			14,316,575
Human resources	593,695	86,110	1,689,709			2,369,514
Labor, licensing and regulation	50,186	223,831	168,577			442,594
Public safety and correctional services	1,238,177	136,616	30,417			1,405,210
Public education	8,806,384	719,913	1,290,536	\$ 4,931,044	\$ 1,449,985	17,197,862
Housing and community development	37,740	128,499	297,481			463,720
Commerce	84,260	56,425	3,526			144,211
Maryland technology development corporation	34,704	8,184				42,888
Environment	34,073	282,370	84,003			400,446
Juvenile justice	259,324	3,039	4,484			266,847
State police	294,284	108,369	6,925			409,578
State reserve fund	660,621					660,621
Total appropriations ⁽²⁾	\$ 19,418,808	\$ 9,147,662	\$ 13,145,667	\$ 4,931,044	\$ 1,449,985	\$ 48,093,166

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

⁽²⁾ Amounts are reported as of July 1, 2019 and do not reflect revisions, if any, subsequent to that date.

