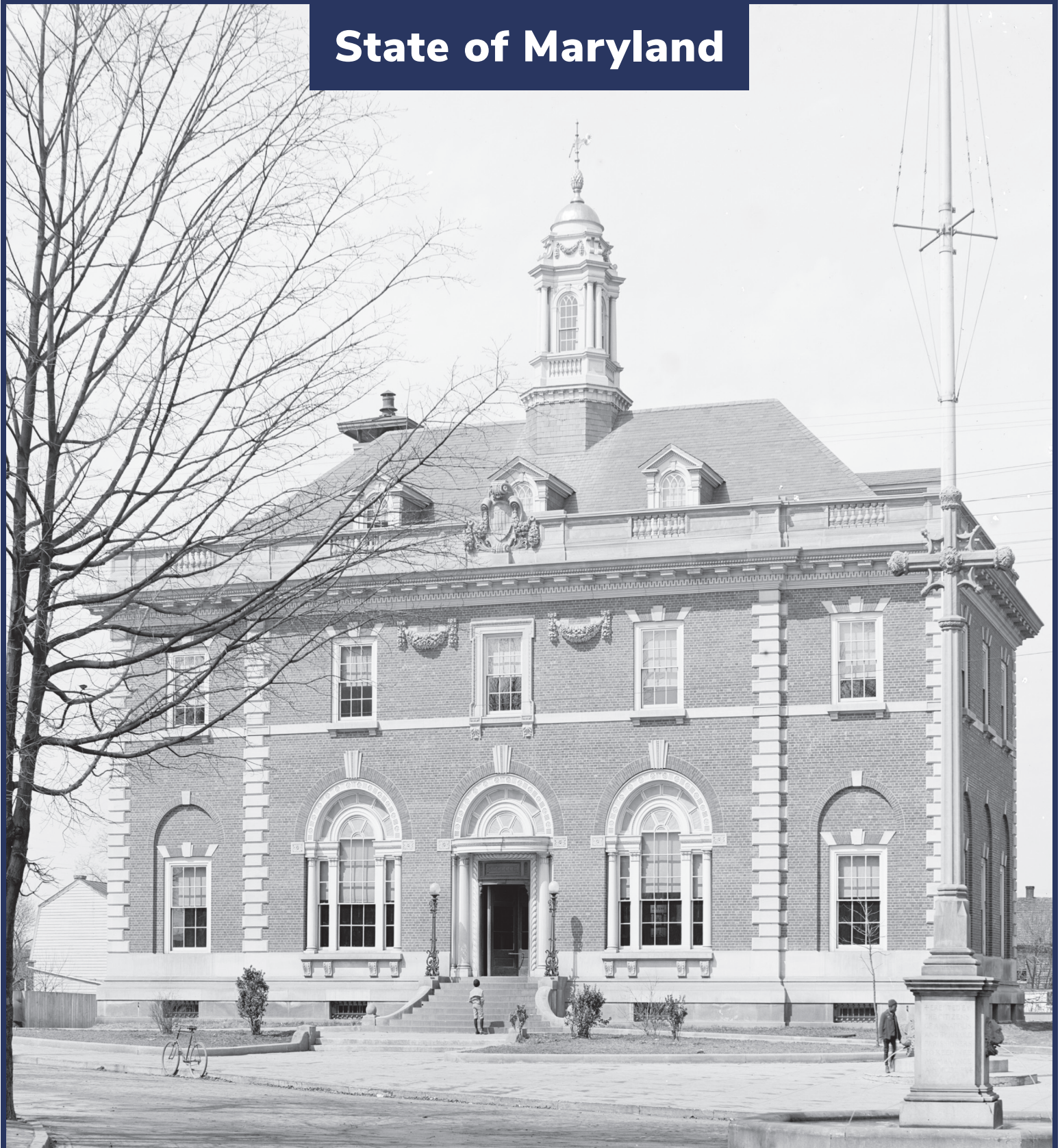


State of Maryland



2025 Annual Comprehensive Financial Report

FISCAL YEAR ENDED JUNE 30



COMPTROLLER of MARYLAND

S E R V I N G T H E P E O P L E

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2025

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Comptroller of Maryland

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Equal Opportunity Programs

Lateefah Montague, Director
Training, Office of Human Resources

Jeane Olson, Director
COMPASS

Dr. Andi Overton, Director
State Public Engagement

THEN AND NOW

A look at buildings repurposed to government use in the state of Maryland.

On the cover: Old Annapolis Post office, Built in 1901 (with later additions 1926, 1939)
as the U.S. Post Office in Annapolis.

LEADERSHIP TEAM

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Climate Resilience

Robert Rehmann, Director

Bureau of Revenue Estimates

Brandy Richmond, Director

Fraud Detection & Business Intelligence

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Deputy Chief of Innovation and Governance

Gina Wiklund, Director

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Maheshwar “Hesh” Seegopaul, Director

Unclaimed Property

Dhiren Shah, Director

Central Payroll

Michael Bayrd, Director

Intergovernmental Affairs

Charles Van Howeth, Director

Field Enforcement

Ana Garay, Director

Taxpayer Services

Ed Wykowski, Director

Compliance

Luther Dolcar, Director

General Accounting Division

GENERAL ACCOUNTING DIVISION

Luther Dolcar

Director, Accounting Operations and Financial Reporting

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Governor

Aruna K. Miller

Lieutenant Governor

Brooke E. Lierman

Comptroller

Anthony Brown

Attorney General

Dereck E. Davis

Treasurer

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President of the Senate

Adrienne A. Jones

Speaker of
the House of Delegates

JUDICIAL

Matthew J. Fader

Chief Judge

Court of Appeals of Maryland

ANNUAL COMPREHENSIVE FINANCIAL REPORT , STATE OF MARYLAND
FOR THE YEAR ENDED JUNE 30, 2025

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A MESSAGE FROM COMPTROLLER BROOKE LIERMAN



Dear Marylanders,

Every year, the Annual Comprehensive Financial Report provides us with a moment of reflection. It's a chance to examine our financial standing as a state and assess the work ahead. As I deliver the third ACFR of my administration, I am struck by how much we have accomplished together and how much potential remains for Maryland to grow more resilient in the years ahead.

The preparation of this report is a significant undertaking, and I want to express my deep appreciation to our agency's General Accounting Division. Under the leadership of Director Luther Dolcar, the team has once

again demonstrated a commitment to precision, transparency, and public service. Their dedication earned national recognition from the Government Finance Officers Association in 2024, a reflection of their professionalism and Maryland's continued leadership in financial stewardship.

Over the past several years, Maryland has navigated shifting economic conditions, changes in revenue patterns, and new pressures on our workforce and communities. Yet, these challenges have also brought opportunities: the chance to rethink how we deliver services, modernize outdated systems, and build an agency that meets residents where they are. As Comptroller, my focus has remained on ensuring that we make decisions rooted in equity, resilience and long-term growth while providing policymakers with clear, timely information to guide the future of our state.

This year's ACFR highlights how our agency has embraced change and delivered meaningful improvements for Marylanders. What began in 2023 as a modernization effort to replace aging tools has evolved into a broader transformation of how the Office of the Comptroller operates and how the public experiences their state government.

One of the most important steps forward has been the launch of MyComConnect, our new internal case-tracking system that brings together phone, email, and in-person interactions in a single platform. This system is already helping our teams resolve issues more quickly and deliver a smoother, more transparent experience to taxpayers.

We also unveiled a new visual identity and brand for the agency that reflects Maryland's diversity, innovation, and forward momentum. This refreshed identity precedes major service enhancements across the agency, including the opening of the New Windsor Mill office, which offers ground-floor access, free parking, accessibility by public transit, and close proximity to I-695 (the Baltimore Beltway). This move expands our presence and will improve access to public services for years to come.

Additionally, we developed and deployed the Board of Public Works (BPW) Dashboard, a tool that provides Marylanders with a clearer view of how public funds are spent. Increasing access to contract information strengthens trust in government and supports accountability across state agencies.

Our team also produced a series of high-impact reports designed to give leaders deeper insight into Maryland's economic landscape. This includes the Housing and Economy Report, which examines the relationship between affordability and economic growth; Part I of the University of Maryland research collaboration, providing new analytical perspectives on the state's fiscal trajectory; and updated findings on school construction, climate resilience, and the broader economic pressures facing families and businesses.

Other long-awaited improvements were also advanced this year. The Unclaimed Property program is undergoing a comprehensive modernization to expedite claims and enhance communication with residents. It now features a new website, making it easier than ever to reunite Marylanders with their lost property. Earlier this year, we announced the creation of our Office of the Taxpayer Advocate (OTA), which continues the agency's mission to enhance transparency, build trust, and improve both taxpayer customer service delivery and issue resolution. Finally, updated regulations for Maryland's digital and technology tax laws have brought much-needed clarity to businesses navigating a rapidly changing economy.

Each of these initiatives shows that the Office of the Comptroller is evolving. We are building a modern, responsive institution that values transparency, uses data to inform decisions, and recognizes that the people of Maryland deserve a government that meets the demands of a changing world.

Thank you for the opportunity to serve. Together, we will continue to build a Maryland that is fiscally sound, economically vibrant, and committed to providing opportunities for all.

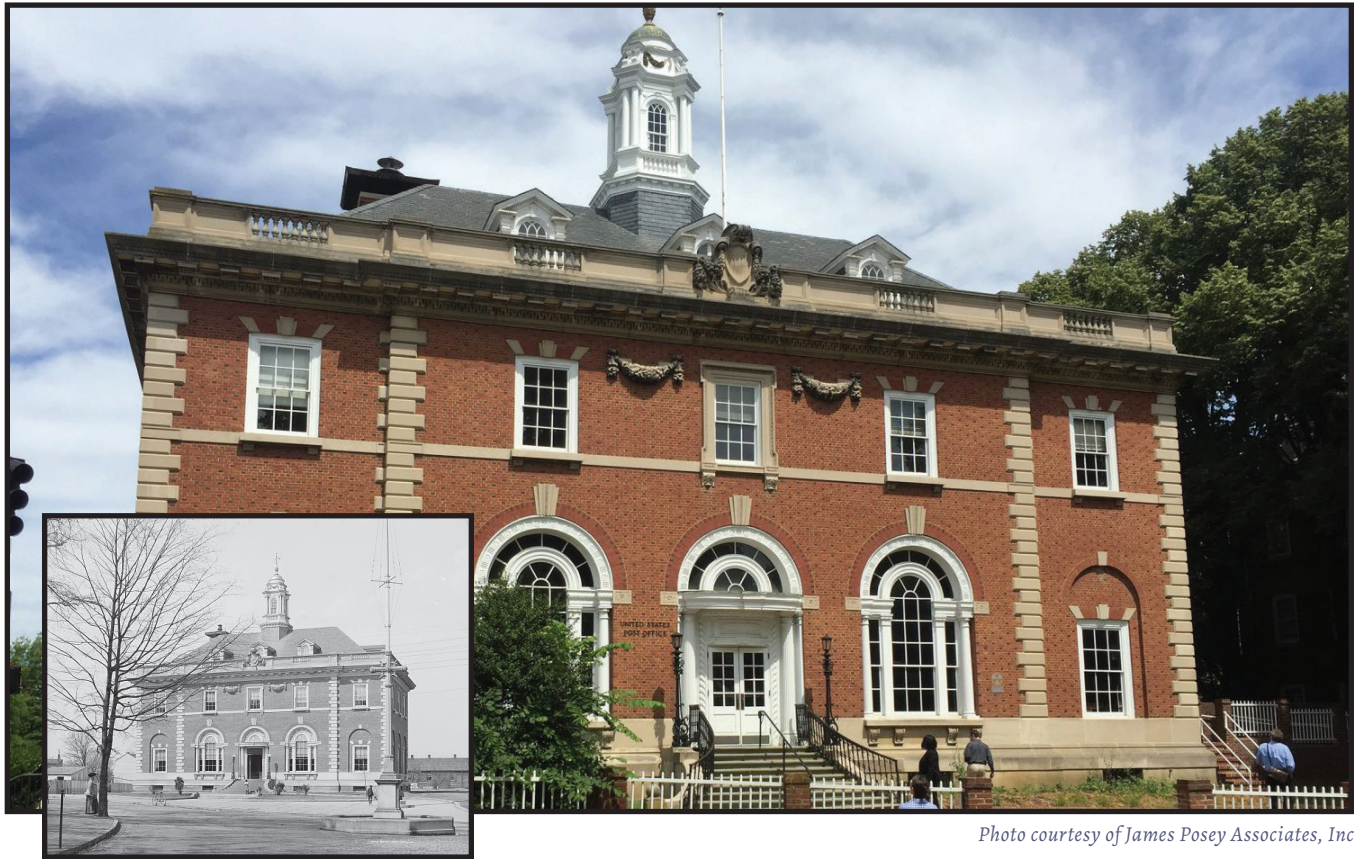
My best,



Brooke E. Lierman
Comptroller of Maryland



COMPTROLLER of MARYLAND
SERVING THE PEOPLE



OLD ANNAPOLIS POST OFFICE / HISTORIC POST OFFICE BUILDING - ANNAPOLIS

The transformation of the Old Annapolis Post Office preserved one of the city’s most prominent historic structures while ensuring it remains an active part of the civic landscape. By modernizing the building for state operations, Maryland maintained a strong governmental presence in downtown Annapolis, supported foot traffic and surrounding businesses, and extended the functional life of a high-value property without necessitating new construction in a dense and historically sensitive area.

Original Use: The Old Annapolis Post Office was originally constructed in 1901 by the United States Treasury Department as the United States Post Office serving Maryland’s capital city until 2015. Designed in the

Georgian Revival architectural style, the building reflected the federal government’s early 20th-century investment in civic infrastructure and was intended to serve as a prominent and enduring public building.

Current State Use: The State of Maryland purchased the property in 2013 and later undertook a substantial renovation led by the Maryland Department of General Services. Today, the building provides approximately 30,000 square feet of modernized office space and houses key agencies, including the Governor’s Office of Community Initiatives and the Governor’s Legal Office.



300 N. GREENE STREET, BALTIMORE (FORMER SOCIAL SECURITY ADMINISTRATION (SSA) METRO WEST COMPLEX)

Repurposing the former federal campus into state office space prevents a substantial downtown property from remaining vacant long-term and reinforces economic activity in the surrounding area. By leveraging the existing infrastructure and footprint, the project avoids the significant financial and environmental costs associated with building a new headquarters facility. The redevelopment ensures that the complex remains an active, economically valuable component of the city's workforce landscape, providing Maryland with a modern, cost-effective home for a major state agency.

Original Use: The Metro West complex, located at 300 N. Greene Street, opened in 1980 as one of the Social Security Administration's largest operational

campuses. For more than three decades, the facility housed thousands of federal employees and played a central role in the agency's administrative and processing functions. When the SSA vacated the complex in 2014, the site became one of downtown Baltimore's largest unused federal properties.

Current State Use: In 2025, the Maryland Department of Health announced its intention to relocate its headquarters to Metro West through a capital lease agreement. The Maryland Economic Development Corporation (MEDCO) is financing significant renovations that will update the complex for contemporary state office use.



MONTGOMERY WARD WAREHOUSE & RETAIL BUILDING, BALTIMORE

The building's conversion transformed an underutilized industrial asset marked by a complex social and economic past into a productive, environmentally forward office center. Its adaptive reuse preserved a major historic landmark while extending its economic life through a sustainable, modern purpose. The project revitalized a large portion of Baltimore's former industrial corridor and continues to anchor revitalization efforts in West Baltimore, a community with historically high percentages of black and low-income residents.

By housing critical state functions within the restored site, Maryland has helped support the area's long term economic stability.

Original Use: Built around 1925, the Montgomery Ward Warehouse and Retail Building served as a major distribution and retail hub for the Montgomery Ward mail-order empire. Strategically located along the B&O Railroad corridor, the eight-story reinforced concrete structure embodied the industrial design priorities of its era—efficiency, scale, and speed. Expansive warehouse floors, high ceilings, and large banks of windows allowed workers to fulfill and ship goods at a pace that helped define early 20th-century commerce.

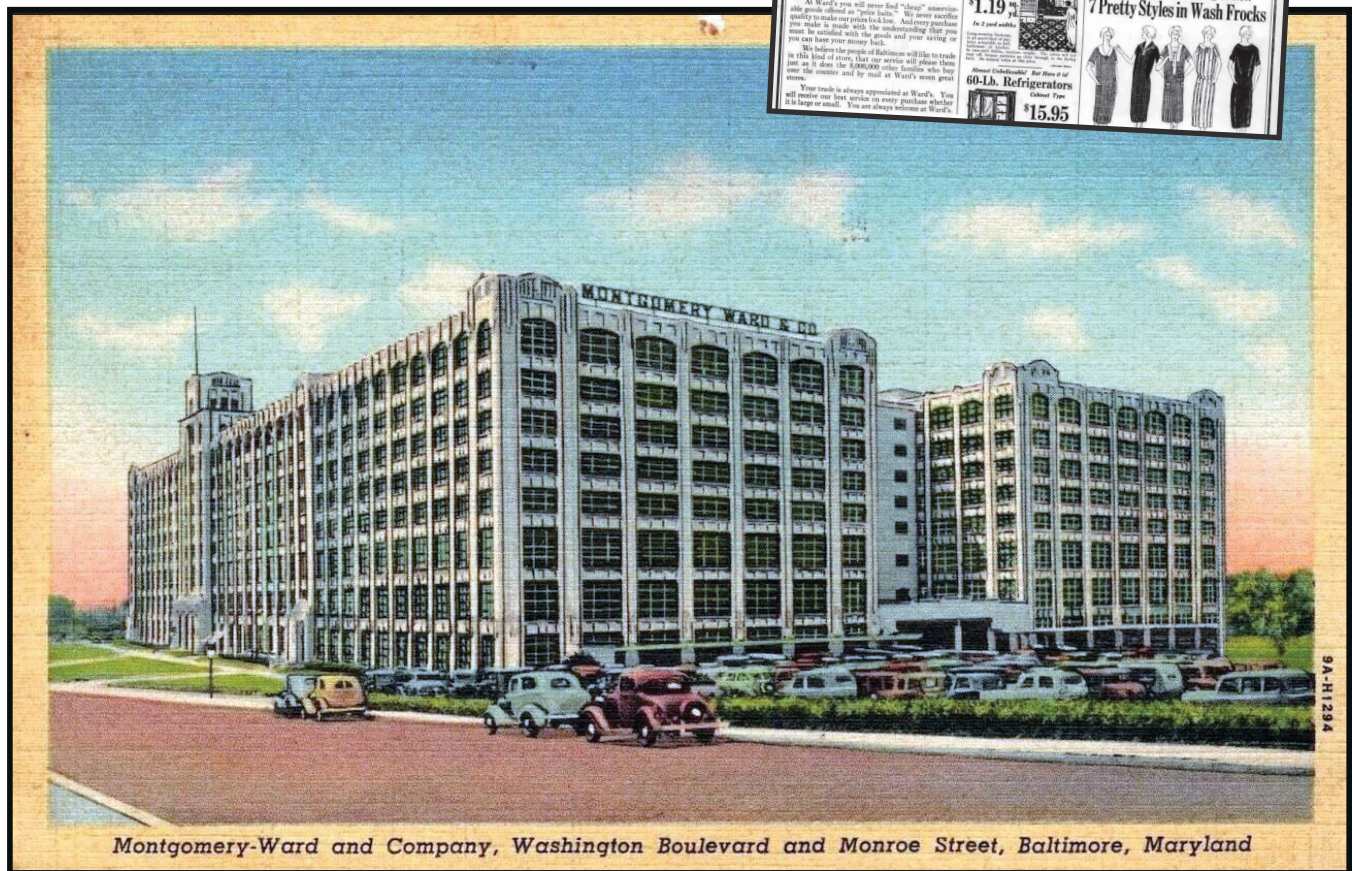
The building's history also reflects the racial inequities of the period. Of the 1,500 new jobs created when the facility opened, the company planned to hire only 25 African Americans, limited to trucking and

elevator operations. By the 1940s, Black women were employed in clerical roles, and it was not until the late 1950s that African Americans were permitted to work on the sales floor. This context underscores both the economic importance of the building and the social landscape in which it originally operated.

Current State Use: Between 2001 and 2002, the property underwent a \$75 million restoration and conversion after its purchase by Himmelrich Associates, a Baltimore-based real estate firm. Working closely with city and state partners, the developer remediated environmental contaminants and incorporated a series of sustainable features, including a 30,000-square-foot green roof and other energy-efficient technologies.

The redevelopment also introduced a new name, retaining only two letters from the original building sign as a nod to its history.

Today, the Maryland Department of the Environment (MDE) occupies a significant portion of the building, alongside other tenants, transforming the once-industrial structure into a modern multi-agency office complex. The project earned the Environmental Protection Agency's 2003 Phoenix Award for excellence in brownfield redevelopment.



Postcard of the Baltimore Catalog House, circa 1925. Public domain image.



7 ST. PAUL STREET (FORMERLY WELLS FARGO TOWER)

The building's transition reflects a shift in stewardship rather than form, repurposing a longstanding commercial office tower from private-sector banking use to a major public-sector function. While its physical use as office space remains unchanged, the relocation of a principal state agency into the building represents a meaningful example of adapting late 20th-century commercial real estate to serve modern government operations. By consolidating public services within the downtown core, the project reinforces the continued relevance and economic utility of Baltimore's existing office infrastructure.

Original Use: Originally developed as a commercial office building, 7 St. Paul Street was designed to house private-sector tenants, most notably Wells Fargo, a major banking institution, along with

associated professional and financial firms. Its configuration and scale reflected the priorities of mid-to-late 20th-century office design, serving as a centralized workplace for corporate operations.

Current State Use: In January 2024, the Office of the Comptroller of Maryland relocated its Baltimore City branch office to 7 St. Paul Street, completing building renovations and relocating more than 300 employees into the building in time for the 2024 tax season. This transition from private banking headquarters to a state agency office illustrates a continuity of use paired with a significant tenant-sector shift, from private financial services to public government operations, underscoring the role of adaptive reuse and state stewardship in sustaining Baltimore's downtown office buildings.

MARYLAND COMPTROLLER WINS AWARD FROM
GOVERNMENT FINANCE OFFICERS ASSOCIATION



Government Finance Officers Association

Certificate of
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For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

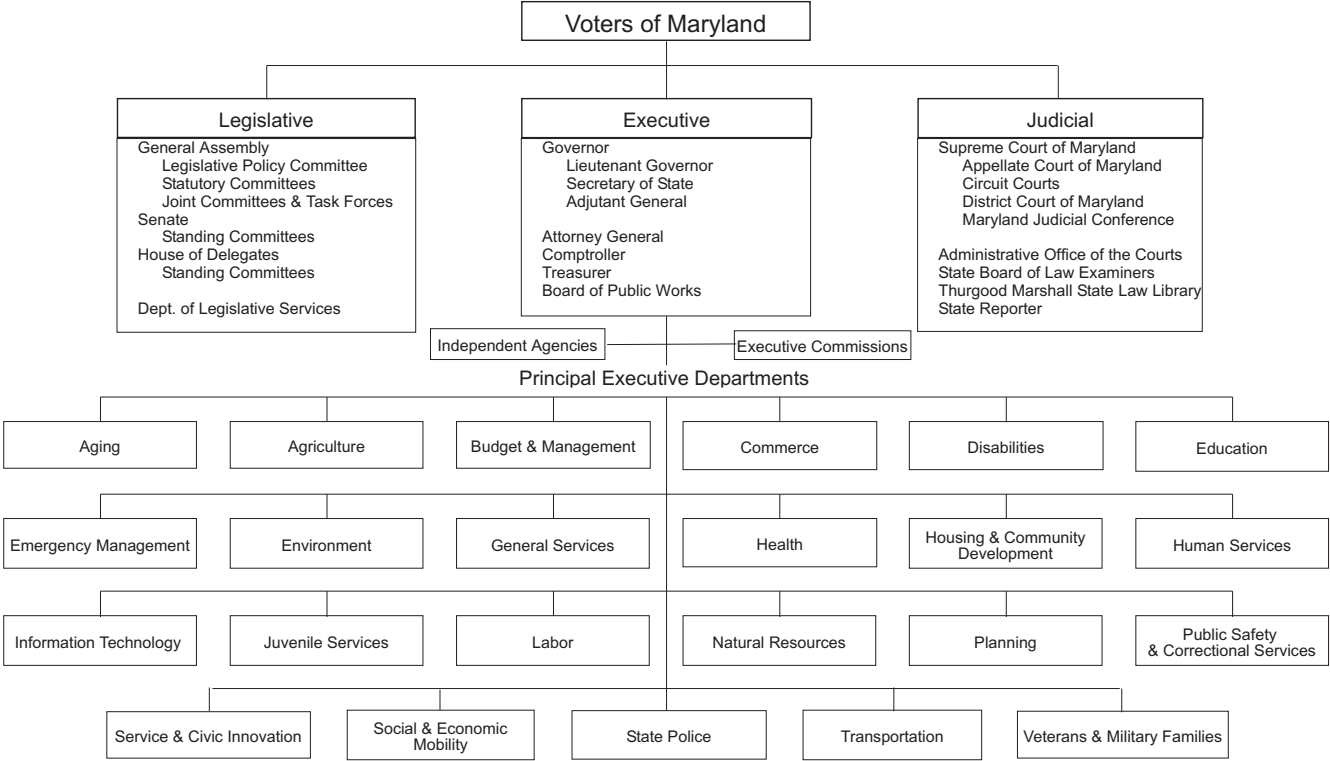
June 30, 2024

Christopher P. Morrell

Executive Director/CEO

MARYLAND STATE GOVERNMENT OVERVIEW

OVERVIEW OF MARYLAND STATE GOVERNMENT



Introductory Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT, STATE OF MARYLAND





January 28, 2026

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

On behalf of the Office of the Comptroller, I am pleased to share the State of Maryland's Fiscal Year (FY) 2025 Annual Comprehensive Financial Report (ACFR). The FY25 ACFR includes the State's financial statements, including estimated and actual revenues and expenditures, required under Title 2, Section 102 of the State Finance and Procurement Article of the Annotated Code of Maryland. These financial statements include:

- FY25 estimated State revenues;
- FY25 estimated State expenditures;
- FY25 total State funds and the total State revenues;
- FY25 revenues that State received from each source;
- FY25 total State expenditures and the purposes of those expenditures;
- FY25 State claims due from a political subdivision;
- FY25 State claims from an officer of a political subdivision who by law collects revenues for the State; and
- FY25 total funds from all state sources that the State transferred to each political subdivision and the amount of those transferred funds.

The Office of the Comptroller is responsible for the accuracy and completeness of the data presented, including all disclosures. To ensure ongoing accuracy, state law requires the Office of Legislative Audits to audit the Comptroller of Maryland's records every three to four years unless the Legislative Auditor determines, on a case-by-case basis, that more frequent audits are required. The Legislative Auditor conducts fiscal, compliance and performance audits of the various agencies and departments of the State and issues a separate report covering each of those audits.

The Office of the Comptroller also 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 agency, a representative from the University System of Maryland, and other units of the Executive branch of State government. We have satisfied this requirement, and the opinion of SB & Company, LLC has been included in the financial section of this report. SB & Company, LLC also performs an audit of the federal government's grants issued to the State of Maryland 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 this information is contained in a separate report.

Under State-issued guidelines for establishing effective internal controls, the State is responsible for ensuring compliance with laws and regulations related to its federal assistance. This compliance is accomplished through internal control guidelines. Because the cost of internal controls 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 provide an accounting of all funds of the State government (primary government), as well as all component units. Component units are legally separate entities for which the primary government is financially accountable. Maryland colleges and universities and the Maryland Stadium Authority are reported as major component units. The Maryland Environmental Service, the Maryland Industrial Development Financing Authority, the Maryland Economic Development Assistant Authority Fund, the Maryland Small Business 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 require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A. The MD&A can be found immediately following the report of the independent public accountants.

Background Information on the Office of the Comptroller of Maryland:

The Comptroller is one of three independently-elected statewide elected officials in Maryland. Unique among state financial officers, Maryland's Comptroller has diverse and far-reaching responsibilities that touch the lives of every Marylander.

The State constitution of 1851 created the position of the Comptroller of the Treasury to provide "general superintendence of the fiscal affairs of the state." Since then, this office has grown from a comptroller and one clerk to an agency of more than 1,100 employees. The Comptroller of Maryland is the elected Chief Financial Officer for Maryland, collector of revenue for state programs, remitter of unclaimed property, state payer, provider of information technology services for most state agencies, regulator of the State's motor fuel industries and member of many financial state boards and commissions. A principal duty of the agency is to collect taxes. With a budget of \$110 million, the agency collects approximately \$16 billion a year in state and local tax revenue and provides a range of services to the public at 11 branch offices throughout the state.

The Comptroller's office is divided into five major departments. The Office of Revenue Operations and Accounting is responsible for the tax operations and all accounting work of the agency. This department is overseen by the Chief Deputy Comptroller and is divided into several divisions, including revenue administration, taxpayer services, compliance, and general accounting.

The Office of Law and Oversight houses the agency's legal teams, including the legal division, which is responsible for private letter rulings and the hearings and appeals division. It also is responsible for central payroll, unclaimed property, and the field enforcement bureau.

The Office of Policy, Public Works and Investment is responsible for reviewing items that come before the Board of Public Works and staffing the Comptroller in her role as the Vice Chair of the State Retirement and Pension System and on other state boards.

The Office of Public Engagement and Communications directs outreach from the agency, produces reports such as the ACFR, and is responsible for proactive engagement with Marylanders.

The Office of Information Technology Systems and Strategy houses the Annapolis Data Center, supports the internal IT work for the agency, and is responsible for major information technology projects.

The State's major revenue sources are individual and business income taxes and sales and use taxes. The agency also collects taxes on motor fuel, estates, admissions and amusement, and alcohol and tobacco. It also tests motor fuel to ensure the quality of the product for the consumer. The Agency works to provide a level playing field for local businesses in competing with out-of-state retailers who sell through catalogs and on the Internet.

Background Information on the State of Maryland:

Maryland ratified the United States Constitution on April 28, 1788, and the State House is located in Annapolis, where the principal activities of state government are centered. Its employment base is unique with a large federal sector presence, multiple universities, a major port, and technology industry. The service, finance, insurance, and real

estate industries are the largest contributors to the gross state product. The State has a bicameral legislature, the General Assembly, composed of a Senate with 47 members and a 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 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 that consists of certain designated officers of the General Assembly and other members 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.

The General Assembly also created a Capital Debt Affordability Committee that includes the Treasurer, the Comptroller, the Secretary of Budget and Management, the Secretary of Transportation, and one person appointed by the Governor. This Committee is required to submit an estimate of the maximum amount of new general obligation debt that prudently may be authorized to the Governor by October 1 of each year. The Committee's recent reports encompass all tax supported debt, in addition to the general obligation debt, bonds issued by the Department of Transportation, bonds issued by the Maryland Stadium Authority, and capital lease transactions. Although the Committee's responsibilities are advisory only, the Governor is required to give due consideration to the Committee's findings in preparing a preliminary allocation of new general obligation debt authorizations for the next ensuing fiscal year.

Information on the State's Economic Condition:

Economic growth in the US continues to slow gradually but remains at a normal rate despite significant headwinds and disruptions, such as to international trade and migration. However, delays in data publication due to the recent federal government shutdown means the data available at the time of writing has more of a lag than usual. GDP grew 4.6% year-over-year in the second quarter of 2025, before adjusting for inflation, while pre-pandemic GDP growth tended to be between 4% and 6%. Personal Consumption Expenditure (PCE) inflation, the Federal Reserve's (the Fed) preferred gauge, remains above target at 2.8% as of September 2025. Even so, the Fed is reducing its interest rate target to support the economy. Whether the Fed achieves that goal without triggering a persistent rise in inflation will depend on the timing and appropriateness of future monetary policy actions. After adjusting for inflation, real GDP growth has been in the 2% to 3% range since mid-2022, equivalent to pre-pandemic real GDP growth rates.

The labor market also shows signs of slowing. The number of payroll jobs grew 0.8% year-over-year in September 2025, compared to 1.3% in January 2025. While 0.8% is still generally in line with population growth, monthly data shows job growth slowed noticeably over the summer. The national unemployment rate is 4.4% as of September 2025. Although it remains low, it has been rising gradually over the last couple of years.

Consistent with the slowdown in job growth, total wage growth is gradually declining. Total wages grew 5.1% as of the second quarter of 2025, before adjusting for inflation, according to the Bureau of Economic Analysis (BEA) Personal Income series. Average annual wage growth is 4.0% and has been relatively stable over the last year. Adjusting for inflation, real wage income grew 2.6%, and the real average wage grew 1.5%.

While these economic indicators show a slowing economy, growth has not significantly fallen below trend, according to the available data. Looking forward, we expect US economic growth to continue slowing gradually but to remain positive in the near-term.

Economic growth in Maryland had been generally keeping pace with the national economy, but has slowed more than the nation over the course of 2025. This relative underperformance is likely due to the large federal government

presence in Maryland and ongoing federal job cuts. Real GDP growth in Maryland was 1.1% year-over-year in the second quarter of 2025, compared to 2.7% in the fourth quarter of 2024.

Maryland's labor market has also taken a hit. Through September, Maryland lost a cumulative 6,200 payroll jobs since the prior peak in January 2025, a decline of 0.2%. Payroll employment is a measure of the number of jobs in Maryland; it does not include Marylanders working out of state, such as in D.C. The district has lost 13,600 thousand jobs since its prior peak in December 2024. Maryland's unemployment rate is 3.8% as of September 2025, compared to 3.0% in January 2025. The unemployment rate measures how many Marylanders are in the labor force but not employed; it includes Marylanders who work out of state.

Job growth in Maryland is being pulled down by a rapid reduction in federal government employment. As of September 2025, there are about 14,600 fewer federal jobs in Maryland than the prior peak in January 2025. That is a reduction of about 9.0% of all federal jobs in the state. D.C. has lost around 9,100 federal jobs, or about 4.7% of their total federal jobs. Jobs numbers available at the time of writing do not include October, when federal employees who took the deferred resignation program offered by the administration would no longer be employed with the federal government. The numbers quoted here therefore understate the extent of federal job losses to date. The forecast calls for federal job losses to continue, resulting in total job growth of -0.3% for the year. In following years payroll job growth is expected to return to a slightly positive rate of 0.1%, generally in line with working-age population growth.

Total wage growth in Maryland was also tracking the national rate until the beginning of 2025. Wages grew 4.0% year-over-year in the second quarter of 2025, according to the BEA's personal income data, before adjusting for inflation. By comparison, total wages grew 6.0% year-over-year in the fourth quarter of 2024. The average wage grew 3.3% in the second quarter of 2025 before adjusting for inflation, compared to 4.6% in the fourth quarter of 2024. Our forecast calls for average wage growth to slow to a 2.8% annual rate in 2025 and 3.0% in 2026 before recovering somewhat in subsequent years. While average wage growth usually rises when employment is contracting, the forecast calls for slowing average wage growth because job losses are expected to be concentrated in a high average wage industry, namely the federal government. The forecast for total jobs and average wages results in total wage growth of 3.2% in 2025 and 2.7% in 2026. Thereafter, total wage growth is expected to recover to about 3.5% annually. While 3.5% is consistent with pre-pandemic growth, slowing population and employment growth means it will require higher average wage growth to maintain 3.5% total wage growth.

The federal government is a significant source of labor demand in Maryland. According to the CES, the federal government accounts for 5.7% of jobs in Maryland as of January 2025. Federal jobs in the region have a high average wage. As a result, federal jobs account for 10.6% of total wages earned in Maryland in the fourth quarter of 2024 according to the Quarterly Census of Employment and Wages. These figures concern jobs and wages earned in Maryland. However, a significant share of Marylanders works across state borders, particularly in DC. These figures also do not include federal contractors, who are in the private sector, and thus understate the importance of the federal government to the employment and wages of Marylanders.

Despite federal job losses, Maryland's economy and tax revenues have held up fairly well so far. One factor softening the impact of job cuts is that the federal government continues to increase its spending. This spending boosts GDP in the near term and circulates in the economy to the benefit of the private sector. Relatedly, when the federal government cuts direct federal jobs it typically increases its reliance on contractors, who also live and work in the region. Private sector job growth in Maryland is tepid, but, as of the available data, remains positive.

The Federal government's budget and employment levels are another common risk to the Board's forecasts. A significant reduction in federal employment is underway and assumed in the forecast. The loss of these high wage jobs would show up as lower taxable wages and consumption spending, all else equal. Data available at the time of writing shows Maryland's economy slowing as federal job cuts began. However, the federal budget is still growing and adding spending to the economy that could mute some of the negative impact of direct federal job cuts.

Major Initiatives and Long-Term Financial Planning:

The FY2026 budget reflects the Moore-Miller Administration's continued commitment to building a more equitable, competitive, and sustainable Maryland. With a focus on long-term prosperity, the budget makes targeted investments across key sectors while addressing a projected \$2.95 billion shortfall through responsible fiscal planning.

To drive economic growth and competitiveness, the State is investing \$128 million in high-growth industries such as quantum computing, biotechnology, and cybersecurity. These investments are paired with a modernized corporate tax structure that gradually reduces rates while broadening the tax base. Additionally, the nationally recognized EARN workforce program receives a \$5 million boost, reinforcing Maryland's commitment to job creation and skills development.

Education remains a top priority, with a record \$9.7 billion allocated to Pre-K–12 education—an increase of \$551 million over FY2025. The budget continues to support the Blueprint for Maryland's Future and expands teacher recruitment and preparation programs. Higher education also sees significant support, with \$401 million for community colleges and \$138 million in scholarship funding.

Public safety efforts are strengthened through \$122 million in local police aid and targeted investments in youth-focused services. This includes \$4.2 million to expand juvenile services and \$3 million to reopen the Catoctin Treatment Center. The Thrive Academy and Safer Stronger Together initiatives continue to receive support as part of a broader strategy to enhance community safety.

In healthcare and social services, the State is investing \$4.7 billion in Medicaid—marking a \$1 billion increase since FY2023—and \$1.3 billion in services for individuals with developmental disabilities. More than \$400 million is allocated annually for Child Care Scholarships, supporting access for approximately 43,000 children.

To address housing needs and modernize infrastructure, the budget includes \$85 million for Rental Housing Works and \$50 million for reinvestment in Baltimore's vacant properties. A total of \$6.6 billion is dedicated to transportation, including a \$420 million infusion into the Transportation Trust Fund. Major projects include the Purple Line, the Key Bridge rebuild, and broadband expansion across the state.

Maryland continues to lead on climate and environmental resilience. The FY2026 budget allocates \$180 million from the Strategic Energy Investment Fund to support clean energy and climate adaptation initiatives. An additional \$80 million is dedicated to Chesapeake Bay restoration, and \$8 million will fund green energy projects at higher education institutions.

The budget also introduces a comprehensive overhaul of the income tax system. Key reforms include doubling the standard deduction, eliminating itemized deductions, and introducing new brackets for high-income earners alongside a temporary capital gains surcharge. A lower corporate tax rate, paired with combined reporting, ensures a fairer and more sustainable tax structure.

From a fiscal planning perspective, the FY2026 budget significantly reduces the structural deficit—from \$2.5 billion to \$247 million—while preserving essential services. The State maintains an 8% reserve in the Rainy Day Fund, totaling \$2.05 billion, to safeguard against economic volatility. Spending reductions target underperforming or unsustainable programs, and new sustainability measures are introduced to ensure long-term balance. These include capping child care enrollment to align with available funding, reforming community school funding and teacher time requirements, and launching a Government Modernization initiative aimed at achieving \$50 million in savings in FY2026.

Certificate of Achievement:

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 Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024. 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 Annual Comprehensive 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 44 consecutive years (Fiscal Years ended 1980 – 2024). We believe that our current Annual Comprehensive 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 Annual Comprehensive 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.

Thank you for reviewing this document. We look forward to continuing to work in partnership to create a State that is more equitable, more resilient and more prosperous.

Financial Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT, STATE OF MARYLAND



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

Opinion

We have audited the 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, 2025, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements 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, 2025, 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.

We did not audit the financial statements of certain Economic Development Loan Programs; the Maryland Lottery and Gaming Control Agency; the Economic Development Insurance Program; certain foundations included in the higher education component units; the Maryland Technology Development Corporation; Maryland Food Center Authority; the Investment Trust Fund; and the Maryland Supplemental Retirement Plans. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it related to the amounts included for the State, is based solely on the report of the other auditors. 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	24.7%	4.4%	1.1%
MD Lottery and Gaming Control Agency	1.6%	-0.3%	75.7%
Non-Major			
Economic Development Insurance Programs	0.4%	0.7%	0.0%
Total Percentage of Business Type Activities	26.7%	4.8%	76.8%
Component units			
Major			
Certain Foundations of Higher Education	20.2%	26.9%	9.5%
Non-Major			
Maryland Technology Development Corp.	1.0%	1.2%	1.0%
Maryland Food Center Authority	0.3%	0.3%	0.1%
Total Percentage of Component Units	21.5%	28.4%	10.6%
Fiduciary Funds:			
Investment Trust Fund	9.6%	10.3%	49.0%
Maryland Supplemental Retirement Plans December 31, 2024	5.9%	6.3%	2.6%
Total Percentage of Fiduciary Funds	15.5%	16.6%	51.6%

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the State, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matter

As part of our audit of the June 30, 2025, financial statements, we also audited the adjustments related to the adoption of GASB Statement No. 101, *Compensated Absences*, described in Note 27 that was applied to restate the net position as of June 30, 2024. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the net position as of June 30, 2024, before restatement, as it was audited by another auditor.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenue and expenditures and changes in fund balances - budget and actual (general fund, special and federal funds), reconciliation of the budgetary general and special fund, fund balances to the GAAP general and special revenue fund, fund balances, schedule of employer contributions and schedule of employer net pension liability for Maryland State Retirement and Pension System, schedule of employer contributions, schedule of changes in net pension liability and related ratios, and schedule of investment returns for Maryland Transit Administration Pension Plan, schedule of employer contributions, schedule of changes in net OPEB liability and related ratios, and schedule of investment returns for Other Post-Employment Benefit Plan, schedule of employer contributions, schedule of changes in net OPEB liability and related ratios for Maryland Transit Administration Retiree Healthcare Benefits Plan, and notes to required supplementary information – budgeting and budgetary control, as listed in the accompanying 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 audits 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the State's basic financial statements. The combining and individual fund financial statements and the combining statements for the non-major component units, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the combining statements for the non-major component units, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures described above, and the reports of the other auditors, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory section, statistical section, and the financial schedules required by law, but does not include the financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Owings Mills, Maryland
January 28, 2026

SBC & 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, 2025. 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. There may be rounding differences between amounts reported in the MD&A section and amounts reported in other sections of the Annual Comprehensive Financial Report.

Financial Highlights

Government-wide

- Maryland reported a total net position of \$11.5 billion in fiscal year 2025 and \$12.5 billion in fiscal year 2024.
- The net position deficit in fiscal year 2025, a deficit balance of \$21.5 billion was reported as total unrestricted net position deficit of a \$23.1 billion in governmental activities and a \$1.6 billion balance in business-type activities.
- The State's total net position decreased by a total of \$1.0 billion as a result of this year's operations and the restatement required for GASB Statement No. 101, Compensated Absences (see Note 26). The net position for governmental activities decreased by \$1.7 billion which includes an adjustment of \$125.4 million for the change in accounting principle Net position of business-type activities increased by \$0.7 billion which includes an adjustment of \$24.0 million.
- The State's governmental activities had total expenses of \$59.8 billion; total revenues of \$56.8 billion; net transfers from business-type activities of \$1.4 billion for a net decrease in net position of \$1.6 billion.
- Business-type activities had total expenses of \$5.4 billion; program revenues of \$7.4 billion; general revenues of \$171.0 million; and transfers out of \$1.4 billion for a net increase in net position of \$0.7 billion.
- Total State revenues were \$64.4 billion, while total costs for all programs were \$65.2 billion.

Fund Level

- Governmental funds reported a combined fund balance of \$11.2 billion, a decrease of \$3.7 billion 25.1% from prior year's balance of \$14.9 billion. The 2025 fund balance consists of \$613.1 million nonspendable, \$483.9 million restricted, \$10.7 billion committed, \$971.1 million assigned, and a negative unassigned fund balance of \$1.6 billion. The negative unassigned balance indicates that, after accounting for all other fund balance categories, the government's available resources are insufficient to cover obligations not otherwise designated.
- The general fund reported an unassigned fund balance deficit of \$0.9 billion and a remaining fund balance (nonspendable, restricted, and committed) of \$9.7 billion, compared to an unassigned fund balance surplus of \$0.8 billion and a remaining fund balance of \$10.8 billion last year. This represents a net decrease of \$2,900 million in general fund, fund balance. The total unassigned fund balance deficit in the governmental funds was \$1.6 billion in the current year and \$0.8 billion in the prior year.

Long-term Debt

- Total bonds, liabilities under long-term leases, and intergovernmental financing agreements at year end were \$23.8 billion, net-of-related premiums, discounts and adjustments, a net increase of \$353.7 million or 1.49% from the prior year.
- During the year, \$1.6 billion General Obligation Bonds were issued with a net premium of \$127 million. Additionally, \$1.3 billion Revenue Bonds for business-type activities were issued. During the reporting period, the State issued \$420 million in Transportation Bonds, resulting in the recognition of a \$29 million premium.

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 Economic Development Loan Program, Unemployment Insurance Program, Maryland Lottery and Gaming Control Agency, Maryland Transportation Authority, economic insurance programs of the Department of Housing and Community Development, Maryland Prepaid College Trust, and 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 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, Maryland Small Business Development Authority, Maryland Economic Development Assistance 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 [33](#) and [35](#)) 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 lease and contract 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, note proceeds, lease and subscription issued 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 [28](#) - [30](#) of this report.

Fund Financial Statements

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

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

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

The State maintains eight 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, the Department of Transportation-special revenue fund, and Capital Projects Fund, considered to be the State's major governmental funds. Data from the remaining nonmajor governmental funds are combined into a single, aggregated presentation. Data for the five non-major governmental funds, the Opioid Restitution Fund, the Maryland Economic Adjust Fund, the Maryland Economic Development Opportunities Program Fund, the debt service fund for general obligation bonds, the debt service fund for transportation revenue bonds, 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 [32](#) and [34](#) 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 seven enterprise funds, five 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, the Maryland Transportation Authority, and the Maryland Prepaid College Trust. 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 [38](#) - [42](#) 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 Custodial 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 Maryland Supplemental Retirement Plans. The Investment Trust Fund accounts for the transactions, assets, liabilities and net position of an external investment pool. Custodial funds account for fiduciary activities that are not required to be reported in pension and other post-employment benefit trusts funds, investment trust funds, or private-purpose trust funds. 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 [44](#) - [45](#) 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. A combining Statement of Net Position and Combining Statement of Activities have been provided for the Component Units Funds and provide detail for each major 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 [47](#) - [49](#) 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 [51](#) - [110](#) 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, 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 to a \$11.5 billion surplus at the end of the fiscal year 2025 and \$12.5 billion surplus at the end of the fiscal year 2024.

Net Position as of June 30, (Expressed in Millions)						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 20,228	\$ 23,532	\$ 15,212	\$ 13,658	\$ 35,440	\$ 37,190
Capital assets	30,724	29,883	7,912	7,581	38,636	37,464
Total assets	50,952	53,415	23,124	21,239	74,076	74,654
Total deferred outflows of resources	8,492	7,106	149	175	8,641	7,281
Long-term liabilities	47,851	47,672	7,983	7,559	55,834	55,231
Current and other liabilities	7,646	7,875	2,281	1,470	9,927	9,345
Total liabilities	55,497	55,547	10,264	9,029	65,761	64,576
Total deferred inflows of resources	5,401	4,743	66	126	5,467	4,869
Net position:						
Net invested in capital assets	21,190	20,477	5,530	5,164	26,720	25,641
Restricted	484	855	5,829	5,374	6,313	6,229
Unrestricted	(23,129)	(21,102)	1,583	1,721	(21,546)	(19,381)
Total net position (deficit)	\$ (1,455)	\$ 230	\$ 12,943	\$ 12,259	\$ 11,488	\$ 12,489

The largest portion of the State's net position, \$26.7 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, \$6.3 billion, represents resources that are subject to external restrictions or enabling legislation on how they may be used. The unrestricted net position, which represents the amount available to meet the State's ongoing obligations, was a deficit of \$21.5 billion. The State is committed to provide post-employment benefits (pension and other post-employment benefits) to eligible employees. As a result, the State has recognized substantial liabilities in the financial statements for these benefits. As of June 30, 2025, the State recognized long term liabilities of \$32.7 billion for pension and other post-employment benefits related to governmental activities, which resulted in a deficit balance in the unrestricted net position.

The State adopted Governmental Accounting Standard Board (GASB) Statement No. 101, Compensated Absences, effective July 1, 2024. The required adoption resulted in a prior-period adjustment that increased the beginning balance of the compensated absence liability by \$125 million and a corresponding decrease in the net position of Governmental Activities by \$125 million. Further detail is provided in Note 26 to the financial statements.

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 current fiscal year.

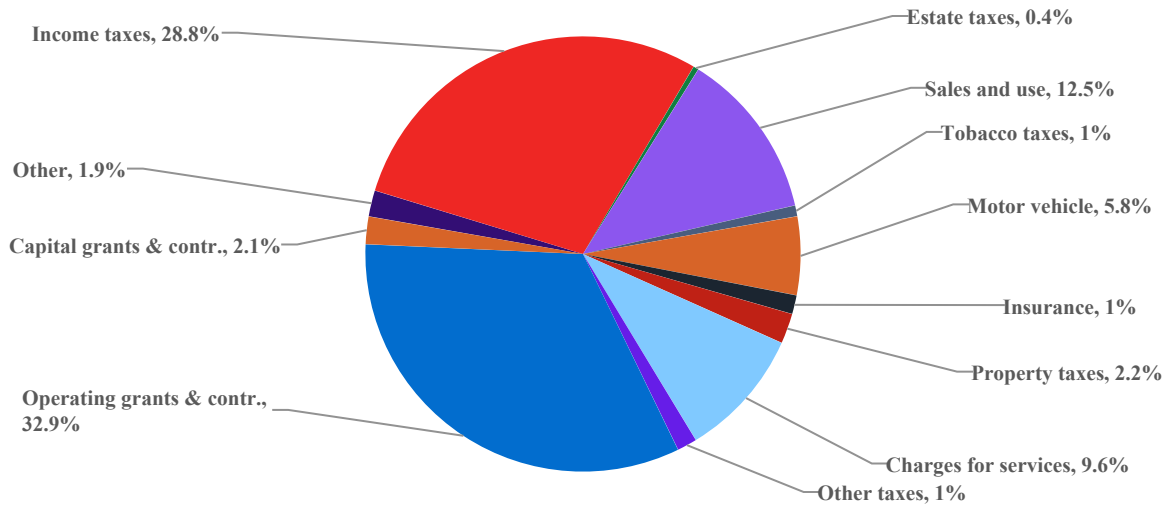
Changes in Net Position For the Year Ended June 30, <i>(Expressed in Millions)</i>						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 5,472	\$ 4,188	\$ 6,894	\$ 6,821	\$ 12,366	\$ 11,009
Operating grants and contributions	18,693	19,078	486	314	19,179	19,392
Capital grants and contributions	1,172	1,065	—	—	1,172	1,065
General revenues:						
Income taxes	16,348	16,748	—	—	16,348	16,748
Sales and use taxes	7,117	6,861	—	—	7,117	6,861
Motor vehicle taxes	3,313	3,136	—	—	3,313	3,136
Tobacco taxes	458	405	—	—	458	405
Insurance company taxes	791	746	—	—	791	746
Property taxes	1,278	1,195	—	—	1,278	1,195
Estate inheritance taxes	223	207	—	—	223	207
Other taxes	838	748	—	—	838	748
Unrestricted investment earnings	1,102	1,157	171	145	1,273	1,302
Total revenues	56,805	55,534	7,551	7,280	64,356	62,814
Expenses:						
General government	3,248	3,641	—	—	3,248	3,641
Health and mental hygiene	22,507	19,687	—	—	22,507	19,687
Education	12,885	12,066	—	—	12,885	12,066
Aid for higher education	3,771	3,776	—	—	3,771	3,776
Human resources	3,613	3,488	—	—	3,613	3,488
Public safety	2,695	2,757	—	—	2,695	2,757
Transportation	5,576	4,775	—	—	5,576	4,775
Judicial	1,107	1,095	—	—	1,107	1,095
Labor, licensing and regulation	563	588	—	—	563	588
Natural resources and recreation	682	796	—	—	682	796
Housing and community development	1,479	773	—	—	1,479	773
Environment	144	160	—	—	144	160
Agriculture	132	185	—	—	132	185
Commerce	193	295	—	—	193	295
Intergovernmental grants and revenue sharing	420	590	—	—	420	590
Interest	773	83	—	—	773	83
Economic development insurance programs	—	—	7	1	7	1
Economic development loan programs	—	—	461	381	461	381
Unemployment insurance program	—	—	454	437	454	437
Maryland Lottery and Gaming Control Agency	—	—	3,632	3,541	3,632	3,541
Maryland Transportation Authority	—	—	767	473	767	473
Maryland Prepaid College Trust (529)	—	—	36	156	36	156
Maryland Correctional Enterprises	—	—	64	64	64	64
Total expenses	59,788	54,755	5,421	5,053	65,209	59,808
Increase (decrease) in net position before transfers	(2,983)	779	2,130	2,227	(853)	3,006
Transfers in/(out)	1,422	1,418	(1,422)	(1,418)	—	—
Change in net position	(1,561)	2,197	708	809	(853)	3,006
Net position (deficit) - beginning, as originally stated	230	(1,968)	12,259	11,449	12,489	9,481
Restatement of beginning net position (Note 26)	(125)	—	(24)	—	(149)	—
Net position (deficit) - ending	\$ (1,455)	\$ 230	\$ 12,943	\$ 12,259	\$ 11,488	\$ 12,489

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

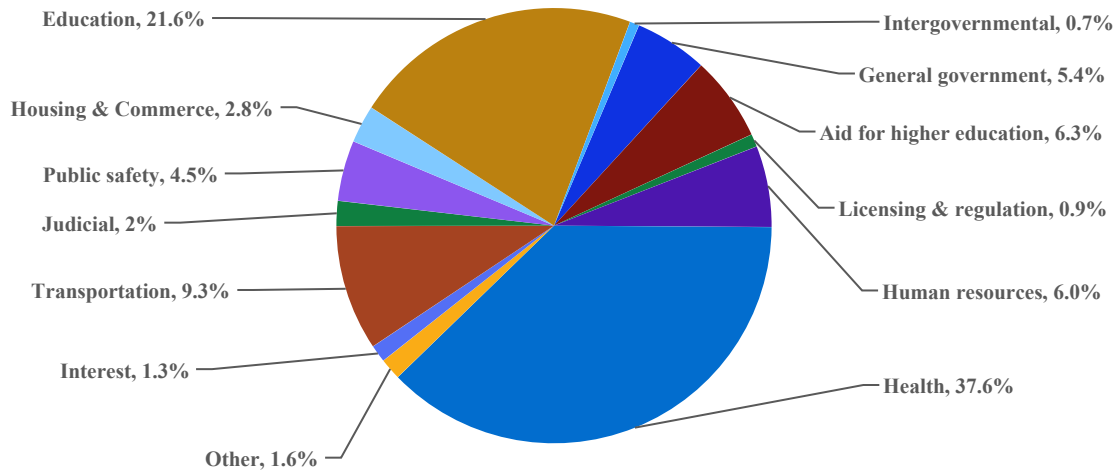
Analysis of Changes in Net Position
For the Years Ended June 30, 2025, Compared to June 30, 2024
(Expressed in Millions)

	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	\$ 1,284	30.7%	\$ 73	1.1%	\$ 1,357	12.3%
Operating grants and contributions	(385)	-2.0%	172	54.8%	(213)	-1.1%
Capital grants and contributions	107	10.0%	—	—	107	10.0%
General revenues:						
Income taxes	(400)	-2.4%	—	—	(400)	-2.4%
Sales and use taxes	256	3.7%	—	—	256	3.7%
Motor vehicle taxes	177	5.6%	—	—	177	5.6%
Tobacco taxes	53	13.1%	—	—	53	13.1%
Insurance company taxes	45	6.0%	—	—	45	6.0%
Property taxes	83	6.9%	—	—	83	6.9%
Estate inheritance taxes	16	7.7%	—	—	16	7.7%
Other taxes	90	12.0%	—	—	90	12.0%
Unrestricted investment earnings	(55)	-4.8%	26	17.9%	(29)	-2.2%
Total revenues	1,271	2.3%	271	3.7%	1,542	2.5%
Expenses:						
General government	(393)	-10.8%	—	—	(393)	-10.8%
Health and mental hygiene	2,820	14.3%	—	—	2,820	14.3%
Education	819	6.8%	—	—	819	6.8%
Aid for higher education	(5)	-0.1%	—	—	(5)	-0.1%
Human resources	125	3.6%	—	—	125	3.6%
Public safety	(62)	-2.2%	—	—	(62)	-2.2%
Transportation	801	16.8%	—	—	801	16.8%
Judicial	12	1.1%	—	—	12	1.1%
Labor, licensing and regulation	(25)	-4.3%	—	—	(25)	-4.3%
Natural resources and recreation	(114)	-14.3%	—	—	(114)	-14.3%
Housing and community development	706	91.3%	—	—	706	91.3%
Environment	(16)	-10.0%	—	—	(16)	-10.0%
Agriculture	(53)	-28.6%	—	—	(53)	-28.6%
Commerce	(102)	-34.6%	—	—	(102)	-34.6%
Intergovernmental grants and revenue sharing	(170)	-28.8%	—	—	(170)	-28.8%
Interest	690	831.3%	—	—	690	831.3%
Economic development insurance programs	—	—	6	600.0%	6	600.0%
Economic development loan programs	—	—	80	21.0%	80	21.0%
Unemployment insurance program	—	—	17	3.9%	17	3.9%
Maryland Lottery and Gaming Control Agency	—	—	91	2.6%	91	2.6%
Transportation Authority	—	—	294	62.2%	294	62.2%
Prepaid College Trust (529)	—	—	(120)	-76.9%	(120)	-76.9%
Maryland Correctional Enterprises	—	—	—	—	—	—
Total expenses	\$ 5,033	9.2%	\$ 368	7.3%	\$ 5,401	9.0%

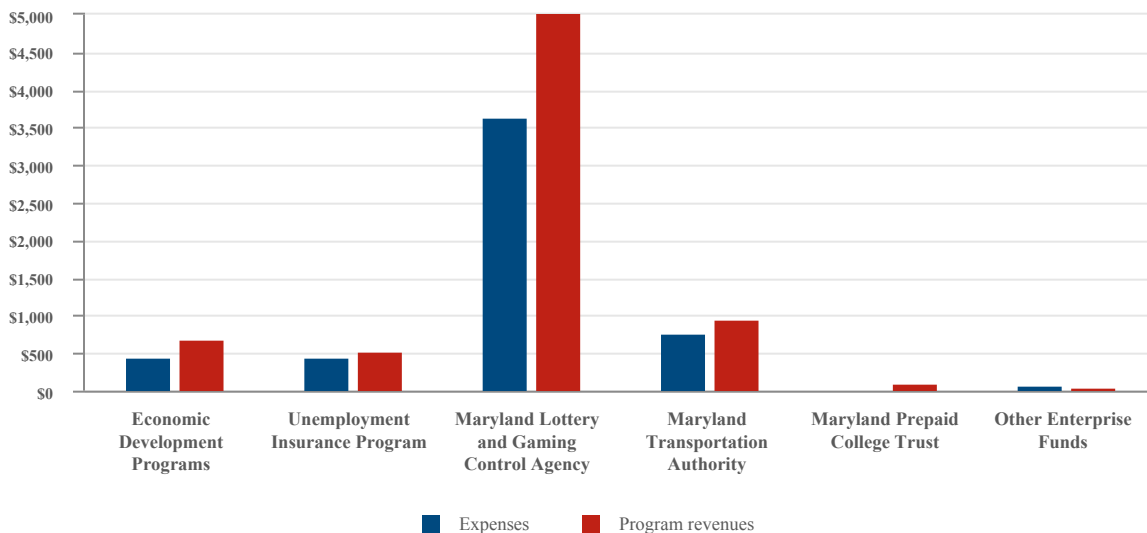
2025 REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



2025 EXPENSES BY FUNCTION - GOVERNMENTAL ACTIVITIES



2025 EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES (Expressed in Millions)



Governmental Activities

- Liabilities and deferred inflows exceeded assets and deferred outflows by \$1.5 billion at the end of fiscal year 2025. For the current year, there was an decrease in net position of \$1.7 billion from the previous year.
- Included in the decrease in net position, capital assets increased by \$841.4 million, deferred outflows, net of deferred inflows, increased by \$0.7 billion and long-term liabilities increased by \$0.2 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 decreases in bonds and notes payable of \$0.3 billion; a increase in the State's net pension liability (NPL) of \$2,434 million; and the State's net OPEB liability in the current year in excess of the net OPEB liability in the prior year \$2,029 million. The increase in bonds and notes payable is discussed in the Long-Term Debt section of this analysis. The increase in the NPL of \$2,434 million is offset by the net increase in deferred inflows over deferred outflows related to pensions of \$8,154 million. The net increase in deferred inflows for pensions will be recognized in the NPL in future years. The NPL and deferred outflows and deferred inflows related to pensions are discussed in Note 17 to the financial statements.
- Operating grants and contributions decreased by \$385.0 million, primarily due to a decrease in federal grants activity during the fiscal year 2025. Key elements of this decrease are as follows: Maryland Department of Transportation \$(0.3 billion), various programs under Maryland State Department of Education (\$0.1 billion), food benefits (\$0.4 billion) and Department of Housing and Community Development Loan Programs (\$0.1 billion), offset with increase in health and mental hygiene function of \$0.2 billion and general government of \$0.1 billion.
- Income taxes which consist of personal and corporate income tax decrease from \$16.7 billion to \$16.3 billion in fiscal year 2025. Personal income tax revenue increased during fiscal year 2025 primarily due to increase in withholdings collection by 6.5%, well above its typical rate, reflecting a recovery of the labor market and high nominal wage growth. Corporate income tax decreased (1.4)% due to decrease in payments from decreased corporate profits.
- Sales and use tax increased by \$256.0 million in fiscal year 2025. The increase is attributable to several factors: increased demand for goods, increased nominal price due to inflation and increased online sales.

Business-type Activities

- Business-type activities increased the State's net position by \$2.1 billion before net transfers of \$1.4 billion to governmental activities, for a net increase of \$0.7 billion in net position. The increase compares to an increase of \$2.2 billion before net transfers of \$1.4 billion, for a net increase of \$0.8 billion in net position in the prior year. Key elements of this decrease are as follows.
- Net position of the Maryland Transportation Authority increased by \$174 million compared to an increase of \$510 million in the prior year. Net operating income was \$180 million compared to \$295 million in the prior year.
- The Unemployment Insurance Program net position increased by \$89.4 million in 2025. Net position increased by \$111.5 million in 2024. Net operating gain was \$15.3 million compared to the prior year's increase by \$25.5 million. Charges for services (unemployment taxes) increased by \$6.1 million (1%) and benefit payments were increased by \$17.0 million (3.9%). Federal payments for extended benefits and other programs decreased by \$23.6 million compared to a decrease of \$25.9 million in the prior year.
- Net position for the Economic Development Loan Programs increased by \$404 million in 2025 compared to an increase of \$195 million in the prior year. Majority of the increase was attributable from the Maryland Water Infrastructure Financing Administration. Net income of the Administration increased by \$227 million compared to an increase of \$125 million in 2024, primarily due to a \$87 million increase in contributions from federal and State governments from \$46 million in fiscal year 2024 to \$133 million in fiscal year 2025. Net income of the State Funded Loan Programs increased by \$86.28 million compared to an increase of \$76.88 million in the prior year for programs related to financing housing opportunities.
- Lottery ticket sales were \$2.6 billion in 2025, an decrease of \$99 million, or 3.76%, from 2024. In 2025 in Maryland's six casinos, gross video lottery terminal (VLT) and table game revenue was \$2.6 billion, an increase of \$179 million, 7%, from the prior year. Operating expenses, including cost of sales, increased by \$92 million, or 2.5%, over 2024. Transfers to governmental activities by Maryland State Lottery & Gaming Control Agency (MLGCA) were \$1.6 billion in 2025 and \$1.6 billion in 2024.

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 \$11.2 billion, an decrease of \$3.7 billion from the prior year. The combined fund balance includes a deficit of \$1.6 billion in unassigned governmental funds, all \$0.9 billion is from the General Fund. The remainder of the fund balance is unspendable, restricted, committed, or assigned 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 (\$613.1 million); 2) restricted by outside parties or to pay debt service on general obligation bonds and transportation bonds from specific taxes (\$483.9 million); 3) committed to legislated purposes or encumbered as committed fund balance based on the constraints and approvals in place at year end or when existing resources are not sufficient to liquidate encumbrances (\$10.7 billion); or 4) 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 (\$1.0 billion). The committed fund balance includes the \$2.3 billion "State Reserve Fund", which has been formally designated to address future financial needs arising from circumstances that are not expected to occur routinely. The State's policy is to target retention of 10% of estimated General Fund revenues in the Revenue Stabilization Account of the State Reserve Fund for each fiscal year. However, it should be noted that, due to the current negative unassigned fund balance, the resources available to meet this commitment may be limited. The designation of the State Reserve Fund reflects the State's intent and policy, but does not necessarily indicate the immediate availability of liquid resources to fulfill this commitment.

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 \$905 million, while total fund balance was \$8.8 billion. The fund balance of the State's General Fund decreased by \$2.9 billion during 2025, compared to an increase of \$0.4 billion for 2024. Revenues decrease by \$802.2 million (1.6%) to \$48.7 billion compared to \$49.5 billion in fiscal year 2024. Expenditures increased by \$3.2 billion (6.5%) from the prior year, resulting largely from overall personnel cost increase and various program expenditures. The General Fund expenditure increase was primarily for expenditures for health and mental hygiene, which increased by \$2.4 billion (12.1%).

Transfers into the General Fund were \$1.7 billion in 2025 and 2024. Transfers consisted primarily of \$1.6 billion transferred from MLGCA in 2025. Transfers out from the general fund were \$1.0 billion this year compared to \$1.9 billion for the prior year. This decrease was mainly due to a decrease of \$0.1 million to Economic Development Loan programs, an decrease of \$51.0 million to various non-major governmental fund, and an increase of \$20.9 million to special revenue fund.

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 \$587 million as of June 30, 2025, an decrease of \$729 million compared to an decrease of \$481 million in the prior fiscal year. Revenues increased by \$121 million 2.4%, expenditures increased by \$836 million 15.1%, and other sources of financial resources increased by \$466 million 1241.4%. The Department published its six-year draft capital program totaling \$21.5 billion, supported by total projected revenues of \$21.5 billion for fiscal years 2026-2031. This estimate is based on the revenue sources used by the Department and includes bond proceeds and federal funds that will be used for operating, capital, and debt service expenses.

Capital Projects Fund

For the fiscal year ended June 30, 2025, the Capital Projects Fund reported an increase in fund balance of approximately \$99 million, increasing from \$2.39 billion at the beginning of the year to \$2.49 billion at year-end. This change reflects the State's ongoing commitment to funding critical infrastructure and capital improvements, while also highlighting the timing differences between the receipt of financial resources and the actual expenditure on capital projects. The primary source of funding for the Capital Projects Fund is the issuance of general obligation bonds. In FY2025, the State issued \$900 million in new bonds and \$657 million in refunding bonds, along with \$40 million in bond premiums. These proceeds are deposited into the Capital Projects Fund and are legally restricted for use on authorized capital projects. The timing of bond issuances is designed to ensure sufficient liquidity for ongoing and planned projects, often resulting in a temporary increase in fund balance until the funds are expended. In FY2025, capital outlays and related expenditures totaled \$1.38 billion, which was less than the total new resources provided by bond issuances and other financing sources. During the reporting period, the Capital Projects Fund received \$440 million new revenue through a series of interfund transfers and reclassifications. Major sources included transfer tax revenue from the General Fund, legislated transfers from Program Open Space Funds, and additional support from Waterway Improvement and General Fund allocations.

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 \$1.6 billion in expenditures, or 5.8%.

The difference between the final budget, \$28.3 billion, and actual expenditures, \$27.2 billion, was \$1.1 billion, or 4.0%. Of this amount, \$200 million was returned to the general fund, and \$945 million was encumbered for future spending.

The General Fund variance of \$74.9 million or 11.1% in Executive and Administrative Control function is due to \$56.0 million in encumbrances and \$18.8 million in reversions across several agencies. The encumbrances include: \$29.8 million within the Governor's Office of Crime Prevention and Policy, primarily for local law enforcement grants, police protection grants, crime and violence prevention initiatives, and administrative contracts; \$2.0 million within the Maryland Cannabis Administration for incubator spaces; \$14.9 million within the Interagency on School Construction for school safety grants, \$3.8 million within the State Board of Elections for local operations grants and the Help America Vote initiative; \$0.7 million in the Maryland Department of Planning for various museum and preservation initiatives and data services contracts; and \$3.5 million in the for Army operations and various administrative contracts. The reversions of unexpended or unencumbered funds include: \$1.1 million from the Office of the Governor related to administration and operations; \$0.8 million from the Secretary of State related to administration and operations; \$6.1 million from the Governor's Office of Crime Prevention and Policy related to ended law enforcement and crime prevention grants from prior years; \$2.5 million from the Department of Aging related to Area Agencies on Aging underspending in various programs; \$1.3 million from the State Board of Elections related to local operations and operating costs that were lower than anticipated; and \$1.4 million from the Maryland Department of Veterans Affairs related to prior year Charlotte Hall and cemetery maintenance contracts. The variance in General Services is due to a reversion of PAYGO funds of \$96.9 million in general funds; \$31 million of fiscal year 2025 funding and \$65.8 million from prior year funding, \$80 million of which was planned. This was coupled with \$105.2 million in general fund encumbrances primarily related to various facility improvement projects. The General Fund variance of \$54.9 million or 25.5% in the Budget and Management function is driven by a \$26.9 million GF in planned reversion primarily related to statewide personnel adjustments due to costs being less than estimated, an \$8 million general fund reversion of unexpended funds within the Security Program of the Office of Information Technology, and \$19.0 million general fund in encumbrances primarily related to major IT projects across the State. The general fund variance in Housing an Community Development is primarily attributable to encumbered fiscal year 2024 and fiscal year 2025 funding for neighborhood revitalization programs (\$88.2 million), rental housing programs (\$93.9 million), neighborhood business development projects (\$35.9 million), special loan programs (\$5.1 million), energy programs (\$3.9 million), and the Port of Baltimore Businessworks Program (\$0.7 million). The variance also includes \$47.1 million in encumbered funding from fiscal year 2023 and prior years, for these same programs. There is no significant effect expected on future services or liquidity.

**Differences between Original Budget, Final Budget, and Actual Amounts
for the Year Ended June 30, 2025 (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	\$ 216,198	\$ 216,198	\$ —	—	\$ 216,198	\$ —	—
Public debt	397,100	397,100	—	—	397,100	—	—
Legislative	257,561	262,367	4,806	1.9%	142,788	119,579	45.6%
Judicial review and legal	891,651	912,288	20,637	2.3%	901,034	11,253	1.2%
Executive and administrative control	681,807	676,763	(5,044)	(0.7)%	601,912	74,851	11.1%
Financial and revenue administration	302,466	327,799	25,333	8.4%	318,831	8,968	2.7%
Budget and management	541,733	215,752	(325,981)	(60.2)%	160,835	54,917	25.5%
General services	328,882	367,878	38,996	11.9%	165,708	202,170	55.0%
Department of service and civic innovation	27,142	27,142	—	—	26,972	170	—
Transportation and highways	1,200	50,998	49,798	4149.9%	50,998	—	—
Natural resources and recreation	131,259	129,989	(1,270)	(1.0)%	121,059	8,930	6.9%
Agriculture	54,335	50,951	(3,383)	(6.2)%	49,710	1,241	2.4%
Health, hospitals and mental hygiene	7,609,359	8,799,700	1,190,340	15.6%	8,752,704	46,996	0.5%
Human resources	903,758	999,216	95,458	10.6%	951,271	47,945	4.8%
Labor, licensing and regulation	94,564	111,854	17,289	18.3%	93,647	18,207	16.3%
Public safety and correctional services	1,540,444	1,768,736	228,292	14.8%	1,744,366	24,370	1.4%
Public education	11,172,994	11,425,306	252,312	2.3%	11,138,386	286,920	2.5%
Housing and community development	449,563	445,826	(3,737)	(0.8)%	167,807	278,019	62.4%
Commerce	165,697	146,221	(19,476)	(11.8)%	125,958	20,263	13.9%
Maryland technology development corporation	52,936	52,611	(325)	(0.6)%	52,611	—	—
Environment	62,328	57,359	(4,970)	(8.0)%	50,291	7,068	12.3%
Juvenile services	341,698	344,546	2,848	0.8%	343,346	1,200	0.3%
State police	461,485	465,760	4,275	0.9%	459,087	6,672	1.4%
State reserve fund	168,500	152,500	(16,000)	(9.5)%	152,500	—	—
Reversions	(75,000)	(75,000)	—	—	—	(75,000)	100.0%
Total expenditures and encumbrances	\$ 26,779,660	\$ 28,329,858	\$ 1,550,198	5.8%	\$ 27,185,119	\$ 1,144,739	4.0%

Capital Assets and Debt Administration

Capital assets

As of June 30, 2025, the State had invested \$38.6 billion (net of accumulated depreciation and amortization) in a broad range of capital assets (see table below): Depreciation and amortization expense for the fiscal year totaled \$1.7 billion (\$1.5 billion for governmental activities and \$190 million for business-type activities). The increase in the State's investment in capital assets, net of depreciation and amortization expense, for the current fiscal year was \$1.2 billion (an increase of \$0.8 billion for governmental activities and an increase of \$331 million for business-type activities).

Capital Assets as of June 30, (Net of Depreciation/Amortization, Expressed in Millions)						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Capital assets, not depreciated or amortized						
Land and improvements	\$ 4,096	\$ 4,044	\$ 410	\$ 407	\$ 4,506	\$ 4,452
Land use rights	1,364	1,292	—	—	1,364	1,292
Art and historical treasures	10	23	—	—	10	23
Construction in progress	10,312	9,369	2,219	1,775	12,531	11,144
Capital assets, being depreciated or amortized						
Structures and improvements	3,061	3,213	225	228	3,286	3,442
Equipment	959	967	42	44	1,001	1,011
Infrastructure	10,343	10,320	4,992	5,101	15,335	15,420
Right-of use assets	580	653	24	26	604	679
Total	\$ 30,725	\$ 29,881	\$ 7,912	\$ 7,581	\$ 38,637	\$ 37,463

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

- Additional computer equipment for the Board of Elections, data storage equipment for Maryland Judiciary, health care equipment for the Department of Health and various equipment for the Department of Public Safety and Correctional Services
- Continued widening and/or expansion of existing highways and bridges, and various transit, port and motor vehicle administration construction projects
- Preservation of agricultural and open space land through the purchase of easements
- New property acquisitions, and construction and improvements to recreation and park facilities under the Department of Natural Resources
- Veterans cemetery improvements
- Improvements to the statewide telecommunications network including One Maryland broadband wiring and high speed data network wiring
- Energy efficiency improvements in State buildings
- Western Maryland rail trail improvements
- Building improvements for the Maryland Judiciary and construction of a new District Court facility
- Rehabilitation of Herrington Manor and Bloede dams
- Construction and renovations of the Military Department Armories
- Construction of new barracks and garage in Cumberland for the State Police
- Renovation of police and correctional training facilities
- Building improvements at correctional facilities and at the Department of Health
- Construction of a new animal health lab in Salisbury
- Continued construction on the Purple Line Transitway light rail project in Montgomery and Prince George's counties

Elements of increases in capital assets of business-type activities include significant infrastructure investment in system preservation and restoration of MDTA's existing facilities and expansion growth related to the I-95 Express Toll Lanes Northbound Extension Project.

Additional information on the State's capital assets can be found in footnote [10](#) Capital Assets of the financial statements.

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.

As of June 30, 2025, the State had outstanding bonds, net of related premiums, discounts and adjustments, totaling \$22.7 billion. Of this amount, \$11.3 billion were general obligation bonds, backed by the full faith and credit of the State. The remaining \$11.4 billion were secured solely by the specified revenue sources.

Outstanding Bond Debt as of June 30, (Expressed in Millions)							
	Governmental Activities		Business-type Activities		Total		
	2025	2024	2025	2024	2025	2024	
General Obligation Bonds (backed by the State)	\$ 11,324	\$ 11,680	\$ —	\$ —	\$ 11,324	\$ 11,680	
Transportation Bonds (backed by specific revenues)	3,746	3,686	—	—	3,746	3,686	
Revenue bonds (backed by specific revenues)	—	—	7,644	6,879	7,644	6,879	
Total	\$ 15,070	\$ 15,366	\$ 7,644	\$ 6,879	\$ 22,714	\$ 22,245	

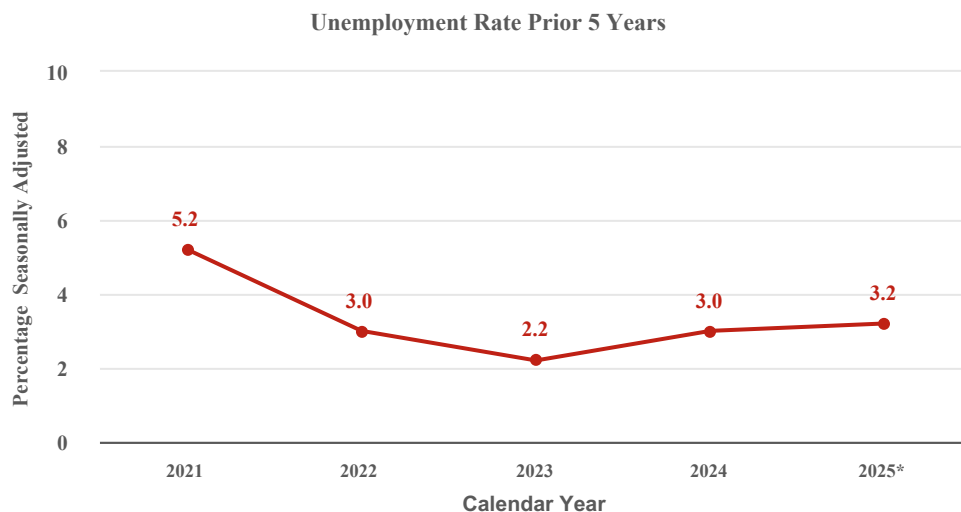
The total increase in bonded debt in the current fiscal year was \$0.5 billion (\$356 million decrease related to general obligation bonds, \$59.6 million increase related to transportation bonds, and \$765 million increase related to revenue bonds). The State's general obligation bonds are rated Aa1 by Moody's and AAA by Standard and Poors and Fitch. During fiscal year 2025, the State issued general obligation debt totaling \$1.6 billion at a premium of \$127 million.

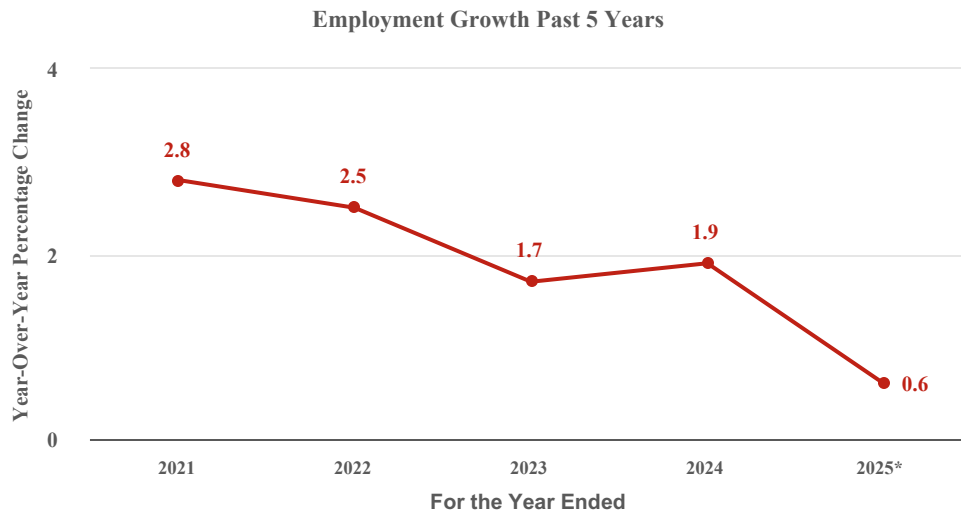
State law limits the amount of Consolidated Transportation Bonds, dedicated revenue debt that may be outstanding as of June 30 to the amount authorized in the budget, and this amount may not exceed \$4.5 billion. The aggregate principal amount of these bonds that was authorized to be outstanding as of June 30, 2025 was \$3.5 billion. The actual par amount in Consolidated Transportation Bonds outstanding was \$2.9 billion.

Additional information on the State's long-term debt can be found in footnote [13](#) 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 is projected to decline by 0.3% in calendar year 2025 and increase by 0.1% in calendar year 2026. As of November 2025 the year-to-date unemployment rate was 3.2% which is likely attributed to the large federal government presence in Maryland and ongoing federal job cuts. Historical employment growth and the unemployment rate for the past five years are depicted on the next page:





**Estimated*

Personal income is expected to increase by 3.9% in both 2025 and 2026.

Maryland's labor force is a smaller share of the population than it was before the pandemic, but it appears to be in demand. General fund revenues are estimated to increase by 0.8% in fiscal year 2026.

Maryland's budget in fiscal year 2026 is \$69 billion, a 9.49% increase over 2025. The fiscal year 2026 budget conforms to the legislature's Spending Affordability Committee's guidelines. The general fund budget is \$27 billion, a 3.79% increase over 2025, and includes a projected \$321 million fiscal year 2026 surplus. Reserves are projected to total \$132 million of June 30, 2026.

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. or <https://www.marylandcomptroller.gov/reports/annual-comprehensive-financial-report-acfr.html>

Basic Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT, STATE OF MARYLAND



STATE OF MARYLAND
Statement of Net Position
June 30, 2025
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash	\$ 176,111	\$ 245,132	\$ 421,243	\$ 345,067
Equity in pooled invested cash	9,160,591	1,033,221	10,193,812	3,867,053
Investments	1,307,621	1,421,319	2,728,940	162,213
Endowment investments	—	—	—	593,061
Foundation investments	—	—	—	2,860,943
Inventories	257,101	21,276	278,377	10,096
Prepaid items	341,152	—	341,152	28,115
Taxes receivable, net	2,310,129	—	2,310,129	—
Intergovernmental receivables	3,891,947	—	3,891,947	—
Tuition contracts receivable	—	73,113	73,113	139,159
Due from component units	2,319	—	2,319	—
Other accounts receivable, net	1,862,214	256,726	2,118,940	768,125
Loans and notes receivable, net	26,261	2,686,961	2,713,222	108,071
Leases receivable, net	205,668	176,918	382,586	182,934
Other assets	2,709	21,885	24,594	341,955
Restricted assets:				
Cash	213,772	3,594,657	3,808,429	34,504
Equity in pooled invested cash	359,134	97,168	456,302	—
Investments	27,514	3,446,477	3,473,991	1,214,236
Taxes receivable, net	81,719	—	81,719	—
Loans and notes receivable	1,040	1,287,437	1,288,477	—
Other accounts receivable	602	849,967	850,569	—
Capital assets, not being depreciated:				
Land	4,095,605	410,282	4,505,887	250,813
Land use rights	1,363,517	—	1,363,517	—
Art and historical treasures	9,931	—	9,931	—
Construction in progress	10,311,825	2,218,733	12,530,558	939,120
Capital assets, net of accumulated depreciation and amortization:				
Structures and other improvements	3,061,435	224,938	3,286,373	7,401,899
Equipment	959,067	42,098	1,001,165	733,257
Infrastructure	10,342,748	4,991,753	15,334,501	325,561
Right-of-Use Assets	579,761	24,145	603,906	88,299
Total capital assets	30,723,889	7,911,949	38,635,838	9,738,948
Total assets	\$ 50,951,493	\$ 23,124,206	\$ 74,075,699	\$ 20,394,479
Deferred outflows of resources	\$ 8,491,691	\$ 149,158	\$ 8,640,850	\$ 729,765

STATE OF MARYLAND
Statement of Net Position
June 30, 2025
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Salaries payable	\$ 398,354	\$ —	\$ 398,354	\$ 278,283
Vouchers payable	1,035,539	—	1,035,539	—
Accounts payable and accrued liabilities	3,860,280	561,526	4,421,806	983,125
Internal balances	(181,604)	181,604	—	—
Due to primary government	—	—	—	2,319
Accounts payable to political subdivisions	155,760	—	155,760	—
Unearned revenue	339,027	79,077	418,104	430,664
Accrued insurance on loan losses	—	15,151	15,151	203
Other liabilities	—	—	—	635
Bonds and notes payable:				
Due within one year	1,405,733	734,023	2,139,756	169,332
Due in more than one year	13,663,681	6,910,435	20,574,116	4,203,119
Other noncurrent liabilities:				
Due within one year	632,971	709,878	1,342,849	306,400
Due in more than one year	34,187,737	1,072,687	35,260,424	2,815,281
Total liabilities	55,497,478	10,264,381	65,761,859	9,189,361
Deferred inflows of resources	5,401,126	65,886	5,467,012	508,796
Net position				
Net investment in capital assets	21,190,066	5,530,259	26,720,325	7,609,064
Restricted for:				
Debt service	348,435	360,089	708,524	245,726
Capital improvements	—	335,667	335,667	766,705
Higher education-nonexpendable	—	—	—	1,856,836
Higher education-expendable	—	—	—	1,230,993
Unemployment compensation benefits	—	2,173,836	2,173,836	—
Loan programs	—	2,862,656	2,862,656	17,562
Insurance programs	—	97,161	97,161	—
911 Trust Fund	520	—	520	—
Other	134,945	—	134,945	—
Unrestricted (deficit)	(23,129,386)	1,583,430	(21,545,957)	(300,800)
Total net position (deficit)	\$ (1,455,420)	\$ 12,943,098	\$ 11,487,678	\$ 11,426,087

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, 2025
(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.....	\$ 3,248,371	\$ 598,453	\$ 1,230,854	\$ —	\$ (1,419,064)	\$ —	\$ (1,419,064)	\$ —
Health and mental hygiene.....	22,506,894	2,201,088	12,399,649	—	(7,906,158)	—	(7,906,158)	—
Education.....	12,884,849	499,964	1,937,298	—	(10,447,588)	—	(10,447,588)	—
Aid for higher education.....	3,771,082	39,053	834	—	(3,731,195)	—	(3,731,195)	—
Human resources.....	3,612,645	145,946	2,237,079	—	(1,229,621)	—	(1,229,621)	—
Public safety.....	2,694,883	164,293	45,937	—	(2,484,653)	—	(2,484,653)	—
Transportation.....	5,575,636	623,075	129,167	1,171,806	(3,651,588)	—	(3,651,588)	—
Judicial.....	1,107,004	284,022	11,633	—	(811,350)	—	(811,350)	—
Labor, licensing and regulation.....	563,296	55,082	108,979	—	(399,235)	—	(399,235)	—
Natural resources and recreation.....	682,437	139,222	45,187	—	(498,028)	—	(498,028)	—
Housing and community development.....	1,478,737	600,548	502,363	—	(375,825)	—	(375,825)	—
Environment.....	143,606	63,818	27,156	—	(52,632)	—	(52,632)	—
Agriculture.....	132,274	27,976	11,766	—	(92,531)	—	(92,531)	—
Commerce.....	192,892	29,424	5,535	—	(157,932)	—	(157,932)	—
Intergovernmental grants and revenue sharing.....	420,340	—	—	—	(420,340)	—	(420,340)	—
Interest.....	773,004	—	—	—	(773,004)	—	(773,004)	—
Total governmental activities.....	59,787,949	5,471,965	18,693,435	1,171,806	(34,450,744)	—	(34,450,744)	—
Business-type activities:								
Economic development - insurance programs.....	7,072	3,074	3,728	—	—	(270)	(270)	—
Economic development - water quality loan programs.....	104,713	158,608	133,291	—	—	187,186	187,186	—
Economic development - housing loan programs.....	356,172	101,121	275,110	—	—	20,059	20,059	—
Unemployment insurance program.....	453,533	468,795	74,154	—	—	89,416	89,416	—
Maryland Lottery and Gaming Control Agency.....	3,632,428	5,210,007	—	—	—	1,577,579	1,577,579	—
Maryland Transportation Authority.....	767,195	887,526	—	—	—	120,331	120,331	—
Maryland Prepaid College Trust (529).....	36,383	8,293	—	—	—	(28,090)	(28,090)	—
Maryland Correctional Enterprises.....	63,889	56,773	—	—	—	(7,116)	(7,116)	—
Total business-type activities.....	\$ 5,421,386	6,894,197	486,283	—	—	1,959,095	1,959,095	—
Total primary government.....	\$ 65,209,334	12,366,162	19,179,718	1,171,806	(34,450,744)	1,959,095	(32,491,649)	—

STATE OF MARYLAND
Statement of Activities
For the Year Ended June 30, 2025
(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	
Component Units-								
Higher education	\$ 8,430,592	\$ 3,163,533	\$ 2,300,668	\$ 312,560	\$ —	\$ —	\$ —	\$ (2,653,831)
Maryland Stadium Authority	279,937	78,103	69,857	—	—	—	—	(131,977)
Other component units	313,568	243,903	65,569	—	—	—	—	(4,097)
Total component units	9,024,097	3,485,539	2,436,094	312,560	—	—	—	(2,789,905)
General revenues:								
Income taxes					16,348,152	\$ —	16,348,152	\$ —
Sales and use taxes					7,116,626	—	7,116,626	—
Motor vehicle taxes					3,312,678	—	3,312,678	—
Tobacco taxes					458,237	—	458,237	—
Insurance company taxes					790,884	—	790,884	—
Property taxes					1,277,853	—	1,277,853	—
Estate inheritance taxes					223,183	—	223,183	—
Other taxes					838,352	—	838,352	—
Grants and contribution not restricted to specific programs					—	—	—	2,646,444
Unrestricted investment earnings					1,102,469	170,812	1,273,281	399,710
Additions to permanent endowments					—	—	—	5,395
Transfers					1,421,980	(1,421,980)	—	—
Total general revenues, additions to permanent endowments, and transfers					32,890,415	(1,251,168)	31,639,247	3,051,549
Changes in net position					(1,560,330)	707,925	(852,405)	261,644
Net position, beginning as previously reported					230,322	12,259,167	12,489,489	11,189,938
Adjustment for change in accounting principle (Note 26)					(125,412)	(23,994)	(149,406)	(25,496)
Net position, beginning as restated					104,910	12,235,173	12,340,083	11,164,443
Net position (deficit), end of the year					\$ (1,455,420)	\$ 12,943,098	\$ 11,487,678	\$ 11,426,087

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

STATE OF MARYLAND
Balance Sheet
Governmental Funds
June 30, 2025
(Expressed in Thousands)

	General	Special Revenue Maryland Department of Transportation	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash	\$ 176,110	\$ —		\$ —	\$ 176,111
Equity in pooled invested cash	7,596,727	—	1,561,572	2,292	9,160,591
Investments	—	—	1,307,621	—	1,307,621
Prepaid items	331,152	—	10,000	—	341,152
Taxes receivable, net	2,139,222	170,907	—	—	2,310,129
Intergovernmental receivables	2,517,600	1,374,347	—	—	3,891,947
Other accounts receivable	1,582,641	158,618	397	120,557	1,862,214
Due from other funds	1,017,865	301,618	—	—	1,319,483
Due from component units	2,319	—	—	—	2,319
Inventories	146,222	110,879	—	—	257,101
Loans and notes receivable, net	26,261	—	—	—	26,261
Leases receivable, net	—	205,668	—	—	205,668
Restricted assets:					
Cash	—	213,772	—	—	213,772
Cash with fiscal agent	—	—	—	—	—
Equity in pooled invested cash	—	—	—	359,134	359,134
Investments	—	—	—	27,514	27,514
Taxes receivable, net	—	—	—	81,719	81,719
Other accounts receivable	—	—	—	601	602
Loans and notes receivable, net	—	—	—	1,040	1,040
Total assets	15,536,120	2,535,810	2,879,590	592,857	21,544,378
Liabilities:					
Salaries payable	354,654	43,700	—	—	398,354
Vouchers payable	965,880	—	69,659	—	1,035,539
Accounts payable and accrued liabilities	2,439,040	683,634	198,331	195	3,321,200
Due to other funds	631,380	829,353	65,705	—	1,526,438
Accounts payable to political subdivisions	5,939	97,781	52,040	—	155,760
Unearned revenue	317,156	21,871	—	—	339,027
Accrued self-insurance costs	145,031	—	—	—	145,031
Total liabilities	4,859,080	1,676,339	385,735	195	6,921,349
Deferred inflows of resources	1,907,608	1,446,284	—	109,477	3,463,368
Fund balances:					
Nonspendable	502,264	110,879	—	—	613,143
Restricted	520	—	—	483,380	483,899
Committed	9,171,485	—	1,522,757	—	10,694,242
Assigned	—	—	971,099	—	971,099
Unassigned	(904,837)	(697,691)	—	(195)	(1,602,723)
Total fund balances	8,769,432	(586,812)	2,493,856	483,185	11,159,660
Total liabilities and fund balances	\$ 15,536,120	\$ 2,535,810	\$ 2,879,590	\$ 592,857	\$ 21,544,377

The accompanying notes to the financial statements 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, 2025
(Expressed in Thousands)

Amounts reported for governmental activities in the Statement of Net Position (pages [28 - 29](#)) differ from the amounts for the governmental funds' fund balances because of:

Amount in governmental funds, fund balance (page 33)	\$ 11,159,660
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	30,723,889
Taxes and other receivables that will not be available to pay for current period expenditures and, therefore, are deferred in the funds	3,463,368
Accrued interest payable on bonds and lease liability are not liquidated with current financial resources in the governmental funds	(150,521)
Other long-term assets not available to pay for current period expenditures	2,709
Deferred outflows of resources not recognized as current period expenditures	8,491,691
Deferred inflows of resources not recognized as current period revenues	(5,401,126)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds:	
General obligation bonds	(9,954,099)
Premiums to be amortized over the life of the debt	(1,369,403)
Transportation bonds	(3,471,560)
Premiums to be amortized over the life of the debt	(274,353)
Accrued self-insurance costs	(242,296)
Accrued annual leave	(617,861)
Pension liabilities	(22,618,054)
Other post-employment benefits liability	(10,097,935)
Pollution remediation	(29,025)
Intergovernmental financing agreements	(305,485)
Obligations under lease liability	(624,742)
Obligations under lease liabilities with component units	(111,688)
Obligations under subscription arrangements	(28,592)
Net position (deficit) of governmental activities (pages 28 - 29)	<u>\$ (1,455,420)</u>

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, 2025
(Expressed in Thousands)

	General	Special Revenue Maryland Department of Transportation	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Income taxes	\$ 15,870,683	\$ —	\$ —	\$ —	\$ 15,870,683
Sales and use taxes	7,079,006	—	—	—	7,079,006
Motor vehicle taxes	—	3,312,678	—	—	3,312,678
Tobacco taxes	458,237	—	—	—	458,237
Insurance company taxes	790,884	—	—	—	790,884
Property taxes	226,476	—	—	1,051,377	1,277,853
Estate inheritance taxes	223,184	—	—	—	223,184
Other taxes	470,023	—	—	—	470,023
Other licenses and fees	1,192,842	—	—	—	1,192,842
Charges for services	3,099,109	623,075	21,500	—	3,743,684
Interest and other investment income	669,250	(15,759)	39,418	—	692,909
Federal revenue	18,248,613	850,071	—	4,064	19,102,749
Other	360,710	354,647	439,685	46,378	1,201,420
Total revenues	48,689,018	5,124,712	500,603	1,101,819	55,416,152
Expenditures:					
Current:					
General government	3,069,300	—	—	433	3,069,733
Health and mental hygiene	22,438,774	—	—	4,828	22,443,602
Education	12,302,356	—	524,005	—	12,826,361
Aid to higher education	3,423,407	—	347,945	—	3,771,352
Human resources	3,683,357	—	—	—	3,683,357
Public safety	2,716,969	—	—	—	2,716,969
Transportation	—	3,203,252	—	—	3,203,252
Judicial	1,141,262	—	—	—	1,141,262
Labor, licensing and regulation	575,223	—	—	—	575,223
Natural resources and recreation	474,138	—	—	—	474,138
Housing and community development	1,481,651	—	—	—	1,481,651
Environment	156,037	—	—	—	156,037
Agriculture	172,296	—	—	—	172,296
Commerce	193,558	—	—	572	194,129
Intergovernmental grants and revenue sharing	217,456	1,104,090	202,884	—	1,524,430
Capital outlays	73,202	2,050,700	305,109	—	2,429,012
Debt service:					
Principal retirement	150,055	—	—	1,419,683	1,569,738
Interest	97,476	—	—	555,205	652,681
Bond issuance costs	780	—	967	—	1,747
Total expenditures	52,367,297	6,358,042	1,380,910	1,980,720	62,086,970
Deficiency of revenues over (under) expenditures	(3,678,279)	(1,233,330)	(880,308)	(878,901)	(6,670,818)
Other financing sources (uses):					
Financing agreement issuance	\$ 2,929	\$ —	\$ —	\$ —	\$ 2,929
Bonds issued	—	419,755	900,000	—	1,319,755
Refunding bonds issued	—	—	656,730	—	656,730
Bond premium	—	29,012	40,037	86,805	155,854
Other financing source - SBITA and leases	73,202	—	—	—	73,202
Payments to refunded bond escrow agent	—	—	(689,972)	—	(689,972)
Transfers in	1,711,754	484,950	347,283	810,829	3,354,816
Transfers out	(1,009,385)	(429,706)	(274,746)	(219,000)	(1,932,837)
Total other sources (uses) of financial resources	778,500	504,011	979,331	678,634	2,940,476
Net changes in fund balances	(2,899,779)	(729,320)	99,024	(200,266)	(3,730,342)
Fund balances, beginning of year	11,669,211	142,508	2,394,832	683,451	14,890,002
Fund balances, end of year	\$ 8,769,432	\$ (586,812)	\$ 2,493,856	\$ 483,185	\$ 11,159,660

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, 2025
(Expressed in Thousands)

Amounts reported for governmental activities in the Statement of Net Activities (pages 31-32) 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 34)		\$ (3,730,342)
Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceed depreciation/amortization in the current period.		
Capital outlays	\$ 2,399,458	
Depreciation/amortization expense	(1,500,293)	899,166
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		(57,784)
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	603,645	
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	(658,439)	
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	1,385,898	1,331,104
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.		
Premiums on debt issuances	(155,854)	
Debt issued, General Obligation Bonds	(1,556,730)	
Debt issued, Transportation Bonds	(419,755)	
Amortization of premiums on debt issuance	294,247	
Net payments from intergovernmental financing agreements	51,333	
Principal repayments:		
General Obligation Bonds	1,797,870	
Transportation Bonds	336,715	347,826
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:		
Net activity for leases	27,255	
Net activity for SBITA	36,654	
Accrued interest	10,639	
Compensated absences	(142,681)	
Self-insurance	(8,403)	
Net pension liability	(2,433,827)	
Net Other post-employment benefits liability	2,028,894	
Other long-term obligations	5,756	(475,713)
Change in net position of governmental activities (pages 31-32)		\$ (1,560,330) ¹

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

¹ The adoption of GASB Statement No. 101 resulted in a restatement of beginning net position for governmental activities, which is presented on the face of the government-wide Statement of Activities and disclosed in [Note 26](#). Because this reconciliation explains current-year activity only, the restatement is excluded from the amounts above.



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, 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.

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.

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, 2025
(Expressed in Thousands)

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Maryland Prepaid College Trust (529)	Other Enterprise Funds	Total
Assets							
Current assets:							
Cash	\$ —	\$ —	\$ 3,597	\$ 215,514	\$ 26,021	\$ —	\$ 245,132
Equity in pooled invested cash	766,730	—	246,318	—	—	20,173	1,033,221
Investments	3,368	—	—	35,758	992,726	—	1,031,852
Tuition contracts receivable	—	—	—	—	73,113	—	73,113
Other accounts receivable	18,190	—	81,776	149,563	1,105	6,092	256,726
Due from other funds	90,282	5,905	—	55,458	—	—	151,645
Inventories	—	—	—	5,579	—	15,697	21,276
Loans and notes receivable, net	110,001	—	—	—	—	—	110,001
Leases receivable, net	—	—	—	23,798	—	—	23,798
Other assets	5	—	74	622	28	1,918	2,647
Current restricted assets:							
Cash	1,005,690	1,555	2,015	566,713	—	—	1,575,973
Cash on deposit with U.S. Treasury	—	2,018,684	—	—	—	—	2,018,684
Equity in pooled invested cash	—	—	—	—	—	97,168	97,168
Investments	646,607	—	3,566	—	—	—	650,173
Loans and notes receivable, net	98,508	—	—	—	—	—	98,508
Other accounts receivable	53,426	796,541	—	—	—	—	849,967
Total current assets	2,792,807	2,822,685	337,346	1,053,005	1,092,993	141,048	8,239,884
Non-current assets:							
Investments	1,388	—	—	388,079	—	—	389,467
Loans and notes receivable, net	2,576,960	—	—	—	—	—	2,576,960
Leases receivable, net	—	—	—	153,120	—	—	153,120
Other assets	—	—	—	19,238	—	—	19,238
Restricted non-current assets:							
Investments	2,778,802	—	17,502	—	—	—	2,796,304
Loans and notes receivable, net	1,188,929	—	—	—	—	—	1,188,929
Capital assets, net of accumulated depreciation/amortization:							
Land	—	—	—	410,282	—	—	410,282
Structures and improvements	—	—	—	220,953	—	3,985	224,938
Equipment	—	—	808	37,880	—	3,410	42,098
Infrastructure	—	—	—	4,991,753	—	—	4,991,753

STATE OF MARYLAND
Statement of Fund Net Position
Enterprise Funds
June 30, 2025
(Expressed in Thousands)

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Maryland Prepaid College Trust (529)	Other Enterprise Funds	Total
Right-of-use assets	—	—	22,180	1,965	—	—	24,145
Construction in progress	—	—	—	2,218,733	—	—	2,218,733
Total non-current assets	6,546,079	—	40,490	8,442,003	—	7,395	15,035,967
Total assets	9,338,886	2,822,685	377,836	9,495,008	1,092,993	148,443	23,275,851
Deferred outflows of resources	—	—	15,529	128,459	—	5,170	149,158
Liabilities							
Current liabilities:							
Accounts payable and accrued liabilities	131,400	128,849	79,199	219,939	454	1,685	561,526
Due to other funds	1,487	—	242,483	89,279	—	—	333,249
Accrued insurance on loan losses	—	—	—	—	—	15,151	15,151
Other liabilities	21,441	520,000	7,057	32,124	127,245	2,011	709,878
Unearned revenue	1,390	—	1,925	69,082	5,827	853	79,077
Revenue bonds and notes payable	652,763	—	—	81,260	—	—	734,023
Total current liabilities	808,481	648,849	330,664	491,684	133,526	19,700	2,432,904
Non-current liabilities:							
Other liabilities	55,935	—	90,107	389,939	520,517	16,189	1,072,687
Revenue bonds and notes payable	4,439,343	—	—	2,471,092	—	—	6,910,435
Total non-current liabilities	4,495,278	—	90,107	2,861,031	520,517	16,189	7,983,122
Total liabilities	5,303,759	648,849	420,771	3,352,715	654,043	35,889	10,416,026
Deferred inflows of resources	412	—	6,432	58,598	—	443	65,886
Net position							
Net investment in capital assets	—	—	110	5,522,753	—	7,396	5,530,259
Restricted for:							
Debt service	255,649	—	—	104,440	—	—	360,089
Capital improvements	—	—	—	335,667	—	—	335,667
Unemployment compensation benefits	—	2,173,836	—	—	—	—	2,173,836
Loan programs	2,862,656	—	—	—	—	—	2,862,656
Insurance programs	—	—	—	—	—	97,161	97,161
Unrestricted	916,410	—	(33,948)	249,294	438,950	12,724	1,583,430
Total net position/(deficit)	\$ 4,034,715	\$ 2,173,836	\$ (33,838)	\$ 6,212,154	\$ 438,950	\$ 117,280	\$ 12,943,098

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, 2025
(Expressed in Thousands)

	Economic Development Loan Programs	Unemployment Insurance Program	Lottery and Gaming Control Agency	Maryland Transportation Authority	Maryland Prepaid College Trust (529)	Other Enterprise Funds	Total
Operating revenues:							
Lottery ticket sales	\$ —	\$ —	\$ 2,632,901	\$ —	\$ —	\$ —	\$ 2,632,901
Charges for services and sales	152,207	468,795	2,564,366	887,526	8,293	907	4,082,094
Unrestricted interest on loan income	25,304	—	—	—	—	522	25,826
Restricted interest on loan income	54,811	—	—	—	—	—	54,811
Other	12,569	—	11,328	—	—	58,418	82,315
Total operating revenues	244,891	468,795	5,208,595	887,526	8,293	59,847	6,877,947
Operating expenses:							
Prizes and claims	—	—	1,676,210	—	—	—	1,676,210
Commissions and bonuses	—	—	1,814,785	—	—	—	1,814,785
Cost of sales and services	—	—	64,851	—	—	50,333	115,184
Operation and maintenance of facilities	—	—	—	383,339	—	—	383,339
General and administrative	76,617	—	73,392	75,842	4,841	14,666	245,358
Benefit payments	—	453,533	—	—	31,542	—	485,075
Capital grant distributions	171,317	—	—	—	—	—	171,317
Depreciation and amortization	—	—	3,190	185,517	—	924	189,631
Provision for insurance on loan losses	19,241	—	—	—	—	5,046	24,287
Other	11,843	—	—	62,994	—	—	74,837
Total operating expenses	279,018	453,533	3,632,428	707,692	36,383	70,970	5,180,024
Operating income (loss)	(34,127)	15,262	1,576,167	179,834	(28,090)	(11,123)	1,697,922
Non-operating revenues (expenses):							
Unrestricted interest and other investment income (expenses)	25,244	—	—	53,784	91,784	—	170,812
Restricted interest and other investment income (expenses)	275,478	62,111	—	—	—	3,728	341,317
Interest expense	(181,867)	—	—	(75,210)	—	—	(257,077)
Federal grants and distributions	132,923	12,043	—	—	—	—	144,966
Other	14,838	—	1,412	15,707	—	8	31,965
Total non-operating revenues (expenses)	266,616	74,154	1,412	(5,719)	91,784	3,736	431,983
Income before transfers	232,489	89,416	1,577,579	174,115	63,694	(7,387)	2,129,905
Transfers in	171,705	—	—	—	—	—	171,705
Transfers out	—	—	(1,593,685)	—	—	—	(1,593,685)
Change in net position	404,194	89,416	(16,106)	174,115	63,694	(7,387)	707,925
Total net position (deficit) - beginning as originally stated	3,631,071	2,084,420	(17,732)	6,060,373	375,256	125,779	12,259,167
Adjustment for change in accounting principle (Note 26)	(550)	—	—	(22,334)	—	(1,110)	(23,994)
Net position (deficit), beginning as restated	3,630,521	2,084,420	(17,732)	6,038,039	375,256	124,669	12,235,173
Total net position (deficit) - ending	\$ 4,034,715	\$ 2,173,836	\$ (33,838)	\$ 6,212,154	\$ 438,950	\$ 117,280	\$ 12,943,098

STATE OF MARYLAND
Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2025
(Expressed in Thousands)

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Maryland Prepaid College Trust (529)	Other Enterprise Funds	Total
Cash flows from operating activities:							
Receipts from customers	\$ 48,613	\$ 438,523	\$ 5,223,742	\$ 947,630	\$ 24,672	\$ 70,831	\$ 6,754,011
Payments to suppliers	—	—	(90,018)	(288,423)	(2,895)	(47,698)	(429,034)
Payments to employees	(40,885)	—	(39,350)	(183,395)	(2,191)	(14,790)	(280,611)
Other receipts	142,704	—	—	12,306	—	1,653	156,663
Other payments	(236,429)	(497,135)	(1,814,776)	—	(176,576)	(2,013)	(2,726,929)
Lottery prize payments	—	—	(1,679,330)	—	—	—	(1,679,330)
Net cash from operating activities	(85,997)	(58,612)	1,600,268	488,118	(156,990)	7,984	1,794,771
Cash flows from non-capital financing activities:							
Proceeds from the sale of revenue bonds	1,312,395	—	—	—	—	—	1,312,395
Payment on revenue bonds	(453,172)	—	—	(22,835)	—	—	(476,007)
Interest payments	(179,812)	—	—	(10,772)	—	—	(190,584)
Transfers in	180,116	—	—	—	—	—	180,116
Transfers out	—	—	(1,594,516)	—	—	—	(1,594,516)
Grants	148,263	12,043	—	—	—	—	160,306
Lottery installment payments	—	—	(3,466)	—	—	—	(3,466)
Net cash from non-capital financing activities	1,007,790	12,043	(1,597,982)	(33,607)	—	—	(611,756)
Cash flows from capital and related financing activities:							
Principal paid on notes payable and revenue bonds	—	—	—	(35,739)	—	—	(35,739)
Interest payments	—	—	—	(70,707)	—	—	(70,707)
Acquisition of capital assets	—	—	(2,261)	(153,771)	—	(728)	(156,760)
Net cash from capital related financing activities	—	—	(2,261)	(260,217)	—	(728)	(263,206)
Cash flows from investing activities:							
Receipts from collections of loans	204,487	—	—	577	—	—	205,064
Receipts from sales of debt instruments-other entities	1,314,870	—	3,466	623,562	209,345	—	2,151,243
Interest received as returns on loans	84,526	—	—	—	—	—	84,526
Interest received on debt instruments of other entities	68,892	62,111	—	—	32,235	3,728	166,966
Disbursements for loans	(429,959)	—	—	(33,743)	—	—	(463,702)
Disbursements for debt instruments of other entities	(1,882,372)	—	—	(321,421)	(82,995)	—	(2,286,788)
Net cash from investing activities	(639,556)	62,111	3,466	268,975	158,585	3,728	(142,691)
Net change in cash and cash equivalents	282,237	15,542	3,491	463,269	1,595	10,984	777,118
Balance - beginning of the year	1,490,183	2,004,696	243,342	318,958	24,426	106,358	4,187,963
Balance - end of the year	\$ 1,772,420	\$ 2,020,238	\$ 246,833	\$ 782,227	\$ 26,021	\$ 117,342	\$ 4,965,081

STATE OF MARYLAND
Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2025
(Continued)
(Expressed in Thousands)

	Economic Development Loan Programs	Unemployment Insurance Program	Maryland Lottery and Gaming Control Agency	Maryland Transportation Authority	Maryland Prepaid College Trust (529)	Other Enterprise Funds	Total
Reconciliation of operating income (loss) to net cash from operating activities:							
Operating income (loss)	\$ (34,127)	\$ 15,262	\$ 1,576,167	\$ 179,834	\$ (28,090)	\$ (11,123)	\$ 1,697,922
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation and amortization	—	—	3,190	185,517	—	924	189,631
Interest paid as returns on loans	(83,827)	—	—	—	—	—	(83,827)
Deferred inflows of resources	—	—	(3,123)	(24,760)	—	2,811	(25,072)
Deferred outflows of resources	—	—	(2,067)	(659)	—	—	(2,726)
Effect of changes in non-cash operating assets and liabilities:							
Other accounts receivable	(286)	(30,272)	15,258	49,941	16,380	13,360	64,381
Due from other funds	(646)	—	—	17,270	—	(1,653)	14,971
Inventories	—	—	—	(123)	—	1,583	1,460
Loans and notes receivable	23,662	—	—	—	—	(513)	23,149
Other assets	—	—	1	—	—	(432)	(431)
Accounts payable and accrued liabilities	(73)	(43,602)	2,455	(8,350)	(145,280)	(2,042)	(196,892)
Due to other funds	(940)	—	—	—	—	—	(940)
Accrued insurance on loan losses	(180)	—	—	—	—	5,040	4,860
Other liabilities	10,407	—	8,499	88,273	—	(136)	107,043
Unearned revenue	13	—	(112)	1,175	—	165	1,241
Total adjustments	(51,870)	(73,874)	24,101	308,284	(128,900)	19,107	96,848
Net cash from by operating activities	\$ (85,997)	\$ (58,612)	\$ 1,600,268	\$ 488,118	\$ (156,990)	\$ 7,984	\$ 1,794,771
Noncash transactions:							
Unrealized gain on investments	\$ 441	\$ —	\$ 563	\$ —	\$ 7,155	\$ —	\$ 8,159

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

STATE OF MARYLAND

FIDUCIARY FUND FINANCIAL STATEMENTS

Pension and Other Post-Employment Benefits Trust Funds

This fund includes the Maryland State Retirement and Pension System, Maryland Transit Administration Pension Plan, Maryland Supplemental Retirement Plans and Post-Employment Health Benefits Trust Fund.

Investment Trust Fund

This fund reflects the transactions, assets, liabilities and net position of the Maryland Local Government Investment Pool and is accounted for using the flow of economic resources measurement focus.

Custodial Funds

Custodial funds account for the receipt and disbursement of patient and prisoner accounts (Litigant Patient and Prisoner Accounts), various taxes collected by the State for distribution to the federal government and political subdivisions (Local Income and Local Transportation Funds), amounts withheld from employee's payroll (Insurance Premium) and restitution for legal settlements for Opioid and Consumer Protection Rights (Restitution).

STATE OF MARYLAND
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025
(Expressed in Thousands)

	Pension and Other Post-Employment Benefits Trust Funds	Investment Trust Fund	Custodial Funds
Assets:			
Cash	\$ 2,657,429	\$ —	\$ 62,163
Equity in pooled invested cash	—	—	3,473,818
Investments:			
U.S. Treasury and agency obligations	6,078,478	4,031,403	—
Repurchase agreements	—	750,547	—
Bonds	4,588,812	—	—
Corporate equity securities	24,260,485	—	—
Commercial paper	—	3,155,246	—
Mortgage related securities	2,201,629	—	—
Mutual funds	5,060,483	1,358,347	—
Guaranteed investment contracts	774,595	383,985	—
Real estate	57,081	—	—
Annuity contracts	44,932	—	—
Commingled funds	34,190,264	—	—
Total investments	77,256,758	9,679,527	—
Taxes receivable, net	—	—	389,497
Intergovernmental receivables	—	—	190,242
Other receivables	1,399,350	15,389	—
Accounts receivable, net	—	—	193,482
Due from other funds	—	—	388,559
Collateral for lent securities	5,074,047	—	—
Other assets	41,988	—	—
Total assets	86,429,573	9,694,916	4,697,762
Liabilities:			
Accounts payable and accrued liabilities	1,009,364	39,685	109,356
Accounts payable to political subdivisions	—	—	772,989
Collateral obligation for lent securities	5,074,047	—	—
Total liabilities	6,083,411	39,685	882,344
Net position:			
Restricted for:			
Pension benefits	73,840,048	—	—
Supplemental retirement plan benefits	5,923,371	—	—
Local Government Investment Pool participants	—	9,655,231	—
Postretirement health benefits	582,742	—	—
Individuals, organizations, other governments	—	—	3,815,418
Total net position	\$ 80,346,161	\$ 9,655,231	\$ 3,815,418

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, 2025
(Expressed in Thousands)

	Pension and Other Post-Employment Benefits Trust Funds	Investment Trust Fund	Custodial Funds
Additions:			
Contributions:			
Employers	\$ 2,043,278	\$ —	\$ —
Members	1,384,034	18,060,686	—
Sponsors	960,777	—	—
Participants, individuals, and local governments	—	—	7,558,009
Total contributions	4,388,089	18,060,686	7,558,009
Investment earnings:			
Net increase in fair value of investments	4,561,762	—	—
Interest	777,921	548,844	5,696
Dividends	2,605,020	—	—
Total investment earnings	7,944,703	548,844	5,696
Less: investment expense	495,687	3,513	—
Net investment earnings	7,449,016	545,332	5,696
Total additions	11,837,105	18,606,018	7,563,705
Deductions:			
Benefit payments	5,600,285	—	—
Distributions to participants, individuals and local governments	—	545,300	9,007,480
Redemptions (unit transactions at \$1.00 per unit)	—	16,228,601	—
Refunds	116,361	—	—
Administrative expenses	71,348	—	—
Total deductions	5,787,993	16,773,901	9,007,481
Net increase	6,049,112	1,832,117	(1,443,776)
Net position - beginning	74,297,050	7,823,114	5,259,194
Net position - ending	\$ 80,346,161	\$ 9,655,231	\$ 3,815,418

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

STATE OF MARYLAND

DISCRETELY PRESENTED 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 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, Maryland Economic Development Assistance Authority and Fund, Maryland Small Business Development Financing 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, 2025
(Expressed in Thousands)

	Higher Education	Maryland Stadium Authority	Other Component Units	Total
Assets:				
Cash	\$ 249,074	\$ 327	\$ 95,666	\$ 345,067
Equity in pooled invested cash	3,424,056	339,093	103,904	3,867,053
Investments	51,746	—	110,467	162,213
Endowment investments	593,061	—	—	593,061
Foundation investments	2,860,943	—	—	2,860,943
Tuition contracts receivable	139,159	—	—	139,159
Other accounts receivable	688,992	24,070	55,063	768,125
Inventories	10,096	—	—	10,096
Prepaid items	27,748	—	366	28,115
Loans and notes receivable, net	32,092	—	75,978	108,071
Leases receivable, net	57,157	111,688	14,089	182,934
Other assets	310,809	10,604	20,542	341,955
Restricted assets:				
Cash	33,967	—	537	34,504
Investments	21,778	1,189,223	3,235	1,214,236
Capital assets (net of accumulated depreciation and amortization):				
Land	241,405	—	9,408	250,813
Structures and improvements	7,038,703	322,551	40,645	7,401,899
Infrastructure	325,156	—	405	325,561
Right-of-use assets	82,675	7	5,617	88,299
Equipment	721,870	481	10,906	733,257
Construction in progress	934,682	—	4,437	939,120
Total assets	17,845,170	1,998,042	551,266	20,394,479
Deferred outflows of resources	723,154	4,875	1,736	729,765
Liabilities:				
Salaries payable	278,283	—	—	278,283
Accounts payable and accrued liabilities	598,158	289,898	95,070	983,125
Due to primary government	—	—	2,319	2,319
Unearned revenue	409,381	—	21,282	430,664
Accrued insurance on loan losses	—	—	203	203
Other liabilities	635	—	—	635
Bonds and notes payable:				
Due within one year	90,849	76,186	2,297	169,332
Due in more than one year	1,063,500	3,126,820	12,799	4,203,119
Other noncurrent liabilities:				
Due within one year	267,877	4	38,520	306,400
Due in more than one year	2,773,633	24,003	17,644	2,815,281
Total liabilities	5,482,316	3,516,910	190,135	9,189,361
Deferred inflows of resources:	477,081	10,108	21,607	508,796

STATE OF MARYLAND
Combining Statement of Net Position
Component Units
June 30, 2025
(Expressed in Thousands)

	Higher Education	Maryland Stadium Authority	Other Component Units	Total
Net position				
Net investment in capital assets	\$ 7,357,260	\$ 203,102	\$ 48,703	\$ 7,609,064
Restricted:				
Debt service	—	245,726	—	245,726
Capital improvements and deposits	—	762,604	4,101	766,705
Nonexpendable:				
Scholarships and fellowships	731,886	—	—	731,886
Research	31,227	—	—	31,227
Other	1,093,723	—	—	1,093,723
Expendable:				
Debt service	13,665	—	—	13,665
Capital projects	5,102	—	—	5,102
Loans and notes receivable	17,562	—	—	17,562
Scholarships and fellowships	212,308	—	—	212,308
Research	192,610	—	—	192,610
Other	807,309	—	—	807,309
Unrestricted	2,146,275	(2,735,532)	288,457	(300,800)
Total net position (deficit)	\$ 12,608,927	\$ (1,524,100)	\$ 341,260	\$ 11,426,087

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, 2025
(Expressed in Thousands)

	Higher Education	Maryland Stadium Authority	Other Component Units	Total
Expenses:				
General and administrative	\$ —	\$ 19,719	\$ 44,267	\$ 63,986
Operation and maintenance of facilities	579,425	60,881	216,187	856,493
Instruction	1,960,893	—	—	1,960,893
Research	1,506,709	—	—	1,506,709
Public service	632,415	—	—	632,415
Academic support	767,620	—	—	767,620
Student services	526,674	—	—	526,674
Institutional support	968,276	—	—	968,276
Scholarships and fellowships	258,385	—	—	258,385
Auxiliary	926,808	—	—	926,808
Interest on long-term debt	32,038	106,876	494	139,408
Depreciation and amortization	16,811	31,531	6,521	54,863
Foundation expenses	248,489	—	—	248,489
Other	6,049	60,930	46,099	113,079
Total expenses	8,430,592	279,937	313,568	9,024,097
Program revenues:				
Charges for services:				
Student tuition and fees, net of allowances	1,592,488	—	—	1,592,488
Auxiliary enterprises, net of allowances	821,505	—	—	821,505
Restricted investment earnings	177,040	—	—	177,040
Other	572,500	78,103	243,903	894,506
Total charges for services	3,163,533	78,103	243,903	3,485,539
Operating grants and contributions	2,300,668	69,857	65,569	2,436,093
Capital grants and contributions	312,560	—	—	312,560
Total program revenues	5,776,760	147,960	309,471	6,234,191
Net program revenue (expense)	(2,653,831)	(131,977)	(4,097)	(2,789,905)
General revenues:				
Grants and contributions not restricted to specific programs	2,646,444	—	—	2,646,444
Unrestricted investment earnings (losses)	397,974	—	1,736	399,710
Additions to permanent endowments	5,395	—	—	5,395
Total general revenues and additions to permanent endowments	3,049,813	—	1,736	3,051,549
Change in net position	395,982	(131,977)	(2,360)	261,644
Total net position (deficit) - beginning as originally stated	12,234,550	(1,392,123)	347,512	11,189,938
Adjustment for change in accounting principle (Note 26)	(21,605)	—	(3,891)	(25,496)
Net position (deficit), beginning as restated	12,212,945	(1,392,123)	343,621	11,164,444
Total net position (deficit) - ending	\$ 12,608,926	\$ (1,524,100)	\$ 341,261	\$ 11,426,087

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

STATE OF MARYLAND
INDEX FOR NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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STATE OF MARYLAND

Notes to the Financial Statements

For the Year Ended June 30, 2025

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. There may be rounding differences between amounts reported in the MD&A section and amounts reported in other sections of the ACFR.

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 (major) - 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.

Maryland Stadium Authority (major) - 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 entities:

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), Maryland Small Business Development Financing Authority (MSBDFA) and Maryland Economic Development Assistance Authority and Fund (MEDAAF) were established as a body corporate and politic, and both are an instrumentality of the State. The MIDFA, MSBDFA, and MEDAAF boards each consist 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. The MIDFA, MSBDFA and MEDAAF are subject to the authority of the Secretary and subject to State finance regulations. The MIDFA, MSBDFA and MEDAAF provide financial assistance to enterprises seeking to locate or expand operations in Maryland.

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 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), Chesapeake Employers' Insurance Company (formerly 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, 2025, the Economic Development Loan Programs, major enterprise funds, had transactions with MEDCO that included loans, investments and grants totaling \$3,584,854.

B. Government-wide and Fund Financial Statements:

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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.

Capital Projects Fund:

The Capital Projects Fund is reported as a major governmental fund. It accounts for resources restricted, committed, or assigned for the acquisition or construction of major capital assets, excluding those financed by proprietary funds. Typical funding sources include bond proceeds, grants, and transfers from other funds. This fund is classified as major due to the significance of its financial activity and its impact on the

government's capital improvement efforts. The fund uses the modified accrual basis of accounting, recognizing revenues when measurable and available, and expenditures when incurred.

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, 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.
- 5) 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.

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, Maryland Teachers & State Supplemental Retirement Plans and Other 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 Maryland Teachers & State Supplemental Retirement Plans, which are 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) 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 State uses custodial funds to account for the receipt and disbursement of litigants, patient and prisoner accounts, and various taxes collected by the State for distribution to political subdivisions.

D. New Pronouncements:

In Fiscal Year 2025, the State adopted these new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 101, *Compensated Absences*, issued in June 2022, is effective for fiscal years beginning after December 15, 2023.
- Statement No. 102, *Certain Risk Disclosures*, issued in December 2023. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2025

As of June 30, 2025, these new statements of financial accounting standards issued by the Government Accounting Standards Board have been issued, but the State has not adopted them. The State is evaluating the effect and will adopt by the implementation due date. The State does not believe the adoption will be material to the financial statements.

- Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement are effective for the fiscal year that ends June 30, 2026.
- Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement are effective for the fiscal year that ends June 30, 2026.
- Statement No. 105, *Subsequent Events*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

The State will implement these statements as of their effective dates.

E. Basis of Presentation:

The basic financial statements of the State of Maryland have been prepared in accordance with accounting principles generally accepted in the United States applicable to governments. The Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting requirements for governments. There may be rounding differences between amounts reported in the basic financial statements section and amounts reported in other sections of the Annual Comprehensive Financial Report (ACFR). Also, note, all amounts in the ACFR are stated in thousands unless otherwise indicated. Amounts are reported in whole dollars, and as a result, certain totals may not equal the sum of individual components due to rounding.

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, custodial 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 invested in accordance with the provisions of Section 6-222 and 6-223 of the State Finance and Procurement Article of the Annotated Code of Maryland and Title 17, Subtitle 3 of the Code. 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 with an original maturity of three months or less when purchased 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 Maryland Supplemental Retirement 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 17](#)). 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 18](#)). 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 land and land improvements, land use rights, 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. Leased assets are amortized over the lease term or the life of the asset, whichever is less.

Capital assets of the primary government, as well as the component units, are generally depreciated or amortized 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
Right to use assets	Lease/Subscription Term

Right-to-use Assets:

GASB Statements No. 87 and No. 96 requires the recognition of certain assets and liabilities and recognizes an inflow or outflow of resources based on the payment provisions of the contract. The liability is measured at the present value of payments expected to be made during the contract term and reduced as payments are made. Assets are measured at the amount of the initial measurement of the liability, plus any payments made at or before the commencement of the contract term. Assets are amortized over the shorter of the contract term or useful life of the underlying assets. The receivable is measured at the present value of contract payments expected to be received during the lease term.

Deferred Outflows and Deferred Inflows of Resources:

Deferred outflows of resources are consumption of net assets 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 assets 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. Issuance 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 or amortization 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 or where eligibility requirements are met. 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 2025 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 19](#).

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 and amortization 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 within original maturity of three months or less when purchased 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 eligible expenses are incurred.

Capital Assets:

Capital assets are stated at cost. Depreciation/amortization 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. Repairs and maintenance are charged to operations in the period incurred. Replacements, additions and betterments are capitalized over the useful life of the applicable asset class. Right-to-use assets are amortized over the lease term or the life of the asset, whichever is less.

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 using the first-in/first-out (FIFO) method.

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, 2025 reconcile to cash deposit and investment disclosures as follows (amounts expressed in thousands):

Government-wide statement of net position:	
Cash	\$ 766,309
Equity in pooled invested cash	14,060,864
Investments	6,345,157
Restricted cash	3,842,933
Restricted equity in pooled invested cash	456,302
Restricted investments	4,688,227
Statement of fiduciary net position:	
Cash	2,719,592
Equity in pooled invested cash	3,473,818
Investments	86,936,285
Collateral for lent securities	5,074,047
Total cash and investments per basic financial statements	128,363,536
Less: cash and investments of higher education foundations not subject to disclosure	3,060,930
Total cash and investments per Note 3	\$ 125,302,605
Cash deposit:	
Governmental funds	\$ 361,694
Enterprise funds	2,098,049
Fiduciary funds	241,592
Component units	139,366
Investments:	
Governmental funds	19,354,309
Enterprise funds	6,609,535
Fiduciary funds	94,488,333
Component units	2,009,727
Total cash deposits and investments	\$ 125,302,605

Cash and equity in pooled invested cash for financial statement presentation includes short-term investments with a maturity of three months or less when purchased. Investments for financial statement presentation include certificates of deposit with a maturity of three months or less when purchased.

A. Cash Deposits:

As of June 30, 2025, the carrying value for the bank deposits of the governmental funds, enterprise funds, fiduciary funds and component units were \$361,694, \$2,098,049, \$241,592, and \$139,366, respectively. The bank balances were \$361,694, \$2,097,622, \$241,592 and \$140,027, respectively.

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

The Economic Development Loan Programs and higher education component unit do not have a deposit policy for custodial credit risk. As of June 30, 2025, \$51,017, and \$20,409,000, 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, 2025 are as follows:

- U.S. agency securities (\$4,942,584) 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 (\$3,559,399) 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 (\$3,885,230) are valued based on a model that incorporates market observable pricing information and are categorized as Level 2.
- Investment in the Local Government Investment Pool (\$1,798,475) and money market mutual funds (\$1,708,169) are valued at amortized cost.
- Asset-backed securities with a fair value of \$73,392. Asset-backed securities are reported at fair value, which is determined based on quoted market prices or other observable market data.
- Commercial Paper (\$3,387,058) is valued at amortized cost, which approximates fair value.

The investments and maturities as of June 30, 2025, 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	\$ 4,942,584	\$ 1,828,868	\$ 3,073,585	\$ 40,132
Supranationals	3,559,399	687,360	1,427,671	1,444,369
Asset Backed Securities.....	73,392	—	26,791	46,601
Repurchase Agreements	3,885,230	3,885,230	—	—
Commercial Paper.....	3,387,058	3,387,058	—	—
Money Market Mutual Funds	1,708,169	1,708,169	—	—
Local Government Investment Pool	1,798,475	1,798,475	—	—
Total Investments	\$ 19,354,309	\$ 13,295,161	\$ 4,528,047	\$ 1,531,101

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. As of the end of the fiscal year, no sinking fund investments with guaranteed earnings have been established for the purpose of redeeming term bonds scheduled for repayment beginning in fiscal year 2025.

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

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

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

Concentration of Credit Risk. The State Treasurer's Office's investment policy limits the amount of repurchase agreements to be invested with a particular institution to 30% of the portfolio. There is no other limit on the amount that may be invested in any one issuer. More than 5% of the governmental funds' investments are in the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and African Development Bank. These investments are 15.6%, 5.7%, and 5.4% of the governmental funds' total investments, respectively.

2. Investments – Enterprise Funds:

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

The 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, 2025 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	\$ 597,039	\$ 439,590	\$ 140,866	\$ 5,741	\$ 10,841	\$ —
U.S. Government agency obligations	3,069,735	42,305	47,896	2,306	8,209	2,969,019
Repurchase agreements	2,408	—	—	1,232	1,176	—
Guaranteed investment contracts	2,989	5	2,984	—	—	—
Money market mutual funds	1,736,453	1,736,453	—	—	—	—
Municipal bonds	149,791	—	125,691	14,535	9,565	—
Supranationals	50,913	—	50,913	—	—	—
Bond mutual funds	378,032	56,655	159,754	110,562	51,061	—
Total	\$ 5,987,359	\$ 2,275,008	\$ 528,104	\$ 134,376	\$ 80,852	\$ 2,969,019

The MLGCA, a major enterprise fund, invests in U.S. Treasury obligations that provide for guaranteed payouts to jackpot prize winners, and therefore have no interest rate risk to the MLGCA. As of June 30, 2025, the fair value of these investments was \$21,040,705.

The enterprise funds have the following fair value measurements as of June 30, 2025 (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)
<u>Debt securities</u>				
U.S. Treasury obligations	\$ 597,039	\$ 597,039	\$ —	\$ —
U.S. Government agency obligations	3,069,735	70,251	2,999,484	—
Repurchase agreements	2,408	2,408	—	—
Commercial paper	—	—	—	—
Guaranteed investment contracts	2,989	—	2,989	—
Municipal bonds	149,791	149,791	—	—
Supranationals	50,913	50,913	—	—
Money market mutual funds	1,736,453	—	1,736,453	—
Bond mutual funds	378,032	378,032	—	—
Total debt securities	5,987,359	1,248,434	4,738,926	—
<u>Equity securities</u>				
Corporate equity	287,285	287,285	—	—
Direct equity investments	136,805	—	—	136,805
Total equity securities	424,090	287,285	—	136,805
Total investments by fair value level	6,411,449	\$ 1,535,719	\$ 4,738,926	\$ 136,805
<u>Investments measured at net asset value (NAV)</u>				
Corporate debt securities	36,704			
Real estate	161,382			
Total investments measured at NAV	198,086			
Total investments	\$ 6,609,535			

- 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 (\$50,913,000) are valued by consensus of international financial institutions based on observable inputs.
- Level 2 investments are valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. GNMA direct U.S. Government obligations (\$0) and FNMA U.S. Government agency obligations (\$2,999,484,000) 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) (\$198,086,000), as a practical expedient, are not classified in the fair value hierarchy. The Maryland Prepaid College Trust Statement of Investment Policy allows to purchase investments in domestic, foreign and high yield bonds (\$36,704,000) and real estate equities (global and private - \$161,382,000). Some investments require capital calls and have redemption restrictions or notice periods. There were no unfunded commitments, and no liquidation period is disclosed.

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. 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 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, 2025, were Aa by Moody's and AA by Fitch, or higher. The Investment Policy of the Maryland Prepaid College Trust details the minimum quality standards for the Trust's bond portfolios.

As of June 30, 2025, 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	\$ 3,413,176	Aaa	Moody's	51.64 %
U.S. government agency obligation	253,598	AA	S&P	3.84
Money market mutual funds	1,736,453	AAAm/Aaa	S&P/Moody's	32.69
Repurchase agreements	2,408	Aaa	Moody's	0.04
Commercial paper	—	A-1/ P-1	S&P/Moody's	—
Guaranteed investment contracts	2,961	Aaa	Moody's	0.04
Municipal bonds	149,791	AAA	S&P	2.27
Supranationals	50,913	AAA	S&P	0.77
Bond mutual funds	7,877	AAA/Aaa	S&P/Moody's	0.12
Bond mutual funds	114,359	AA/Aa	S&P/Moody's	1.73
Bond mutual funds	16,673	A	S&P/Moody's	0.25
Bond mutual funds	107,122	BBB	S&P/Moody's	1.62
Bond mutual funds	132,001	BB	S&P/Moody's	2.00
Total	\$ 5,987,332			97.00 %

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 1.7% and 46.6%, of the enterprise funds' total investments, respectively. The Prepaid College Trust's guidelines limit a single investment to 5% of each bond portfolio's fair value, except U.S. Treasury notes and bonds.

In addition to the Maryland Prepaid College Trust, the Maryland 529 Plans consist of the Maryland Senator Edward J. Kasemeyer College Investment Plan, a fiduciary component unit. As of June 30, 2025, the Plan has \$11,022,740, of investments held in trust for individuals and organizations.

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, 2025, 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	\$ 6,599,977	\$ 2,225,080	\$ 1,253,331	\$ 809,771	\$ 2,311,795
U.S. Treasury strips	107,609	446	2,176	4,020	100,967
U.S. Government agency obligations	2,464,319	2,184,214	213,844	34,141	32,119
Repurchase agreements	750,547	750,547	—	—	—
Commercial paper	3,155,246	3,155,246	—	—	—
Guaranteed investment contracts	1,200,046	383,985	816,062	—	—
Corporate bonds	2,663,619	42,516	1,263,435	877,849	479,820
International bonds	391,290	4,295	148,328	128,222	110,446
Other government bonds	1,348,292	25,359	440,045	468,150	414,738
Mortgage-backed securities	2,188,414	116	15,001	40,301	2,132,996
Asset-backed securities	123,045	222	23,419	35,266	64,138
Bond mutual funds	2,445,869	190,018	1,665,240	485,783	104,827
Swaps	17,038	74	965	2,211	13,788
Money market mutual funds	3,059,357	1,562,000	—	1,497,357	—
Total investments	26,514,668	10,524,119	5,841,845	4,383,071	5,765,634
Collateral for lent securities	5,074,047	5,074,047	—	—	—
Total investments and collateral for lent securities	\$ 31,588,715	\$ 15,598,166	\$ 5,841,845	\$ 4,383,071	\$ 5,765,634

In addition to the investments scheduled above, as of June 30, 2025, the fiduciary funds' investments also include the fair value of corporate equity securities of \$23,859,722,673 commingled investments of \$12,302,766,000, private equity of \$14,936,091,000, real estate of \$6,937,684,000 stock mutual funds of \$4,871,987,412 annuity contracts of \$5,663,426 and insurance contracts of \$2,740,550.

The fiduciary funds have the following fair value measurements as of June 30, 2025 (amounts expressed in thousands):

Investments by Fair Value Level		Fair Value Measurements Using			
		Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities					
U.S. Treasury notes and bonds	\$	4,379,688	\$ 4,379,688	\$ —	\$ —
U.S. Treasury strips		107,609	107,609	—	—
U.S. Government agency obligations		653,206	653,206	—	—
Repurchase agreements		750,547	—	750,547	—
Corporate bonds		2,663,619	—	2,663,619	—
International bonds		391,290	—	391,290	—
Other government bonds		1,348,292	—	1,348,292	—
Mortgage-backed securities		2,188,414	—	—	2,188,414
Bond mutual funds		186,299	186,299	—	—
Money market mutual fund		1,701,010	1,701,010	—	—
Collateral for lent securities		5,074,047	—	5,074,047	—
Total debt securities		19,444,021	7,027,812	10,227,796	2,188,414
Equity securities					
Corporate equities		23,859,723	23,859,723	—	—
Stock mutual funds		4,871,987	4,871,987	—	—
Total equity securities		28,731,710	28,731,710	—	—
Total investments by fair value level		48,175,731	\$ 35,759,522	\$ 10,227,796	\$ 2,188,414
Investments measured at net asset value					
Asset-backed securities funds		123,045			
Bond mutual funds		2,259,570			
Real estate funds		6,937,684			
Private equity funds		14,936,091			
Commingled investments		12,302,766			
Total investments measured at net asset value		36,559,156			
Investments measured at amortized cost					
U.S. Treasury notes and bonds		2,220,289			
U.S. Government agency obligations		1,811,113			
Commercial paper		3,155,246			
Money market mutual funds		1,358,347			
Total investments measured at amortized cost		8,544,995			
Investments measured at contract value					
Guaranteed investment contracts		1,200,046			
Annuity contracts		5,663			
Total investments measured at contract value		1,205,710			
Investments measured at cash surrender value					
Insurance contracts		2,741			
Total investments	\$	94,488,333			

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

Level 2 investments include the following:

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

Level 3 investments include the following:

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

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

June 30, 2025				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private funds (includes equity, credit, energy, infrastructure, and timber)	\$ 23,437	\$ 9,606	—	—
Real estate-open ended	5,202	—	Quarterly	45-90 days
Equity open-end fund	3,654	—	Daily	1 day
	2,726	—	Monthly	5 - 30 days
	820	—	Triennially	150 days
Multi-asset	294	—	Monthly	5 days
Hedge Funds				
Equity long/short	988	—	Monthly	30-45 days
	92	—	Quarterly	60 days
Event-driven	89	—	Quarterly	15 days
	203	—	N/A	Liquidating
	51	—	N/A	Liquidating
	17	—	N/A	Liquidating
Global macro	417	—	Monthly	5-30 days
	446	—	Monthly	5-30 days
Relative value	151	—	Monthly	90 days
	231	—	Quarterly	30 days
	582	—	Quarterly	45-90 days
Opportunistic	1,127	—	Quarterly	90 days
	147	—	N/A	Liquidating
	\$ 40,674	\$ 9,606		

Information included in the MSRPS financial statements:

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

Interest Rate Risk. As of June 30, 2025, the System had \$1,779,626 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 Maryland Teachers & State Employees Supplemental Retirement 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, 2025, the carrying value of these investments was \$5,663,426 and \$2,740,550, respectively.

The State Treasurer's Office manages the Local Government Investment Pool (the 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, 2025, 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	\$ —	AAA	0.00%
U.S. Government agency obligations	1,879,846	AA	2.10
U.S. Government agency obligations	—	A	0.00
U.S. Government agency obligations	1,731	Unrated	0.00
Money market mutual funds	1,358,347	AAA	1.52
Money market mutual funds	—	A	0.00
Money market mutual funds	1,701,010	Unrated	1.90
Commercial paper	3,155,246	AAA	3.53
Guaranteed investment contracts	816,062	AA	0.91
Guaranteed investment contracts	383,985	Unrated	0.43
Corporate bonds	6,855	AAA	0.01
Corporate bonds	60,131	AA	0.07
Corporate bonds	404,023	A	0.45
Corporate bonds	—	BAA	0.00
Corporate bonds	—	BA	0.00
Corporate bonds	748,252	BBB	0.84
Corporate bonds	758,180	BB	0.85
Corporate bonds	550,068	B	0.62
Corporate bonds	—	CAA	0.00
Corporate bonds	41,966	CCC	0.05
Corporate bonds	1,308	CC	0.00
Corporate bonds	—	C	0.00
Corporate bonds	109,875	Unrated	0.12
International bonds	—	AAA	0.00
International bonds	21	AA	0.00
International bonds	38,357	A	0.04
International bonds	—	BAA	0.00
International bonds	—	BA	0.00
International bonds	75,898	BBB	0.08
International bonds	27,388	BB	0.03
International bonds	78,965	B	0.09
International bonds	604	CCC	0.00
International bonds	46,179	Unrated	0.05
Other government bonds	15,003	AAA	0.02
Other government bonds	37,758	AA	0.04
Other government bonds	228,210	A	0.26
Other government bonds	455,294	BBB	0.51
Other government bonds	261,178	BB	0.29
Other government bonds	141,693	B	0.16
Other government bonds	56,359	CCC	0.06
Other government bonds	745	CC	0.00
Other government bonds	5,153	D	0.01
Other government bonds	270,777	Unrated	0.30
Mortgage-backed securities	18,032	AAA	0.02
Mortgage-backed securities	12,109	AA	0.01
Mortgage-backed securities	18,477	A	0.02
Mortgage-backed securities	11,874	BBB	0.01
Mortgage-backed securities	2,269	BB	0.00
Mortgage-backed securities	—	BA	0.00
Mortgage-backed securities	29	B	0.00
Mortgage-backed securities	1,512	CCC	0.00
Mortgage-backed securities	—	CC	0.00
Mortgage-backed securities	132	D	0.00
Mortgage-backed securities	2,106,723	Unrated	2.36
Asset-backed securities-other	16,032	AAA	0.02
Asset-backed securities-other	5,018	AA	0.01
Asset-backed securities-other	11,784	A	0.01
Asset-backed securities-other	—	BAA	0.00
Asset-backed securities-other	13,076	BBB	0.01
Asset-backed securities-other	3,436	BB	0.00
Asset-backed securities-other	1,655	B	0.00
Asset-backed securities-other	2,174	CCC	0.00
Asset-backed securities-other	126	CC	0.00
Asset-backed securities-other	—	D	0.00
Asset-backed securities-other	69,744	Unrated	0.08
Repurchase agreements	750,547	A	0.84
Bond mutual funds	186,299	Unrated	0.21
Total	\$ 16,947,515		18.95%

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, 2025 was as follows (amounts expressed in thousands):

Currency	Equity	Fixed Income	Cash	Alternative Investments	Total
Australian Dollar	\$ 278,901	\$ 1,458	\$ 9,350	\$ 127,970	\$ 417,679
Brazilian Real	30,718	(1,266)	46	—	29,498
Canadian Dollar	529,104	1,392	1,280	269,098	800,874
Chilean Peso	888	—	11	—	899
Danish Krone	120,602	—	238	—	120,840
Egyptian Pound	20,196	—	—	—	20,196
Euro Currency	2,173,744	118,580	52,106	1,816,455	4,160,885
Hong Kong Dollar	261,180	—	655	49,773	311,608
Hungarian Forint	1,220	—	51	—	1,271
Indonesian Rupiah	27,968	—	633	—	28,601
Japanese Yen	1,168,536	12,839	7,574	20,397	1,209,346
Malaysian Ringgit	1,627	—	18	—	1,645
Mexican Peso	40,730	—	241	—	40,971
New Israeli Sheqel	32,556	—	75	—	32,631
New Taiwan Dollar	64,878	—	4	—	64,882
New Zealand Dollar	6,925	11,757	911	9,587	29,180
Norwegian Krone	67,416	—	141	—	67,557
Philippine Peso	1,676	—	10	—	1,686
Polish Zloty	5,359	—	136	—	5,495
Pound Sterling	814,972	25,442	15,402	252,282	1,108,098
Singapore Dollar	73,570	—	445	—	74,015
Peruvian Sol	—	7,519	585	—	8,104
South African Rand	74,320	4,901	(457)	—	78,764
South Korean Won	102,892	—	277	—	103,169
Swedish Krona	139,742	—	578	—	140,320
Swiss Franc	466,535	—	1,972	6,528	475,035
Thailand Baht	12,473	—	—	—	12,473
Turkish Lira	1,460	—	—	—	1,460
UAE Dirham	36,984	—	—	—	36,984
Yuan Renminbi	22,109	—	211	—	22,320
Other holdings with potential exposure to foreign currency risk	5,555,633	1,317,531	—	2,117,965	8,991,129
Total	\$ 12,134,914	\$ 1,500,153	\$ 92,493	\$ 4,670,055	\$ 18,397,615

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

Derivatives:

The 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, 2025		
Classification	Amount		Classification	Amount	Notional ⁽¹⁾
Commodity futures long	Investment Revenue	\$ (7,186)	Futures	\$ —	554
Commodity futures short	Investment Revenue	—	Futures	—	—
Credit default swaps written	Investment revenue	983	Swaps	1,780	54,895
Fixed income futures long	Investment revenue	(47,196)	Futures	—	6,147,996
Fixed income futures short	Investment revenue	3,471	Futures	—	(503,597)
Fixed income options bought	Investment revenue	(1,422)	Options	3,524	377,600
Fixed income options written	Investment revenue	2,692	Options	(343)	(722,439)
Foreign currency futures short	Investment revenue	601	Futures	—	—
Foreign currency options bought	Investment revenue	(348)	Options	—	—
Foreign currency options written	Investment revenue	375	Options	—	—
Futures options bought	Investment revenue	121	Options	547	1,360
Futures options written	Investment revenue	870	Options	(42)	(142)
FX forwards	Investment revenue	(27,673)	Long term instruments	(20,530)	11,950,045
Index futures long	Investment revenue	223,193	Futures	—	892
Index futures short	Investment revenue	(52,603)	Futures	—	(646)
Pay fixed interest rate swaps	Investment revenue	2,064	Swaps	16,800	317,168
Receive fixed interest rate swaps	Investment revenue	3,515	Swaps	(1,403)	700,668
Rights	Investment revenue	78	Common stock	—	—
Total return swaps bond	Investment revenue	73	Swaps	—	—
Warrants	Investment revenue	—	Common stock	6	14
Grand totals		\$ 101,608		\$ 339	

(1) 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, 2025 was \$297,601,000. 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
\$ 103,580	AA-	\$ —	Aa2	\$ 8,111	AA
56,414	A+	36,069	Aa2	167,940	AA-
57,480	A	61,884	Aa3	121,171	A+
62,261	A-	124,072	A1	153	A
17,866	BBB+	13,824	A2	226	A-
		61,752	A3	—	BBB+
\$ 297,601		\$ 297,601		\$ 297,601	

Risk concentrations are presented in the table below:

Counterparty Name	Percentage of Net Exposure	S&P Rating	Fitch Rating	Moody's Rating
Royal Bank of Canada (UK)	23.9	AA-	AA-	A1
HSBC Bank PLC	20.8	A-	A+	A3
BNP Paribas	11.5	A+	A+	A1
State Street Bank London	9.9	A	AA-	Aa3
The Bank Of New York Mellon	9.3	A	AA-	Aa3
Westpac Banking Corporation	8.5	AA-	AA-	Aa2
Toronto Dominion Bank	4.6	A+	AA-	A2
Wells Fargo CME	3.6	BBB+	A+	A1
JP Morgan Chase Bank N.A. London	2.4	AA-	AA	Aa2
Wells Fargo LCH	1.9	BBB+	A+	A1
Citibank N.A.	1.6	A+	A+	Aa3
UBS AG	0.7	A+	A+	Aa2
Wells Fargo ICE	0.5	BBB+	A+	A1
Bank Of America N.A.	0.3	A+	AA	Aa2

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.

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 investments and maturities as of June 30, 2025 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	\$ 285,701	\$ 60,792	\$ 224,909	\$ —	\$ —	\$ —
U.S. government agency obligations	54,450	54,007	443	—	—	—
Money market mutual funds	1,003,185	1,003,185	—	—	—	—
Total	\$ 1,343,337	\$ 1,117,984	\$ 225,352	\$ —	\$ —	\$ —

In addition to the investments scheduled above, as of June 30, 2025 the component units' investments include the fair value of stock mutual funds of \$15,755,735, corporate equity securities of \$65,004,951, real estate of \$35,918,849, and the share of assets invested with the foundation of \$543,310,000.

The component units had the following fair value measurements as of June 30, 2025 (amounts expressed in thousands):

		Fair Value Measurements Using		
Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Debt securities</u>				
U.S. Treasury obligations	\$ 285,701	\$ 285,701	\$ —	\$ —
U.S. Government agency obligations	54,450	54,450	—	—
Money market mutual funds	1,003,185	1,003,185	—	—
Total debt securities	1,343,337	1,343,337	—	—
<u>Equity securities</u>				
Corporate equities - publicly held	71	71	—	—
Equity investments in privately-held companies and venture capital partnerships:				
Not publicly traded	64,934	—	—	64,934
Stock mutual funds	15,756	15,756	—	—
Total equity securities	80,761	15,827	—	64,934
Real estate	35,919	—	—	35,919
The share of the USM's investment in the open-end mutual fund investment of the University System of Maryland Foundations, Inc.	543,310	—	543,310	—
Total investments by fair value level	2,003,326	\$ 1,359,164	\$ 543,310	\$ 100,853
Investments measured at amortized cost				
Money market mutual funds	6,400			
Total investments	\$ 2,009,727			

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.

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.

As of June 30, 2025, 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	\$ 290,400	AAA/Aaa	S&P & Moody's	14.45%
U.S. agencies	49,751	AA/Aaa	S&P & Moody's	2.48
Money market mutual funds	1,003,185	Aaa	Moody's	49.92
Money market mutual funds	6,400	Not rated		0.32
Corporate debt securities	—	Not rated		0.00
Total	\$ 1,349,737			67.16%

Concentration of Credit Risk. The higher education component units place no limit on the amount they may invest in U.S. government issuers.

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, 2025, 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	\$ 3,422,120	\$ 3,493,775	102.09%
U.S. corporate bond and equity securities	1,523,764	1,559,220	102.33
International fixed income securities	7,727	7,895	102.17
International equities	12,477	13,157	105.45
Total securities lent	\$ 4,966,088	\$ 5,074,047	102.17%

During fiscal year 2025, the Funds maintained the right to terminate securities lending transactions upon notice. The lending agent reinvests the cash collateral received on each loan utilizing indemnified repurchase agreements (repos). As of June 30, 2025, such repos had average days to maturity of 49.33 days.

4. Receivables:

Taxes receivable, as of June 30, 2025, consisted of the following (amounts expressed in thousands):

	Major Governmental Funds		Non-Major Governmental Funds	Total Governmental Funds
	General	Special Revenue		
Income taxes	\$ 1,412,611	\$ —	\$ —	\$ 1,412,611
Sales and use taxes	731,752	—	—	731,752
Transportation taxes, primarily motor vehicle fuel and excise	—	170,907	—	170,907
Other taxes, principally alcohol, tobacco and property	45,876	—	81,719	127,595
Less: allowance for uncollectibles	51,017	—	—	51,017
Taxes receivable, net	\$ 2,139,222	\$ 170,907	\$ 81,719	\$ 2,391,848

Tax revenues are reported net of uncollectible amounts. Total uncollectible amounts related to tax revenues of the current period were \$5,212,000.

Other accounts receivable in the governmental funds of \$2.0 billion, including \$272,992,000 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 \$1,106,693,000, primarily consisted of \$796,541,000 due to the Unemployment Insurance Program from employers and for benefit overpayments, \$149,563,000 due to the Maryland Transportation Authority from toll revenue receivable, \$53,426,000 due to the Community Development Administration from accrued interest and claims receivable on foreclosed and other loans, \$81,776,000 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, and \$1,105,000 due to the Maryland Prepaid College Trust from investing activities.

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, 2025, the State's deferred outflows of resources and deferred inflows of resources consist of the following components (amounts expressed in thousands):

	Governmental Funds		Governmental Activities	Business-Type Activities	Component Units
	General Fund	Special Revenue Funds			
Deferred outflows of resources:					
Loss on refunding of debt "refunding" of some previously outstanding general obligation bonds and revenue bonds resulted in losses	\$ —	\$ —	\$ —	\$ 14,195	\$ 3,789
Interest rate exchange agreements (swaps) - with a variable rate bond issue	—	—	—	—	—
Pension-related deferred outflows	—	—	7,830,331	134,948	715,472
Other post-employment benefit-related deferred outflows	—	—	661,360	—	432
Asset retirement obligations	—	—	—	—	10,073
Leases				15	
Total for deferred outflows of resources	\$ —	\$ —	\$ 8,491,691	\$ 149,158	\$ 729,765
Deferred inflows of resources:					
Governmental fund receivables for revenues that are not considered to be available to liquidate liabilities of the current period	1,907,608	1,352,757	—	—	—
Gain on refunding of debt - refunding of some previously outstanding residential revenue bonds - deferred bond premiums	—	—	32,037	1,559	545
Service concession arrangement receipts of the:					
Maryland Department of Transportation	—	—	183,893	—	—
Maryland Transportation Authority	—	—	—	37,307	—
University System of Maryland	—	—	—	—	345,851
Leases		203,004	203,004	11,250	102,382
Pension-related deferred inflows	—	—	637,566	15,770	58,541
Other post-employment benefit-related deferred inflows	—	—	4,344,627	—	1,477
Total for deferred inflows of resources	\$ 1,907,608	\$ 1,555,761	\$ 5,401,126	\$ 65,886	\$ 508,796

6. Loans and Notes Receivable and Leases Receivable:

A. Loans and Notes Receivable:

Loans and notes receivable, as of June 30, 2025, 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	\$ —	\$ 793	\$ 1,757,731	\$ —	\$ —	\$ —
Other	—	—	205,851	—	—	—
Volunteer fire & rescue companies	22,411	—	—	—	—	—
Permanent mortgage loans	—	247	2,408,668	—	—	—
Student and health profession loans	—	—	—	34,172	—	—
Shore erosion loans	3,850	—	—	—	—	—
Other	—	—	—	5,043	—	93,601
Total	26,261	1,040	4,372,250	39,215	—	93,601
Less: Allowance for possible loan losses	—	—	397,852	7,122	—	17,622
Loans and notes receivable, net	26,261	1,040	3,974,398	32,093	—	75,979
Due within one year	2,981	299	208,509	23,564	—	4,150
Due in more than one year	\$ 23,280	\$ 740	\$ 3,765,889	\$ 8,528	\$ —	\$ 71,828

Certain notes receivable for advances of general obligation bond proceeds bear interest at rates ranging from 4.4% to 5.8% and mature within 12 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. Leases Receivable:

The Maryland Department of Transportation is a party to multiple leases, primarily at the BWI Marshall Airport and at the Port of Baltimore. The Department recognized \$19,754,000 in lease revenue and \$6,555,000 in interest revenue related to leases. As of June 30, 2025, the Department's receivable for lease payments was \$205,668,000 and the balance of the deferred inflow of resources was \$203,004,000. The deferred inflow of resources will be recognized as revenue over the lease term.

Enterprise Funds:

As of June 30, 2025, the Maryland Transportation Authority (Authority) has leases receivable with the State's Department of Transportation, the Washington Metropolitan Area Transit Authority (WMATA), and the general fund. The present value of leases receivable as of June 30, 2025 was \$176,918,000. As of June 30, 2025, the Authority held \$49,749,000 to be spent to complete assets under these leases receivable. 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):

2026	\$	23,798
2027		24,831
2028		17,937
2029		18,867
2030		19,855
2031-2035		78,004
2036-2040		30,815
Total		214,107
Unearned interest income		12,560
Total lease payments		226,667
Restricted investments related to unexpended bond proceeds		49,749
Leases receivable, net	\$	176,918

Component Units:

As of June 30, 2025, the Maryland Stadium Authority (Authority) has leases receivable with the State. The present value of the leases receivable as of June 30, 2025 is \$111,688,000. As of June 30, 2025 the Authority held \$6,107,000 to be spent to complete assets under these leases receivable. 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):

2026	\$	16,688
2027		8,755
2028		8,758
2029		8,757
2030		8,757
2031-2035		43,791
2036-2040		40,431
2041-2045		18,731
2046-2050		18,736
2051-2055		7,497
Total		180,902
Less: unearned interest income		63,108
Net lease payments		117,795
Less: restricted investments related to unexpended bond proceeds		6,107
Leases receivable, net	\$	111,688

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, 2025 are as follows (amounts expressed in thousands):

Amount	Purpose
Governmental Activities:	
\$ 213,772	Represents money restricted for construction retainages related to highway and airport projects.
247	Represents Economic Development loans and grants to promote and encourage the development of new and existing businesses within the State of Maryland.
348,435	Represents State property taxes restricted to pay debt service on general obligations debt.
121,327	Represents money restricted by the National Settlement Agreement and Section 7-331(f) of the State Finance and Procurement Article, limited to Future Opioid Remediation.
<u>\$ 683,781</u>	
Business-type Activities:	
\$ 5,743,958	Assets of the Community Development Administration are restricted for various mortgage loans for low-income housing.
28,004	The purpose of the restricted assets is to secure the revenue bonds of the Maryland Water Infrastructure Financing Administration made for waste-water treatment systems and bay restoration.
2,816,780	Restricted assets represent deposits with the U.S. Treasury and amounts due from employers to pay unemployment compensation benefits in accordance with federal statute.
23,083	Restricted assets 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.
566,713	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.
97,168	Assets have been restricted by the Maryland Housing Fund to pay possible future claims under insurance for losses on mortgage loans.
<u>\$ 9,275,706</u>	
Component Units:	
\$ 55,745	Restricted assets of higher education include funds held by the trustee for future specific construction projects and to pay debt service and cash restricted for endowment purposes.
1,189,223	Restricted assets of Maryland Stadium Authority include cash and investments that relate to revenue bond indentures.
3,437	Restricted assets include cash and investments that relate to revenue bond indentures and to restricted project funds for the provision of water supply, wastewater treatment, and solid waste management by Maryland Environmental Service.
335	Cash has been restricted to fulfill funding commitments for COVID-19 grants and loans of Maryland Economic Development Assistance Authority and Fund.
<u>\$ 1,248,740</u>	

8. Interfund Receivables and Payables:

Interfund balances, as of June 30, 2025 consisted of the following (amounts expressed in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue	\$ 773,895 ⁽¹⁾
	Fund Enterprise Funds -	
	Economic Development Loan Programs	1,487 ⁽²⁾
	Maryland Lottery and Gaming Control Agency	242,483 ⁽³⁾
		<u>\$ 1,017,865</u>
Special Revenue Fund	General Fund	\$ 212,339 ⁽⁴⁾
	Enterprise Funds -	
	Maryland Transportation Authority	89,279 ⁽⁵⁾
		<u>\$ 301,618</u>
Enterprise Funds -		
Economic Development Loan Programs	General Fund	\$ 24,577 ⁽⁶⁾
	Capital Projects Fund	65,705 ⁽⁷⁾
Unemployment Insurance Program	General Fund	5,905 ⁽⁶⁾
Maryland Transportation Authority	Special Revenue Fund	55,458 ⁽⁸⁾
		<u>\$ 151,645</u>
Custodial Fund -		
Local Income Taxes	General Fund	\$ 388,559 ⁽⁹⁾

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 custodial fund and the general fund are reported as accounts receivable from the State treasury by the custodial 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, 2025, consist of the following (amounts expressed in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Non-major component units	\$ 2,319

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 custodial fund are reported as due from primary government by the component unit and accounts payable and accrued liabilities by the custodial fund.

- (1) The amount represents Transportation Trust Fund revenues transferred back to the general fund in July and August, 2025.
- (2) This amount represents payable balances for economic development loan program transfers.
- (3) This amount represents monies collected by the Maryland Lottery and Gaming Control Agency in June, 2025, and paid to the general fund in July, 2025.
- (4) The amount represents income and sales tax subsidies and return of health insurance costs from the general fund.
- (5) 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.
- (6) These amounts represent receivable balances from general fund subsidies.
- (7) Bond funds collected by the capital projects fund on behalf of the economic development loan programs.
- (8) The Maryland Transportation Authority receives rent, interest income and fees for services from the special revenue fund.
- (9) The estimated refunds 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 (9) above, are expected to be repaid by June 30, 2026. For (9) above, the General Fund is required to pay to the custodial fund \$33,333,000 a year in each of fiscal years 2021 through 2026 and \$10,000,000 a year in each of fiscal years 2021 through 2025. The remaining balance is due to pay local income taxes at unspecified dates in the future.

9. Interfund Transfers:

Interfund transfers, for the year ended June 30, 2025 consisted of the following (amounts expressed in thousands):

Transfers In	Transfers Out	Amount
General Fund	Capital Projects Fund	\$ 118,069
	Enterprise Funds - Maryland Lottery and Gaming Control Agency	1,593,685
		<u>\$ 1,711,754</u>
Special Revenue Fund	General Fund	<u>\$ 484,950</u>
Capital Projects Fund	General Fund	\$ 128,283
	Non-major Governmental Funds - Other	219,000
		<u>\$ 347,283</u>
Non-major Governmental Funds	General Fund	\$ 381,123
	Special Revenue Fund	429,706
		<u>\$ 810,829</u>
Enterprise Funds - Loan Programs	General Fund	\$ 15,028
	Capital Projects Fund	156,677
		<u>\$ 171,705</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 \$77,788 of Program Open Space funds, \$39,418 of interest earned on bonds, and \$863 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 \$1,593,685, to the general fund. The general fund transferred \$15,028 to support the operations of Enterprise Funds - Loan Programs. Expenditures for capital projects of \$156,677 were transferred to Enterprise Funds - Loan Programs.

During the year, the general fund and other governmental funds had expenditures of \$253,562 and \$42,400 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 \$33,439 that were for funds provided to supplement revenues of the Maryland Stadium Authority. The general fund transferred \$55,856 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 \$2,319 as distributions/returns from Venture Capital Limited Partnerships. These expenditures are recorded as grants and contributions on component unit financial statements.

10. Capital Assets:

A. Capital Assets, Primary Government:

Capital assets activity by asset classification net of accumulated depreciation/amortization, for the year ended June 30, 2025 was as follows (amounts expressed in thousands):

Governmental activities:

Classification	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets, not depreciated or amortized				
Land and improvements	\$ 4,044,381	\$ 51,225	\$ 1	\$ 4,095,605
Land use rights	1,292,328	71,189	—	1,363,517
Art and historical treasures	23,068	—	13,138	9,930
Construction in progress	9,369,165	1,543,650	600,990	10,311,825
Total capital assets, not depreciated or amortized	14,728,942	1,666,064	614,129	15,780,877
Capital assets, being depreciated or amortized				
Structures and improvements	7,731,449	43,959	7,735	7,767,673
Right-of-use leased structures and improvements	791,829	60,687	19,183	833,333
Equipment	4,136,504	148,385	73,811	4,211,078
Right-of-use leased equipment	19,738	—	19,738	—
Subscription assets	117,607	—	3,412	114,195
Infrastructure	32,002,000	1,054,752	18,575	33,038,177
Right-of-use infrastructure	15,352	—	—	15,352
Total capital assets, being depreciated or amortized	44,814,478	1,307,783	142,454	45,979,807
Less: accumulated depreciation and amortization				
Structures and improvements	4,518,039	200,633	12,435	4,706,237
Right-of-use leased structures and improvements	222,966	99,249	18,519	303,696
Right-of-use leased equipment	15,790	3,948	19,738	—
Equipment	3,169,105	150,279	67,373	3,252,011
Subscription assets	48,739	28,454	3,117	74,076
Infrastructure	21,682,143	1,016,513	3,228	22,695,428
Right-of-use infrastructure	4,130	1,217	—	5,347
Total accumulated depreciation and amortization	29,660,912	1,500,293	124,410	31,036,795
Total capital assets, net	\$ 29,882,508	\$ 1,473,554	\$ 632,173	\$ 30,723,889

Business-type activities:

Classification	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets, not depreciated or amortized				
Land and land improvements	\$ 407,129	\$ 3,206	\$ 53	\$ 410,282
Construction in progress	1,775,254	515,264	71,785	2,218,733
Total capital assets, not depreciated or amortized	2,182,383	518,470	71,838	2,629,015
Capital assets, being depreciated or amortized				
Structures and improvements	283,811	2,719	342	286,188
Equipment	127,108	6,824	2,244	131,688
Right-of-use leased equipment	8,411	—	—	8,411
Right-of-use leased office space	26,175	1,093	—	27,268
Infrastructure	7,606,661	69,066	18,796	7,656,931
Subscription assets	468	—	—	468
Total capital assets, being depreciated or amortized	8,052,634	79,702	21,382	8,110,954
Less: accumulated depreciation and amortization				
Structures and improvements	55,327	6,073	151	61,249
Equipment	83,423	8,343	2,176	89,590
Right-of-use leased equipment	7,251	1,107	—	8,358
Right-of-use leased office Space	1,206	1,985	—	3,191
Infrastructure	2,506,139	171,984	12,945	2,665,178
Subscription assets	314	139	—	453
Total accumulated depreciation and amortization	2,653,660	189,631	15,272	2,828,019
Total capital assets, net	\$ 7,581,357	\$ 408,541	\$ 77,948	\$ 7,911,949

B. Depreciation/Amortization Expense, Primary Government:

The depreciation and amortization expense for the year ended June 30, 2025 for the primary government was charged as follows (amounts expressed in thousands):

Governmental activities:

Function	Amount
General government	\$ 150,536
Education	2,864
Human resources	9,511
Health and mental hygiene	11,888
Environment	202
Public safety	41,117
Natural resources and recreation	24,204
Transportation	1,224,887
Agriculture	33,928
Labor, licensing and regulation	409
Judicial	748
Total depreciation and amortization expense – governmental activities	\$ 1,500,293

Business-type activities:

Function	Amount
MLGCA	\$ 3,190
Transportation Authority	185,517
Maryland Correctional Enterprises	924
Total depreciation and amortization expense – business-type activities	\$ 189,631

11. Leases:

The State has entered into various lease agreements as lessee, primarily for office space, warehouse space, storage areas, parking and other rental needs. Most leases have initial terms of up to 10 years, and contain one or more renewals at the State's option, generally for three- or five-year periods. The State has generally included these renewal periods in the lease term when it is reasonably certain that the State will exercise the renewal option. The State's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants.

Certain real estate leases require additional payments for common area maintenance, real estate taxes, and insurance, which are expensed as incurred as variable lease payments. For office space leases that include variable payments, those include payments for the State's proportionate share of the building's property taxes, insurance, and common area maintenance. The State's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the State's leases is not readily determinable, the State utilizes its incremental borrowing rate to discount the lease payments.

As of June 30, 2025, the Statement of Net Position includes the following amounts relating to leases (amounts expressed in thousands):

	Governmental Activities	Business Type Activities
Buildings	\$ 833,333	\$ 2,724
Infrastructure	15,352	—
Equipment	—	8
Less: accumulated amortization	309,043	742
Total	\$ 539,642	\$ 1,990

Future minimum lease payments and the net present value as of June 30, 2025 were as follows:

	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ 86,428	\$ 28,702	\$ 1,820	\$ 229	\$ 117,179
2027	83,105	24,666	1,825	223	109,819
2028	80,119	20,673	1,881	226	102,899
2029	77,494	16,791	1,944	227	96,456
2030	74,661	13,065	1,784	228	89,738
2031-2035	149,329	33,511	9,380	1,160	193,380
2036-2044	35,574	14,392	6,337	813	57,116
2045-2050	38,033	3,698	—	—	41,731
Total minimum lease payments	\$ 624,742	\$ 155,498	\$ 24,972	\$ 3,107	\$ 808,318

12. Subscription-Based Information Technology Arrangements (SBITAs):

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), was issued to enhance the relevance and consistency of information about governments' subscription activities. The statement establishes a single model for subscription accounting, treating subscriptions as financings of the right to use an underlying asset. Under this Statement, the organization recognizes a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

As of June 30, 2025, the Statement of Net Position includes the following amounts relating to SBITAs (amounts expressed in thousands):

	Governmental Activities	Business Type Activities
Subscriptions.....	\$ 114,195	\$ 468
Less: accumulated amortization.....	74,076	453
Total.....	\$ 40,119	\$ 15

Future minimum subscription payments and the net present values as of June 30, 2025 were as follows:

	Governmental Activities		
	Principal	Interest	Total
2026.....	\$ 11,815	\$ 673	\$ 12,488
2027.....	7,230	379	7,609
2028.....	5,451	378	5,829
2029.....	4,096	234	4,330
2030.....	—	100	100
Total minimum SBITA payments.....	\$ 28,592	\$ 1,763	\$ 30,356

13. Long-Term Obligations:

A. Governmental Activities:

Changes in governmental activities' long term debt, for the year ended June 30, 2025, were as follows (amounts expressed in thousands):

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Bonds and Notes Payable:					
General obligation bonds	\$ 10,195,239	\$ 1,556,730	\$ 1,797,870	\$ 9,954,099	\$ 1,023,491
Transportation bonds	3,388,520	419,755	336,715	3,471,560	333,250
Add: Issuance premiums, net	1,782,149	155,854	294,247	1,643,756	48,992
Total bonds and notes payable	15,365,908	2,132,339	2,428,832	15,069,414	1,405,733
Other liabilities:					
Compensated absences	600,592	34,169	16,900	617,861	316,469
Self insurance costs	352,401	2,212,558	2,177,632	387,327	150,786
Net pension liability	20,184,227	2,543,831	110,004	22,618,054	—
Net other post employment benefits liability	12,126,829	—	2,028,894	10,097,935	—
Intergovernmental financing agreements	356,818	2,929	54,262	305,485	50,261
Obligations under lease liability	648,953	62,669	86,880	624,742	86,428
Obligations under lease liability with component units	114,732	1,304	4,348	111,688	16,688
Obligations under subscription arrangements	65,246	—	36,654	28,592	11,815
Pollution remediation	34,781	—	5,756	29,025	523
Total other liabilities	34,484,578	4,857,460	4,521,330	34,820,708	632,971
Total long-term liabilities – governmental activities	\$ 49,850,486	\$ 6,989,798	\$ 6,950,162	\$ 49,890,122	\$ 2,038,704

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, 2025 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 2025, the State issued \$1,556,730,000 of general obligations at a premium of \$126,844,000, with related issuance costs of \$2,007,000. This issuance included \$656,730,000 to retire \$685,835,000 of outstanding bonds, scheduled to mature from 2023 through 2030 and callable in 2026. The refunded bonds are considered defeased as of June 30, 2025, consequently, the trust account assets and the liability for these bonds are not included in these financial statements. The economic refunding resulted in debt service savings with a net present value of \$23,741,747.

General obligation bonds issued and outstanding, as of June 30, 2025 were as follows (amounts expressed in thousands):

Issue	Fund	Interest Rates	Annual Principal Installments	Principal Issued	Principal Outstanding
8/1/10 (f)	2105	1.6 % \$	19,575 \$	75,000 \$	19,575
8/1/10 (g)	2106	—	45,175	45,175	45,175
12/1/10 (a)	2107	4.0-4.6	4,543	4,543	4,543
8/5/2011 (i)	2117	4.2	15,900	15,900	15,900
8/5/2011 (j)	2118	2.8	6,500	6,500	6,500
8/14/2012 (a)	2126	3.0-5.0	15,230	15,230	15,230
12/19/2013 (a)	2130	-	303	4,549	1,213
12/18/14 (i)	2143	2.0-5.0	308	4,625	1,542
3/17/15 (i)	2151	5.0	52,520	518,000	52,520
3/17/15 (b)	2157	4.0-5.0	32,200-42,555	365,360	74,755
8/3/15 (i)	2152	3.0-5.0	39,925-49,495	450,000	135,110
12/17/15 (a)	2153	5.0	308	4,625	1,850
6/22/16 (i)	2161	5.0	105,035	1,036,000	105,035
12/15/16 (a)	2163	0.3-1.1	312	4,680	2,184
3/22/17 (i)	2171	5.0	51,155 - 65,980	575,000	410,345
3/22/17 (b)	2177	0.3-0.5	5,390	465,685	5,390
8/30/17 (i)	2172	5.0	39,735-54,850	550,000	378,575
8/30/17 (b)	2178	4.0-5.0	215,740 -232,180	785,340	447,920
12/15/17 (a)	2173	0.4-0.7	322	4,823	2,572
3/21/18 (i)	2181	4.0-5.0	37,840-51,985	475,000	359,610
8/15/18 (i)	2182	5.0	35,055-40,725	275,295	151,370
8/15/18 (i)	2182b	5.0	42,815-50,805	234,705	234,705
4/09/19 (i)	2191	5.0	33,735-39,055	265,040	145,410
4/09/19 (i)	2191b	3.0-3.2	41,005-48,665	224,960	224,960
8/28/20 (i)	2192	5.0	36,015-43,995	248,675	199,525
8/28/20 (i)	2192b	5.0	46,250-53,725	251,325	251,325
3/18/20 (i)	2201	5.0	35,515-43,170	245,055	196,245
3/18/20 (i)	2201b	5.0	45,330-54,570	249,945	249,945
3/18/20 (b)	2207	3.0	50,275	232,230	50,275
8/5/20 (i)	2202	5.0	33,420-42,915	290,080	228,050
8/5/20 (i)	2202b	5.0	45,115-55,105	249,920	249,920
8/5/20 (b)	2208	5.0	46,540-69,230	115,770	115,770
8/5/20 (b)	2209	0.3-1.1	50,290-90,510	355,620	193,905
3/10/21 (i)	2211	5.0	29,380-37,495	207,460	199,830
3/10/21 (i)	2211b	5.0	39,370-47,855	217,540	217,540
8/25/21 (i)	2212	5.0	37,945-48,730	258,950	258,950
8/25/21 (i)	2212b	4.0-5.0	51,225-61,020	281,050	281,050
8/25/21 (c)	2216	0.4-0.7	37,660	75,000	37,660
3/1/22 (b)	2217	4.0-5.0	35,500-39,745	113,840	113,840
5/1/22 (b)	2217b	3.0-4.0	39,280-43,085	123,285	123,285
6/22/22 (i)	2221	5.0	40,730-79,085	335,180	335,180
6/22/22 (i)	2221b	5.0	83,040-91,550	261,780	261,780
6/22/22 (i)	2221c	5.0	96,125-105,980	303,040	303,040
6/22/22 (c)	2225	3.0-3.2	24,755-63,510	150,000	88,265
3/29/23 (i)	2311	5.0	21,595-31,735	165,865	165,865
3/29/23 (i)	2311b	5.0	33,325-40,505	184,135	184,135
3/29/23 (c)	2315	4.0-4.2	3,285-22,860	50,000	50,000
6/18/24 (i)	2411	5.0	13,620-90,785	351,630	351,630
6/18/24 (i)	2411b	5.0	95,320-105,095	300,505	300,505
6/18/24 (i)	2411c	5.0	110,345-121,655	347,865	347,865
6/18/24 (c)	2415	4.4 - 4.6	61,075-71,170	200,000	200,000
6/25/25 (i)	2511a	5.0	50,810-71,495	485,195	485,195
6/25/25 (i)	2511b	5.0	75,070-91,245	414,805	414,805
6/25/25 (b)	2517a	5.0	56,095-181,130	361,995	361,995
6/25/25 (b)	2517b	5.0	145,915-148,820	294,735	294,735
				\$ 14,128,510	\$ 9,954,099

(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, 2025 totaled \$4,693,596,000.

As of June 30, 2025, 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
2026	\$ 1,023,491	\$ 429,312
2027	1,040,898	400,463
2028	1,024,838	355,864
2029	972,393	309,588
2030	929,990	264,573
2031-2035	3,549,382	771,749
2036-2040	1,413,105	158,261
Total	\$ 9,954,099	\$ 2,689,810

Transportation Bonds –

Transportation bonds outstanding as of June 30, 2025 were as follows (amount expressed in thousands):

	Outstanding
Consolidated Transportation Bonds – 2.0% to 5.0%, due serially through 2036 for State transportation activity	\$ 2,617,935
Consolidated Transportation Bonds, Refunding – 4.0% to 5.0%, due serially through 2028 for State transportation activity	277,115
Special Transportation Project Revenue Bonds - 0.36% - 1.69%, due serially through 2031 for State transportation activity	190,485
Special Transportation Project Revenue Bonds - 4.0% - 5.0%, due serially through 2051 for State transportation activity	386,025
Total	\$ 3,471,560

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 as of June 30, 2025, and thereafter. The aggregate principal amount of those bonds that was allowed to be outstanding as of June 30, 2025 was \$2,895,050,000. The aggregate principal amount of Consolidated Transportation Bonds outstanding as of June 30, 2025 was \$2,895,050,000. On June 4, 2025, Consolidated Transportation Bonds in the amount of \$200,000,000 were issued by the Department with a net premium of \$12,712,086. These bonds are dated with maturities ranging from April 1, 2028 to April 1, 2040 at interest rates ranging from 4.00% to 5.00%. 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 2024 session of the General Assembly established a maximum outstanding principal amount of \$887,865,000 as of June 30, 2025, 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, 2025, the Department's nontraditional debt outstanding was \$221,110,000 and was reported as Intergovernmental financing agreement obligations 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, 2025.

For the year ended June 30, 2025, the Department did not engage in any debt refunding activities, and had no defeased debt outstanding.

As of June 30, 2025, Department bond debt service requirements for Consolidated Transportation Bonds for principal and interest in future years were as follows (amounts expressed in thousands):

Years Ending June 30,	Consolidated Transportation Bonds	
	Principal	Interest
2026	\$ 306,255	\$ 111,915
2027	321,310	99,357
2028	337,060	84,077
2029	337,625	68,451
2030	322,710	53,674
2031-2035	1,092,250	118,221
2036-2040	177,849	13,935
Total	\$ 2,895,059	\$ 549,630

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. There were no unexpended bond proceeds, however, certain debt service sinking fund amounts aggregating \$10,564,739, were invested in money market accounts as of June 30, 2025. These funds are restricted for project funds and county bond debt service, respectively and are reported as cash and cash equivalents in the custodial funds. As of the year ended June 30, 2025, \$56,650,000 in County Transportation Revenue Bonds were outstanding.

In February 2021 Special Transportation Project Revenue Bonds series 2021A were issued in the amount of \$219,880,000 to redeem previous intergovernmental financing agreements. The Series 2021A Bonds are dated with maturities ranging from 2024 to 2031, at annual interest rates ranging from 0.36%-1.69%.

In July 2021, Special Transportation Project Refunding Revenue Bonds series 2021B were issued in the amount of \$190,485,000 to finance the construction of the Concourse A/B Connector and Baggage Handling System Replacement project. The Series 2021B are dated with maturities ranging from 2026 to 2051, at annual interest rates ranging from 4.0%-5.0%. The Series 2024A Bonds were issued in November 2024, in the amount of \$219,755,000 to complete the construction of the Concourse A/B Connector and Baggage Handling System Replacement project. The Series 2024A Bonds are dated with maturities ranging from 2027 to 2044, at annual interest rates ranging from 5.00% to 5.25%. At the end of the current fiscal year, the Department had total Special Transportation Project Revenue Bonds outstanding of \$576,510,000.

As of June 30, 2025, Department bond debt service requirements for Special Transportation Project Revenue Bonds for principal and interest in future years were as follows (amounts expressed in thousands):

Years Ending June 30,	Special Transportation Projects	
	Principal	Interest
2026	\$ 26,995	\$ 21,989
2027	31,075	21,661
2028	35,230	21,075
2029	35,960	20,324
2030	36,730	19,494
2031-2035	78,305	87,108
2036-2040	332,215	173,470
Total	\$ 576,510	\$ 365,121

Obligations Under Intergovernmental Financing Agreements –

Intergovernmental Financing Agreements as of June 30, 2025, bore interest at annual rates ranging from 1.0% to 6.7%. Intergovernmental financing agreements with third parties in fiscal year 2025 decreased by \$2,929,000 for master equipment leases entered into by the general fund. The intergovernmental financing with component units include the general fund's intergovernmental financing 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, 2025 (amounts expressed in thousands):

Years Ending June 30,	Intergovernmental Financing Agreements with	
	Third Parties	Component Units
2026	\$ 65,194	\$ 16,688
2027	58,471	8,755
2028	47,342	8,758
2029	46,373	8,757
2030	45,905	8,757
2031-2035	117,855	43,791
2036-2040	33,880	40,431
2041-2045	—	18,731
2046-2050	—	18,736
2051-2054	—	7,497
Total future minimum payments	415,019	180,902
Less: amount representing interest	73,576	63,108
Less: restricted cash and investments	35,960	6,107
Present value of net minimum payments	\$ 305,485	\$ 111,688

The reduction shown for restricted cash and investments in the amounts of \$35,960, and \$6,106,783 respectively is monies held by the bond trustee to be used primarily for construction expenditures.

Pollution Remediation Obligations –

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

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

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

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

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

The pollution remediation estimated liability is \$29,024,800 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 \$33,258,000. 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 \$1,067,000 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—

The Maryland Agricultural Land Preservation Program allows the State to purchase agricultural preservation easements that restrict development on prime farmland and woodland. Under this program, landowners may choose to receive payment for these easements either as a lump sum or through installment payments over a period of two to ten years. Installment payments are invested by the State Treasurer in certificates of deposit, with interest rates ranging from 0.15% to 1.24%, and are paid annually according to the schedule selected by the landowner. As of June 30, 2025, the State does not have any Agricultural Land Preservation Installment Purchase Obligations. The State has not entered into any agreements or commitments under this program, and there are no outstanding liabilities or related disclosures required for the period ended June 30, 2025. The State will continue to monitor its activities and will provide appropriate disclosures should any such obligations arise in the future.

For the governmental activities, compensated absences, self insurance, net pension liability, net other post-employment benefits liability, obligations under lease liability, 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, 2025 were as follows (amounts expressed in thousands):

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Bonds payable:					
Revenue bonds payable and notes payable	\$ 6,878,984	\$ 1,302,514	\$ 537,039	\$ 7,644,459	\$ 734,023
Other liabilities:					
Lottery prizes	26,250	680	3,466	23,464	3,568
Escrow deposits	83,155	47,248	27,663	102,740	43,411
Compensated absences	46,882	7,837	3,605	51,113	10,825
Self-insurance costs	18,056	5,394	3,926	19,524	2,929
Net pension liability	323,763	69,096	—	392,859	—
Lease liability	29,828	761	5,617	24,972	1,820
Subscription liability	—	—	—	—	—
Tuition benefits liability	792,603	31,542	176,576	647,569	127,052
Positive arbitrage liability	1,134	—	—	1,134	250
Total other liabilities	1,321,670	162,558	220,854	1,263,375	189,855
Total long-term liabilities - business type activities	\$ 8,200,654	\$ 1,465,072	\$ 757,893	\$ 8,907,834	\$ 923,878

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		Maryland Water Infrastructure		Maryland Transportation	
	Administration		Financing Administration		Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 629,267	\$ 198,558	\$ 23,340	\$ 3,794	\$ 81,260	\$ 95,445
2027	158,257	182,887	24,340	2,957	84,982	91,681
2028	134,604	177,739	25,470	2,227	80,849	87,716
2029	132,367	173,149	26,655	1,394	84,712	83,784
2030	136,581	168,438	18,250	548	88,728	79,741
2031-2035	683,992	766,430	—	—	478,653	332,099
2036-2040	718,475	635,662	—	—	541,781	224,559
2041-2045	834,677	477,872	—	—	446,423	115,722
2046-2050	765,824	290,899	—	—	290,344	47,589
2051-2055	579,041	104,809	—	—	110,698	6,070
2056-2060	78,187	19,257	—	—	—	—
2061-2065	40,130	7,547	—	—	—	—
2066-2070	13,185	979	—	—	—	—
Subtotals	4,904,587	3,204,226	118,055	10,920	2,288,430	1,164,406
Discounts and premiums	68,364	—	148	—	263,922	—
Totals	\$ 4,972,951	\$ 3,204,226	\$ 118,203	\$ 10,920	\$ 2,552,352	\$ 1,164,406

Changes in Department of Housing and Community Development (DHCD) State Funded Loan Programs – Note Payable as of June 30, 2025, were as follows (amounts expressed in thousands):

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Note Payable:					
DHCD: MD BRAC Loans	\$ 1,585	\$ —	\$ 632	\$ 953	\$ —

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 \$5,743,557,000 and revenues of each mortgage loan program are pledged as collateral for the revenue bonds. Interest rates range from 0.25% to 6.0%, with the bonds maturing serially through 2064. The principal amount outstanding as of June 30, 2025 was \$4,972,951,000. 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 2025, the Administration issued \$1,302,514,000 of revenue bonds with interest rates ranging from 2.75% to 6.36% and maturing serially through 2066.

There were no economic refunding for the year ended June 30, 2025. 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 \$1,312,395 as of June 30, 2025.

Subsequent to June 30, 2025, the Administration issued a total of \$298,470,000, and redeemed a total of \$156,560,000, revenue bonds.

Maryland Water Infrastructure 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 \$3,420,000 to \$22,305,000, to March 1, 2030. The principal amount outstanding as of June 30, 2025 was \$118,055. These bonds are payable solely from the revenue, money or property of the Administration.

Maryland Transportation Authority Bonds:

Bonds outstanding as of June 30, 2025 are as follows (amounts expressed in thousands):

BWI Consolidated Car Rental Facility Revenue Bonds, Series 2002, maturing in annual installments ranging from \$5,420 to \$7,010 from July 1, 2025, to July 1, 2033, with interest rates ranging from 2.7% to 6.7%, payable semiannually	\$ 54,910
Lease Revenue Refunding Bonds, Series 2015, maturing in annual installments ranging from \$1,223 to \$1,350 from July 1, 2025 to June 1, 2033, with an interest rate of 2.6% payable semiannually	9,992
Series 2017 Revenue Refunding Bonds maturing in annual installments of \$3,850 to \$11,030, from July 1, 2018 to July 1, 2040, with interest rates ranging from 3.0% to 5.0% payable semiannually	134,995
Passenger Facility Charge Revenue Bonds, Series 2012A, maturing in annual installments of \$2,820 to \$3,430 from July 1, 2025 to June 1, 2032, with interest rates ranging from 4.0% to 5.0% payable semiannually	22,970
Passenger Facility Charge Revenue Bonds, Series 2012B, maturing in annual installments of \$7,575 to \$7,765 from July 1, 2025 to June 1, 2027, with interest rates ranging from 2.1% to 4.0% payable semiannually	15,340
Passenger Facility Charge Revenue Bonds BWI Thurgood Marshall Airport, Series 2014, maturing in annual installments of \$2,145 to \$2,450 from July 1, 2025 to June 1, 2034, with interest rates ranging from 3.0% to 5.0% payable semiannually	22,190
Passenger Facility Charge Revenue Bonds, Series 2019, maturing in annual installments of \$4,615 to \$5,615 from July 1, 2025 to June 1, 2039, with interest rates of 2.8% payable semiannually	88,705
Series 2020 Revenue Bonds maturing in annual installments of \$6,735 to \$21,565, from July 1, 2022 to July 1, 2050, with an interest rate of 4.0% to 5% payable semiannually	379,990
Series 2021 Revenue Bonds maturing in annual installments of \$6,625 to \$39,510, from July 1, 2022 to July 1, 2051, with an interest rate of 2.0% to 5% payable semiannually	707,720
Series 2022 Principal payments ranging from \$5,155 to \$5,967 from July 1, 2023 to July 1, 2029, with coupons of 2.06%, payable semiannually	28,651
Series 2022 Revenue Bonds TIFIA maturing in annual installments of \$2,153 to \$10,683 from July 1, 2024 to July 1, 2054, with interest rates ranging from 2.74% to 2.95%, payable semiannually	200,202
Series 2024A Revenue Refunding Bonds Principal payments ranging from \$20,165 to \$51,020 from July 1, 2025 to July 1, 2043, with coupons of 5.00%, payable semiannually	622,765
Unamortized premium	263,922
Total	<u>\$ 2,552,352</u>

Revenue bonds are payable solely from the revenues of the transportation facilities projects. Capital assets constructed for BWI facilities 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, 2025, total notes payable for BRAC are \$953,000. 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
2026	\$ 1,996	\$ 590	\$ 88,760	\$ 39,260
2027	1,939	546	92,770	35,072
2028	1,854	505	90,675	31,106
2029	1,695	463	85,990	27,128
2030	1,731	427	87,515	26,638
2031-2035	9,231	1,557	291,570	78,888
2036-2040	9,892	517	151,766	36,322
2041-2045	—	—	58,350	17,528
2046-2050	—	—	46,930	8,177
2051-2055	—	—	14,490	720
Total	28,338	4,605	1,008,816	300,838
Accumulated accreted interest, premiums and discounts	—	—	117,194	—
Total	\$ 28,338	\$ 4,605	\$ 1,126,010	\$ 300,838

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, 2025, cash and investments were held by the trustees for the higher education institutions in the amount of \$33,965,000 for the University System of Maryland (System), and \$13,664,948 for Morgan State University.

As of June 30, 2025, no previously issued debt was removed from the System's financial statements through advance refunding transactions.

Obligations under lease liability of \$187,869 existed as of June 30, 2025 and bore interest at annual rates ranging from 1.53% 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
2026	\$ 70,895	\$ 121,331
2027	69,200	117,926
2028	74,925	114,660
2029	78,480	111,103
2030	82,215	107,366
2031-2035	496,360	473,627
2036-2040	501,925	354,002
2041-2045	500,010	251,620
2046-2050	576,315	131,056
2051-2053	296,820	261,855
Total	2,747,145	2,044,546
Unamortized premium net of unamortized discount	455,860	—
Total	\$ 3,203,005	\$ 2,044,546

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 lease payments from the State, as the State has entered into 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, 2025, the Authority has issued BCPS Construction and Revitalization Program Revenue Bonds totaling \$1.37 billion. 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.

On October 19, 2021, the Authority issued the Series 2021 Maryland Stadium Authority Built to Learn Revenue Bonds, Series 2021 of \$257.0 million. The proceeds will be used for issuance costs, capitalized interest and construction costs related to the Built to Learn statewide public schools program. Interest is payable semiannually at varying rates from 2.75% to 5% per annum. This bond will mature June 1, 2051.

On March 2, 2022, the Maryland Stadium Authority issued series 2022A Maryland Stadium Authority Hagerstown Multi-Use Stadium and Events Facility Lease Revenue Bonds, Series 2022A of \$57.6 million. The proceeds will be used for issuance costs and construction costs related to the Hagerstown Multi-Use Stadium and Events Facility located in Hagerstown, Maryland. Interest is payable semiannually at varying rates from 4% to 5% per annum. This bond will mature June 1, 2052.

On February 23, 2022, the Authority issued the Series 2022A Maryland Stadium Authority Built to Learn Revenue Bonds, Series 2022A of \$373.1 million. The proceeds will be used for issuance costs, capitalized interest and construction costs related to the Built to Learn statewide public schools program. Interest is payable semiannually at varying rates from 4.0% to 5% per annum. This bond will mature June 1, 2052.

As of June 30, 2025, 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.....	\$ 128,575	5.66%	12/15/2038
Football Stadium.....	486,168	Variable	6/15/2037
Camden Station.....	—	3.0% to 5.2%	12/15/2024
Camden Yards Complex.....	34,405	2.8% to 3.7%	3/1/2039
Baltimore City Public Schools Construction.....	1,368,786	5%	5/1/2047
Ocean City Convention Facility.....	73,825	3.0% to 5.0%	12/15/2039
Built to Learn.....	1,111,247	2.7% to 5.0%	6/1/2052
Total.....	\$ 3,203,005		

14. 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 2025 were as follows (amounts expressed in thousands):

	July 01, 2024	Claims and Changes in Estimates	Claim Payments	June 30, 2025	Amounts Due Within One Year
Property, casualty and general liability	\$ 21,816	\$ 21,869	\$ 15,480	\$ 28,205	\$ 7,699
Employee health benefits	96,692	2,121,177	2,101,043	116,826	116,826
Workers' compensation	233,893	69,512	61,109	242,296	26,261
Governmental activities self-insurance costs	352,401	2,212,558	2,177,632	387,327	150,786
Business-type activities workers' compensation	18,056	5,394	3,926	19,524	2,929
Component units workers' compensation	34,718	6,580	6,336	34,962	5,244
Total self-insurance costs	\$ 405,175	\$ 2,224,532	\$ 2,187,894	\$ 441,813	\$ 158,958

As of June 30, 2025, the Program held \$255,559,000, in cash and investments designated for payments of these claims.

Changes in the self-insurance liabilities during fiscal year 2024 were as follows (amounts expressed in thousands):

	July 01, 2023	Claims and Changes in Estimates	Claim Payments	June 30, 2024	Amounts Due Within One Year
Property, casualty and general liability	\$ 20,153	\$ 15,623	\$ 13,960	\$ 21,816	\$ 6,319
Employee health benefits	107,144	2,033,607	2,044,059	96,692	96,692
Workers' compensation	243,585	56,278	65,971	233,893	26,360
Governmental activities self-insurance costs	370,882	2,105,508	2,123,990	352,401	129,371
Business-type activities workers' compensation	18,533	3,382	3,859	18,056	2,708
Component units workers' compensation	36,026	6,181	7,489	34,718	5,208
Total self-insurance costs	\$ 425,441	\$ 2,115,070	\$ 2,135,337	\$ 405,175	\$ 137,287

As of June 30, 2024, the Program held \$255,208,000, in cash and investments designated for payments of these claims.

15. Fund Equity:

The unrestricted deficit for governmental activities on the government-wide statement of net position is \$23,129,386,338. 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, 2025, the State had reported outstanding general obligation bonds and lease liability applicable to these non-State projects of \$6,296,008,286. Without State financing for these capital assets, the State would have reported an unrestricted deficit for governmental activities in the amount of \$16,833,378,052.

The statement of net position for the primary government reported \$6,313,308,312 of restricted net position, including \$348,435,000 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):

	Special Revenue			Nonmajor	Total
	General	Maryland Department of Transportation	Capital Projects Fund	Governmental Funds	Governmental Funds
Fund balances					
Nonspendable:					
Prepaid items, inventories and long-term loans and notes receivable	\$ 502,264	\$ 110,879	\$ —	\$ —	\$ 613,143
Restricted:					
Debt service	—	—	—	348,435	348,435
911 Trust Fund	520	—	—	—	520
Other	—	—	—	134,945	134,945
Committed:					
Agriculture	112,868	—	—	—	112,868
Aid for higher education	41,869	—	—	—	41,869
Capital projects	—	—	1,522,757	—	1,522,757
Commerce	287,679	—	—	—	287,679
Education	3,560,236	—	—	—	3,560,236
Environment	841,729	—	—	—	841,729
Health and mental hygiene	957,585	—	—	—	957,585
Hospital uncompensated care	—	—	—	—	—
Housing and community development	22,915	—	—	—	22,915
Human resources	8,249	—	—	—	8,249
Judicial	30,351	—	—	—	30,351
Labor, licensing and regulation	74,322	—	—	—	74,322
Mortgage services settlement fund	16,536	—	—	—	16,536
Natural resources and recreation	194,606	—	—	—	194,606
Ocean beach replenishment	6,194	—	—	—	6,194
Public safety	59,829	—	—	—	59,829
Public utility customer investment fund	290	—	—	—	290
State reserve fund	2,339,764	—	—	—	2,339,764
Waterway improvements	38,504	—	—	—	38,504
Other purposes	577,958	—	—	—	577,958
Assigned	—	—	971,099	—	971,099
Unassigned	(904,837)	(697,691)	—	(195)	(1,602,723)
Total fund balances	\$ 8,769,432	\$ (586,812)	\$ 2,493,856	\$ 483,185	\$ 11,159,660

A portion of the general fund's committed fund balance, in the amount of \$2,339,764,377 as of June 30, 2025, includes the State Reserve Fund, which consists primarily of the Revenue Stabilization Account with a balance of \$2,188,822,000. 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.

16. 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 Infrastructure Financing 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 Infrastructure Financing 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 Infrastructure Financing 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:

As of Condensed Statement of Net Position As of June 30, 2025 <i>(Expressed in Thousands)</i>		
	Community Development Administration	Maryland Water Infrastructure Financing Administration
Assets:		
Current restricted assets	\$ 1,791,006	\$ 12,824
Non-current restricted assets	3,952,551	15,180
Total assets	5,743,557	28,004
Liabilities:		
Current liabilities	771,880	24,709
Non-current liabilities	4,399,549	94,706
Total liabilities	5,171,429	119,415
Net position:		
Restricted	572,128	—
Unrestricted	—	(91,411)
Total net position (deficit)	\$ 572,128	\$ (91,411)

Condensed Statement of Revenues, Expenses and Changes in Net Position For the Year Ended June 30, 2025 <i>(Expressed in Thousands)</i>		
	Community Development Administration	Maryland Water Infrastructure Financing Administration
Operating income (expenses):		
Interest on loan income	\$ 54,477	\$ 335
Other operating revenues	18,857	—
Other operating expenses	(45,311)	—
Operating income (loss)	28,023	335
Non-operating revenues (expenses)	97,013	10,006
Change in net position	125,036	10,341
Total net position - beginning	447,092	(101,752)
Total net position - ending	\$ 572,128	\$ (91,411)

Condensed Statement of Cash Flows For the Year Ended June 30, 2025 <i>(Expressed in Thousands)</i>		
	Community Development Administration	Maryland Water Infrastructure Financing Administration
Net cash from:		
Operating activities	\$ (15,833)	\$ —
Non-capital financing activities	710,216	(17,067)
Investing activities	(580,162)	17,067
Beginning cash and cash equivalents	891,469	—
Ending cash and cash equivalents	\$ 1,005,690	\$ —

17. 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 all State employees and employees of 154 participating political subdivisions or other entities within the State. The Maryland Transit Administration Pension Plan described below is a separate plan established for 1) Certain management employees, and 2) Employees covered by a collective bargaining agreement.

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 Annual Comprehensive 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.maryland.gov/comprehensive-annual-financial-reports>

Total Net Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources and Net Pension Expense - MSRPS & MTA

Below is an aggregation of the total net pension liabilities, deferred outflows of resources, deferred inflow of resources, and net pension expense for both the MSRPS and MTA pension plans. (Expressed in Thousands)

	MSRPS	MTA	Total
Net pension liability.....	\$ 22,359,726	\$ 651,188	\$ 23,010,913
Deferred outflows of resources.....	8,595,760	84,990	8,680,751
Deferred inflows of resources.....	442,061	269,815	711,876
Net pension expense.....	2,555,213	(2,970)	2,552,243

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 2025, for the State Pool, the State paid \$2,724,566 of the required contribution totaling \$2,724,566, which was 18.3% 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, 2025, the State's membership includes 180,564 active members, 39,338 vested former members, and 156,704 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, 2025:

Valuation method	Individual Entry Age Normal Cost Method
Salary increases	0 to 19.50% per year (excluded wage inflation), varies by plan
Inflation	2.50% price, 3.00% wage
Rate of return on investments	6.80%
Discount rate	6.80%
Post-retirement benefit increase	2.13% - 3.00% for service prior to July 1, 2011
	1.40% - 3.00% for service after July 1, 2011 (depending on system and provisions)
Mortality	Pub-2010 Healthy Retiree Mortality Tables with Generational Projection Using scale MP-2021.

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, 2025, the outstanding balance was \$0.

Discount Rate:

A single discount rate of 6.80% 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 6.80%. 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, 2025 the State reported a liability of \$24,377,564 consists of \$23,010,913 for Governmental Activities, \$392,859 for Business-Type Activities and \$2,017,837 for Component Units, for its proportionate share of the net pension liability (NPL). The NPL was measured as of June 30, 2025, and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2024, rolled forward to June 30, 2025. The State's proportion of the NPL was based on adjusted contributions to the System in fiscal year 2024 relative to adjusted contributions of the State and all participating local governments, actuarially determined. As of June 30, 2025, the State's proportion was 92.67%, compared to 93.05% in the prior year.

During the year ended June 30, 2012, the State passed legislation that required local school boards of education to fund the current service cost for teachers included in the Teachers Retirement and Pension System (TRS) which is included in the State of Maryland Retirement and Pension System. The intent of the legislation was for the State to be responsible for past service costs, actuarial gains and losses, and the unfunded liability. As a result, the State has determined that the NPL of TRS qualifies as a special funding situation and as such the entire liability associated with TRS and the related deferred outflows and inflows is included in the State's financial statements. The NPL for the TRS is \$13,591,897, and for the other State systems is \$10,785,667 as of June 30, 2025.

The State recognized pension expense of \$2,785,806 consisting of \$1,553,247 applicable to the TRS and \$1,232,559 applicable to the other State systems, for the year ended June 30, 2025 (\$2,510,318 for Governmental Activities, \$44,895 for Business-Type Activities and \$230,593 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	Excluding Component Units	
			Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 1,637,420	\$ —	\$ 1,506,490	\$ —
Difference between projected and actual earnings on pension plan investment	1,775,771	—	1,635,522	—
Contributions made subsequent to the measurement date	2,724,566	—	2,485,035	—
Change in proportion and difference between employer contributions and proportionate share of contributions	22,790	121,203	4,997	110,975
Difference between expected and actual experience	2,520,204	590,675	2,333,234	542,882
Total	<u>\$ 8,680,751</u>	<u>\$ 711,878</u>	<u>\$ 7,965,279</u>	<u>\$ 653,857</u>
TRS	\$ 4,840,019	\$ 396,913	\$ 4,441,102	\$ 364,563
Other State Systems	3,840,732	314,965	3,524,177	289,294
Total	<u>\$ 8,680,751</u>	<u>\$ 711,878</u>	<u>\$ 7,965,279</u>	<u>\$ 653,857</u>

	Years ending June 30,	
	2026	\$
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):	2027	\$ 756,522
	2028	2,457,322
	2029	1,105,579
	2030	650,908
	2031	273,975
	Total	\$ 5,244,307

Contributions:

Deferred outflows of resources related to MSRPS of \$2,724,566 resulting from State contributions subsequent to the measurement date, will be recognized as a reduction of the NPL in the year ended June 30, 2026.

Rate of Return on Investments:

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense was 6.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.80%, 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 5.80%	Discount Rate 6.80%	1% Increase 7.80%
State's proportionate share of the NPL	\$ 31,775,134	\$ 24,377,564	\$ 12,843,827

	1% Decrease 5.80%	Discount Rate 6.80%	1% Increase 7.80%
State's proportionate share of the NPL, excluding component units	\$ 29,144,968	\$ 22,359,727	\$ 11,780,687

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 defined benefit 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/tso/pages/Index.aspx?PageId=53>

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, 2025, membership in the Plan includes 2,609 active members, 591 vested former members, and 2,237 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, 2025, the Administration's covered and total payroll was \$209,590.

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 2025, the Administration paid \$56,601 of the required contribution totaling \$56,615 which was 27.0% of covered payroll and 100.0% 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, 2025:

Method of funding	Level Dollar Entry Age Normal
Discount rate	6.08%
Post-retirement benefit increase	2.0% COLAs
Salary increase	2.75% to 10.55% including inflation
Inflation	2.75%
Investment rate of return	6.80%
Mortality	Fully generational Pri-2012 Amount-Weighted Blue Collar Employee mortality table using scale MP-2021.
Cost of living adjustments	2.0% 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, 2025, rolled forward to June 30, 2025, and the adjustment to the roll-forward liabilities were made to reflect the following assumptions change in the 2025 valuation:

Local 2 Union active employees contributions increased to 6% as of November 6, 2022. Local 1300 contributions increased to 6% as of July 1, 2025.

Change of assumptions: Discount rate increased from 5.35% to 6.08%% and the COLA assumption remained at 2.0%.

The components of the net pension liability as of June 30, 2025, were as follows (amounts expressed in thousands):

Total pension liability	\$	1,250,463
Less Plan fiduciary net position		599,274
Employer net pension liability	\$	651,188
Plan fiduciary net position as a percentage of the total pension liability		47.9%

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, 2025, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	34%	6.0%
Credit/debt related strategies	16%	8.5%
Rate sensitive	20%	2.4%
Absolute return	9%	5.4%
Private equity	15%	5.5%
Real assets	6%	3.9%
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, 2025.

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 9.8%. 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 6.08% was used to measure the total pension liability. The plan's expected net rate of investment return of 6.80% has been blended with the 3.97% yield corresponding to the 20-year maturity on a municipal general obligation AA bond yield curve published on Fidelity's Fixed Income Market Data webpage as of June 30, 2025. 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 6.08% as well as what the MTA's net pension liability would be if it were calculated using a discount rate that is 1% lower (5.08%) or 1% higher (7.08%) than the current rate, is as follows (amount express in thousands):

	1% Decrease 5.08%	Discount Rate 6.08%	1% Increase 7.08%
Net pension liability	\$ 815,159	\$ 651,188	\$ 514,481

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, 2025 were as follows (amounts expressed in thousands):

	Amount
Service cost	\$ 35,063
Interest on the total pension liability	68,696
Projected investment earnings	(36,719)
Employee contributions	(12,949)
Administrative expenses and other	198
Subtotal	54,290
Amortization - changes of assumptions	(52,233)
Amortization- actual investment earnings different than assumed	(4,973)
Amortization-differences between actual and expected experience	(54)
Subtotal	(57,260)
Total components recorded as pension expense	\$ (2,970)

For the year ended June 30, 2025, the MTA recognized pension expense \$(2,970). As of June 30, 2025, 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	\$ 44,394	\$ 18,656
Changes of assumptions	25,380	238,102
Net difference between projected and actual earnings on pension plan investments	15,216	13,057
Total	\$ 84,990	\$ 269,815

	Years ending June 30,
	2026 \$ (57,820)
	2027 (87,751)
	2028 (17,715)
	2029 (21,539)
	Total \$ (184,825)

The changes in employer's net pension liability as of June 30, 2025, were as follows (amounts expressed in thousands):

Total pension liability	
Service cost	\$ 35,063
Interest	68,696
Differences between expected and actual experience	25,245
Change of assumptions or other inputs	(116,659)
Benefit payments, including refunds of member contributions	(56,769)
Net changes in total pension liability	(44,424)
Total pension liability- beginning	1,294,887
Total pension liability- ending ^(a)	1,250,463
Plan fiduciary net position	
Contributions-employer	\$ 56,601
Contributions-member	12,949
Net investment income	52,998
Benefit payments, including refunds of member contributions	(56,769)
Administrative expenses	(198)
Net change in plan fiduciary net position	65,579
Plan fiduciary net position-beginning	533,695
Plan fiduciary net position-ending ^(b)	599,274
Net pension liability-ending ^{(a)-(b)}	\$ 651,188

Maryland Teachers & State Employee Supplemental Retirement Plans (Plans):

The State offers its employees defined contribution supplemental retirement plans (Plans) created in accordance with Internal Revenue Code Sections 457, 403(b), 401(a) and 401(k). The Plans, available to eligible State employees, permits participants to defer a portion of their salary until future years. Participation in the Plans is optional. Funds from the Plans are 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 Maryland Teachers & State Employees Supplemental Retirement Plans. The MSRP Board is responsible for the implementation, maintenance and administration of the Plans. MSRP's daily operations are conducted by the agency The Board contracts with an external Plan Administrator/Record Keeper. The Plans prepare 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 msrp.maryland.gov.

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 Maryland Supplemental Retirement Plans during the same Plan 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. For the plan year ended December 31, 2024, the State contributed \$15,033 to the 401(a) Plan and participants contributed \$110,616, \$2,930, and \$112,488, to the 457, 403(b), and 401(k) Plans, respectively.

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

State Employee and Retiree Health and Welfare Benefits Program:

Total Net OPEB Liability, Deferred Outflows of Resources, Deferred Inflows of Resources and OPEB Expense - State Employee and Retiree Health and Welfare Benefits Program (SERHWBP) & MTA

Below is an aggregation of total net OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and net OPEB expense for both the SERHWBP and MTA OPEB Plans.

	SERHWBP	MTA	Total
Total Net OPEB Liability	\$ 9,355,469	\$ 742,466	\$ 10,097,935
Deferred outflow of resources	591,517	69,843	661,360
Deferred inflows of resources	4,057,119	287,508	4,344,627
Net OPEB expense	64,529	(6,198)	58,331

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 June 30, 2025, the State's Plan membership includes 85,534 active employees, 2,836 vested former employees, and 54,670 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 2025, 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, 2025:

Valuation cost method	Entry Age Normal Cost Method
Asset valuation method	Market Value
Rate of return on investments	6.80%
Inflation rate	2.50%
Mortality	Pub-2010 Healthy Retiree Mortality Rates with Generational Projection Using Scale MP-2021 for healthy retirees. Pub-2010 Disability Mortality Rates with Generational Projection Using Scale MP-2021 for disabled retirees. Pub-2010 Pre-Retirement Mortality Rates with Generational Projection Using Scale MP-2021 for pre-retirement.
Aggregate salary growth	3.0% including inflation
Method to determine blended rate	5.2% represents an unblended pay-go rate
Healthcare cost trend rate	Medical: Under 65 - 6.75% graded to 4.50% over 9 years Over 65 - 6.00% graded to 4.50% over 6 years Prescription drugs: Under 65 - 11.78% graded to 4.5% over 30 years Over 65 - N/A- benefit not offered after December 31, 2018 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, 2025. 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, 2025.

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

Total OPEB liability	\$ 9,938,210
Less: Plan fiduciary net position	582,742
Employer net OPEB liability	\$ 9,355,469
Plan fiduciary net position as a percentage of the total OPEB liability	4%

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, 2025, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	34%	5.9%
Private equity	16	8.5
Rate sensitive	20	3.0
Credit opportunity	9	5.4
Real assets	15	5.9
Absolute return	6	3.8
Total	100%	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2025.

The annual money-weighted rate of return, net of investment expenses, on Plan investments for the year ended June 30, 2025 was 13.18%. 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 5.20% as of June 30, 2025. The projection of cash flow used to determine the discount rate assumed that the State would not make additional contributions to the OPEB Trust and continue to fund the Plan on a pay-as-you-go basis. Based on those assumptions, the OPEB Plan's fiduciary net position was not projected to cover a full year of projected future benefit payments. Therefore, all future benefit payments are discounted at the current index rate for 20 year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (5.20%).

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	\$ 8,111,557	\$ 9,355,469	\$ 10,890,005

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 5.20%, 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 4.20%	Discount Rate 5.20%	1% Increase 6.20%
Net OPEB Liability	\$ 10,726,844	\$ 9,355,469	\$ 8,225,989

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, 2025 were as follows (amounts expressed in thousands):

Service cost	\$ 345,427
Interest on the total OPEB liability	469,495
Expensed portion of current-period difference between expected and actual experience in the total OPEB liability	11,011
Sub total	825,934
Expensed portion of current-period changes of assumptions or other inputs	(340,677)
Projected earnings on plan investments	(35,013)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(6,566)
Recognition of beginning of year deferred inflows of resources as OPEB expense	(917,387)
Recognition of beginning of year deferred outflows of resources as OPEB expense	538,238
Sub total	(761,405)
Total components recorded as OPEB expense	\$ 64,529

The State recognized OPEB expense of \$64,528,638, for the year ended June 30, 2025. 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	\$ 162,650	\$ 4,028,890
Difference between projected and actual earnings on OPEB plan investments	—	28,229
Difference between expected and actual experience in the Total OPEB liability	428,867	—
Total	\$ 591,517	\$ 4,057,119

	Years ending June 30,	
	2026	\$ (891,091)
	2027	(974,305)
	2028	(634,865)
	2029	(387,384)
	2030	(360,377)
	Thereafter	(217,578)
	Total	\$ (3,465,600)

The changes in employer's net OPEB liability as of June 30, 2025, were as follows (amounts expressed in thousands):

Total OPEB liability	
Service cost	\$ 345,427
Interest	471,959
Differences between expected and actual experience	(55,710)
Changes of assumptions	(2,268,908)
Benefit payments, including refunds of member contributions	(432,346)
Net change in total OPEB liability	(1,939,578)
Total OPEB liability-beginning	11,877,788
Total OPEB liability-ending ^(a)	9,938,210
Plan fiduciary net position	
Net investment income	67,845
Net change in plan fiduciary net position	67,845
Plan fiduciary net position-beginning	514,897
Plan fiduciary net position-ending ^(b)	582,742
Net OPEB liability-ending ^{(a)-(b)}	\$ 9,355,469

Effective January 1, 2025, Medicare retirees that retired before January 1, 2020, are eligible for a health reimbursement arrangement (HRA) which can be used for eligible prescription drug expenses. This was first reflected in the June 30, 2024 valuation. There were no new plan amendments reflected in this year's valuation.

Contributions:

For the fiscal year ended June 30, 2025, retiree plan members did not contribute to the plan, and the State contributed \$432,346,193 on behalf of retirees. These contributions funded the premium (benefit) payments only.

Maryland Transit Administration Retiree Healthcare Benefit:

The Maryland Transit Administration Retiree Healthcare Benefit (MTA OPEB) is a single-employer defined benefit plan that 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, 2025, 2,605 active employees and 1,563 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, 2024, the most recent valuation date, to measure the total MTA OPEB liability as of June 30, 2025:

Method of funding	Individual Entry-Age
Aggregate salary growth	2.75%
Inflation	2.40%
Healthcare cost trend rate	Medical and Prescription: 7.75% in FY 2025 for Pre-Medicare and 6.50% Post-Medicare.
	The ultimate rate 3.50%.
Mortality	RP2014 Blue Collar Fully Generational projected with generational mortality improvements from 2012 using scale MP-2021
Discount rate	3.86%
Dental/vision trend	3.50% per annum

OPEB Liability of the Plan:

The MTA OPEB liability was measured as of June 30, 2025, based on an actuarial valuation made as of June 30, 2024, and the components of the net MTA OPEB liability are as follows (amounts expressed in thousands):

Total OPEB liability	\$	742,466
Less: Plan fiduciary net position		—
Employer net OPEB liability	\$	742,466
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 3.86%.

Sensitivity of the OPEB liability to Changes in the Healthcare Cost Trend Rate:

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

	1% Decrease	Current Healthcare Cost	1% Increase
Net OPEB Liability	\$ 628,631	\$ 742,466	\$ 888,722

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate:

Regarding the sensitivity of the OPEB liability to change in the single discount rate, the following presents the plan's OPEB liability, calculated using a single discount rate of 3.86%, as well as what the plan's OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher (amounts expressed in thousands):

	1% Decrease 2.86%	Discount Rate 3.86%	1% Increase 4.86%
Net OPEB Liability	\$ 858,049	\$ 742,466	\$ 648,157

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, 2025, are as follows (amounts expressed in thousands):

Service cost	\$ 28,713
Interest on the total OPEB liability	29,492
Recognition of outflow (inflow) of resources due to liabilities	(64,403)
Total components recorded as OPEB expense	\$ (6,198)

The MTA OPEB recognized OPEB expense of \$(6,197,935), for the year ended June 30, 2025. 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	\$ 62,438	\$ 144,826
Difference between expected and actual experience	7,405	142,683
Total	\$ 69,843	\$ 287,508

	Years ending June 30,	
	2026	\$ (50,170)
	2027	(30,242)
	2028	(38,129)
	2029	(37,885)
	2030	(45,203)
	Thereafter	(16,037)
	Total	\$ (217,665)

The changes in employer's OPEB liability as of June 30, 2025 were as follows (amounts expressed in thousands):

Total OPEB liability	
Service cost	\$ 28,713
Interest	29,492
Differences between expected and actual experience	(66,099)
Changes of assumptions	14,940
Benefit payments, including refunds of member contributions	(28,518)
Net change in total OPEB liability	(21,472)
Total OPEB liability-beginning	763,938
Total OPEB liability-ending ^(a)	\$ 742,466
Plan fiduciary net position	
Contributions-employer	\$ 28,518
Benefit payments, including refunds of member contributions	(28,518)
Net change in plan fiduciary net position	—
Plan fiduciary net position-beginning	—
Plan fiduciary net position-ending ^(b)	—
Net OPEB liability-ending ^{(a)-(b)}	\$ 742,466

19. Commitments:

As noted in [Note 2](#), encumbrance accounting is used to account for outstanding commitments for open purchase orders and unfulfilled contracts, and loans in some governmental funds. Amounts related to encumbrances are reported in the general fund, \$1,726,550,000 the capital projects fund, \$1,141,382,716 and the special revenue fund, \$150,000 as of June 30, 2025.

State agencies and programs lease office space under various agreements that are accounted for as 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, 2025 were approximately \$135,998,000.

As of June 30, 2025, the governmental funds, other than the Department of Transportation, had commitments of approximately \$1,738,671,000 for service contracts.

As of June 30, 2025, the Department of Transportation and Maryland Transportation Authority had commitments of approximately \$9.2 billion and \$1,426,814, respectively, for construction of highways and mass transit facilities.

Approximately 22.0% 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.

As of June 30, 2025, the enterprise fund loan programs had committed to lend a total of \$720,697,000 in additional loans. The Community Development Administration, also an enterprise fund loan program, had \$1,519,504 of revenue bonds and notes 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, 2025, component units commitments included higher education fund commitments of approximately \$639,295,000 for the completion of projects under construction, and economic development funds commitments of \$14,336,000.

20. 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, except for the Child Victims Act Cases described in the following section, which could have a material adverse effect on the financial statements.

As of June 30, 2025, non-major enterprise funds were contingently liable as insurers of \$674,204,000 of \$698,563,000 mortgage loans made by public and private lenders.

Non-major component units were contingently liable as insurers of \$2,561,353 of \$2,645,413 for economic development and growth bonds issued by financial institutions and the repayment of loans for small businesses.

The Maryland State Unemployment Fund received a disclaimer of opinion related to compliance with federal regulations as required by Uniform Guidance for the fiscal year ended June 30, 2024. Because the Fund has not remediated the disclaimer of opinion as of June 30, 2025, there remains a potential for federal audits which could result in insignificant disallowed claims which would require payment to the federal government. The Fund's management does not anticipate that material liabilities will result from such audits.

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, 2025, the State has recognized liabilities of \$39,324,000, 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.

In 2023, the General Assembly passed the Child Victims Act which, among other things, provided that an action for damages arising out of certain alleged incidents of sexual abuse that occurred while the victim was a minor may be filed at any time notwithstanding any time limitation under law. The Child Victims Act further provided that if the liability of the State or the State's units arises under a claim of sexual abuse, the liability may not exceed \$890,000 to a single claimant for actions filed on or before May 31, 2025, and \$400,000 for actions filed on or after June 1, 2025. The effective date of the Child Victims Act was October 1, 2023. As of June 30, 2025, the State is named as a defendant in multiple lawsuits, alleging sexual abuse while in the custody of the State's juvenile detention facilities. As of June 30, 2025, the State has not accrued a loss contingency related to the Child Victims Act as it was determined the amount was not reasonably estimable at this time.

21. Tobacco Settlement:

Maryland has a Cigarette Restitution account for all revenues received from any judgment against or settlement with the tobacco industry. Expenditures from the account are made by an appropriation in the annual State budget. The law provides that at least 50% of the appropriations shall be made for tobacco or health related purposes and the remaining appropriations may be for any public purpose. Currently, 30% of the appropriations shall be made for the Maryland Medical Assistance Program (Medicaid). Appropriations of 0.15% of the account are required to be appropriated for enforcing the escrow requirements for non-participating tobacco product manufacturers. Transfers of \$105,527,000 were made from the proceeds in the Cigarette Restitution account for fiscal year 2025 expenditure of appropriations.

As part of the Master Settlement Agreement between the states and the tobacco companies, Maryland's share during fiscal year 2025 was \$102,814,000 including the award from the arbitration panel for attorney fees.

22. Landfill Closure and Postclosure Care Costs:

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 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 \$4,664,000 as determined through engineering studies, and \$3,083,000 and \$3,641,000 has been recognized as a liability on the June 30, 2025 and 2024, respectively Combining Statement of Net Position, Non-Major Component Units.

Midshore II's current cells are approximately 42% filled as of June 30, 2025, with a remaining life of 17 years. Total closure and postclosure care costs for the landfill is currently estimated to be \$28,382,000 as determined through engineering studies, and \$9,402,000 and \$8,556,000, has been recognized as a liability by the Service as of June 30, 2025 and 2024, respectively. Actual costs may be subject to change due to inflation, deflation, technology, and changes in applicable laws and regulations.

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, 2024. The Service expects to satisfy these requirements as of June 30, 2025, using the same criteria.

23. Service Concession Arrangements:

In fiscal year 2009, 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, 2025, the capital assets, net of accumulated depreciation, and deferred concession arrangement receipts were \$38,497,000.

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 10-year construction and 30 year operating period. The PLTP will finance, develop, design, build, equip, and supply light rail vehicles under an availability-based concession agreement with the Department. Construction began in August 2017. As of June 30, 2025, the Purple Line construction is now more than 80% complete with \$2,800,000 of expenses included in Construction In Progress accounts.

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, 2025, is \$37,307,000, which is reported in the deferred inflow of resources on the Statement of Net Position.

The University System of Maryland has entered into long-term ground leases and service concession agreements with third parties to develop and operate student housing at six institutions. Under these 40-year agreements, a quasi-governmental entity finances and owns the projects, while a developer builds and an operator manages the facilities. The owner collects rent, pays operating costs and debt service, and remits residual cash flows to the University as ground lease payments. The University retains approval rights over services and rates. Ownership of the buildings and land reverts to the University when the debt is repaid or the lease ends. As of June 30, 2025, net capital assets from these arrangements were \$191 million with deferred receipts of \$193 million .

Morgan State University has similar SCAs, granting operators rights to provide public services using University assets in exchange for significant consideration. The University retains control over services and rates, and receives a residual interest at the end of each arrangement. As of June 30, 2025, assets under SCAs totaled \$153 million. All arrangements are reported in accordance with GASB Statement No. 60.

24. 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 2025. There was one tax abatement program in 2025 for which a company received a tax abatement of \$5 million or greater.

Name of Program	Tax Abatements - FY 2025(1)	Tax Filings - FY 2025(2)	Program Description
Economic Development Programs:			
One Maryland Tax Credit	\$ 7,429,280	29	Maryland's One Maryland Tax Credit encourages businesses to invest in economic development projects in Tier 1 counties and create new jobs. Eligible businesses can receive between \$1 million and \$5 million in income tax credits based on project costs and the number of jobs created. To qualify, a business must create at least 10 new full-time positions within 24 months, paying at least 120% of the state minimum wage, and incur at least \$500,000 in eligible costs. If the credit is less than the tax liability, it may be carried forward for up to 10 years. Legal authority: Annotated Code of Maryland, Economic Development §§6-401–6-406. There is no provision for recapturing credits.
Film Production Activity Tax Credit	\$ 10,500,440	9	Maryland offers a refundable income tax credit to film production entities for certain costs incurred in producing films in the state. Qualified productions may receive up to 28% of authorized direct costs, or 30% for television series, with a maximum credit of \$10 million per project. Maryland Small Films may receive up to 28% of authorized costs, capped at \$125,000 per project. If the credit exceeds taxes owed, the excess is refunded. Legal authority: Annotated Code of Maryland, Tax-General §10-730.
Biotechnology Investment Incentive Tax Credit	\$ 7,386,004	152	Maryland's Biotechnology Investment Incentive Tax Credit (BIITC) encourages investment in qualified Maryland biotechnology companies (QMBCs). Investors may receive refundable income tax credits equal to 33% of eligible investments (up to \$250,000) or 50% (up to \$500,000 for QMBCs in certain counties). Additional enhancements apply for investments in Opportunity Zones (up to 75%, \$750,000) and RISE Zones (50%, \$500,000), subject to eligibility. Credits are issued on a first-come basis and cannot exceed the annual budget. If the credit exceeds taxes owed, the excess is refunded. Credits may be recaptured if ownership is sold or Maryland operations cease within two years. Legal authority: Annotated Code of Maryland, Tax-General §10-725.
Total Tax Credits Administered	\$ 25,315,724	190	

(1) Gross dollar amount the government's tax revenues were reduced for fiscal year 2025 as a result of tax abatement agreements

(2) Number of income tax returns filing for credit in fiscal year 2025

25. 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 \$15,176,000, as of June 30, 2025, and was fully depreciated. The reactor had a remaining useful life of 14 years as of June 30, 2025.

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. Management believes that USM is in compliance as of June 30, 2025.

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, 2025.

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 \$17,262,000 and deferred outflows of resources of \$10,073,000, are included on the statement of net position as of June 30, 2025. USM is financially prepared to fund and satisfy all asset retirement obligations when required.

26. Restatement:

During fiscal year 2025, the State implemented GASB Statement No. 101, Compensated Absences, which provides updated guidance on the recognition and measurement of liabilities for compensated absences. Under GASB No. 101, a liability is recognized for unused leave that is attributable to services already rendered, accumulates, and is more likely than not to be used or otherwise paid/settled. Certain leave types dependent on sporadic events (such as parental, military, or jury duty leave) are recognized only when the leave commences, while holidays and unlimited leave are recognized only when used. Certain discretely presented component units also implemented GASB Statement No. 101 during fiscal year 2025. Their restatements are reflected in the component unit column of the government-wide statements.

The following table summarizes the effect of the restatement on beginning net position as previously reported:

Description	Governmental Activities	Business-type Activities	Component Units
Beginning net position, as previously reported	\$ 230,322	\$ 12,259,167	\$ 11,189,939
Adjustment for change in accounting principle (GASB No. 101).....	(125,412)	(23,994)	(25,496)
Beginning Net Position, as Restated	\$ 104,910	\$ 12,235,173	\$ 11,164,443

Required Supplementary Information

ANNUAL COMPREHENSIVE FINANCIAL REPORT, STATE OF MARYLAND



STATE OF MARYLAND
Schedule of Revenue and Expenditures and Changes in Fund Balances - Budget and Actual -
Budgetary General, Special, and Federal Funds
For the Year Ended June 30, 2025
(Expressed in Thousands)

	General Fund			
	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Income taxes	\$ 16,044,887	\$ 16,225,130	\$ 16,441,957	\$ 216,827
Sales and use taxes	6,094,553	5,976,155	6,048,565	72,410
Other taxes	1,590,873	1,644,664	1,602,425	(42,239)
Licenses and fees	123,432	123,432	144,502	21,070
Charges for services	309,960	309,960	250,118	(59,842)
Interest and other investment income	128,462	335,000	492,505	157,505
Other	675,473	580,688	1,025,730	445,042
Federal revenue	—	—	—	—
Total revenues	24,967,640	25,195,029	26,005,802	810,773
Expenditures and encumbrances by major function:				
Payments of revenue to civil divisions of the State	216,198	216,198	216,198	—
Public debt	397,100	397,100	397,100	—
Legislative	257,561	262,367	142,788	119,579
Judicial review and legal	891,651	912,288	901,034	11,253
Executive and administrative control	681,807	676,763	601,912	74,851
Financial and revenue administration	302,466	327,799	318,831	8,968
Budget and management	541,733	215,752	160,835	54,917
Retirement and pension				
General services	328,882	367,878	165,708	202,170
Department of service and civic innovation	27,142	27,142	26,972	170
Transportation and highways	1,200	50,998	50,998	—
Natural resources and recreation	131,259	129,989	121,059	8,930
Agriculture	54,335	50,951	49,710	1,241
Health, hospitals and mental hygiene	7,609,359	8,799,700	8,752,704	46,996
Human resources	903,758	999,216	951,271	47,945
Labor, licensing and regulation	94,564	111,854	93,647	18,207
Public safety and correctional services	1,540,444	1,768,736	1,744,366	24,370
Public education	11,172,994	11,425,306	11,138,386	286,920
Housing and community development	449,563	445,826	167,807	278,019
Commerce	165,697	146,221	125,958	20,263
Maryland technology development corporation	52,936	52,611	52,611	—
Environment	62,328	57,359	50,291	7,068
Juvenile services	341,698	344,546	343,346	1,200
State police	461,485	465,760	459,087	6,672
State reserve fund	168,500	152,500	152,500	—
Reversions	(75,000)	(75,000)	—	(75,000)
Total expenditures and encumbrances	26,779,659	28,329,858	27,185,120	1,144,739
Excess of revenues over (under) expenditures	(1,812,019)	(3,134,829)	(1,179,318)	1,955,511
Other sources (uses) of financial resources:				
Transfers in (out)	—	—	147,775	147,775
Excess of revenues over (under) expenditures and other sources (uses) of financial resources	(1,812,019)	(3,134,829)	(1,031,543)	2,103,286
Fund balances - beginning of the year	(18,570,339)	(16,005,164)	4,785,183	20,790,346
Fund balances - end of the year	\$ (20,382,358)	\$ (19,139,993)	\$ 3,753,640	\$ 22,893,631

See accompanying Notes to Required Supplementary Information.

STATE OF MARYLAND
Schedule of Revenue and Expenditures and Changes in Fund Balances - Budget and Actual -
Budgetary General, Special, and Federal Funds
For the Year Ended June 30, 2025
(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	\$ 507,250	\$ 507,250	\$ 589,090	\$ 81,840	\$ —	\$ —	\$ —	\$ —
Sales and use taxes	920,000	920,000	1,031,168	111,168	—	—	—	—
Other taxes	3,927,441	3,927,441	4,328,809	401,368	—	—	—	—
Licenses and fees	1,278,692	1,278,692	1,499,170	220,478	—	—	—	—
Charges for services	3,242,111	3,242,111	2,659,161	(582,950)	—	—	—	—
Interest and other investment income	143,400	143,400	122,575	(20,825)	—	—	1,902	1,902
Other	1,566,217	1,566,217	1,032,234	(533,982)	—	—	—	—
Federal revenue	—	—	—	—	19,155,658	21,178,854	19,888,016	(1,290,838)
Total revenues	11,585,111	11,585,111	11,262,207	(322,904)	19,155,658	21,178,854	19,889,918	(1,288,936)
Expenditures and encumbrances by major function:								
Payments of revenue to civil divisions of the State ..	1,600	1,600	1,258	342	—	—	—	—
Public debt	1,124,700	1,124,700	1,102,586	22,114	4,900	4,900	4,051	849
Judicial review and legal	200,953	211,013	181,610	29,403	10,849	12,586	11,107	1,479
Executive and administrative control	1,321,345	1,530,493	879,204	651,290	1,476,914	1,500,053	888,544	611,509
Financial and revenue administration	214,724	233,398	213,552	19,846	—	—	—	—
Budget and management	121,754	95,582	34,902	60,680	46,426	112,587	76,468	36,119
Retirement and pension	29,418	30,408	28,587	1,821	—	—	—	—
General services	202,752	242,373	107,504	134,868	1,622	2,685	1,949	736
Department of service and civic innovation	19,221	19,221	16,742	2,479	6,869	6,880	5,911	969
Transportation and highways	4,762,684	5,379,225	5,125,560	253,665	1,575,940	1,465,589	1,328,473	137,117
Natural resources and recreation	395,369	414,412	308,125	106,287	71,959	75,234	46,484	28,749
Agriculture	185,991	188,065	111,043	77,022	15,614	19,521	11,660	7,860
Health, hospitals and mental hygiene	1,420,978	1,541,383	1,314,900	226,483	10,518,711	12,213,145	12,124,427	88,718
Human resources	166,807	197,108	173,885	23,224	2,902,344	3,004,020	2,554,563	449,457
Labor, licensing and regulation	273,864	296,250	281,135	15,115	316,136	307,136	204,976	102,161
Public safety and correctional services	89,100	95,130	89,948	5,182	27,481	30,464	28,043	2,421
Public education	2,276,319	2,352,554	2,202,967	149,587	2,776,366	2,934,907	2,159,703	775,204
Housing and community development	303,224	307,064	121,610	185,453	1,075,011	1,154,433	489,478	664,955
Commerce	224,757	243,838	52,469	191,369	25,846	27,036	7,039	19,996
Maryland technology development corporation	—	915	—	915	4,646	5,046	—	5,046
Environment	999,014	1,013,115	184,048	829,067	421,989	423,142	174,431	248,711
Juvenile services	3,399	3,512	3,254	258	6,326	9,780	8,152	1,628
State police	149,237	165,954	153,996	11,958	10,736	10,739	6,102	4,637
Total expenditures and encumbrances	14,577,210	15,777,313	12,778,885	2,998,428	21,296,686	23,319,883	20,131,561	3,188,322
Excess of revenues over (under) expenditures	(2,992,099)	(4,192,202)	(1,516,678)	2,675,524	(2,141,029)	(2,141,029)	(241,643)	1,899,386
Other sources (uses) of financial resources:								
Transfers in (out)	—	—	409,136	409,136	—	—	242,154	242,154
Excess of revenues over (under) expenditures and other sources (uses) of financial resources	(2,992,099)	(4,192,202)	(1,107,542)	3,084,660	(2,141,029)	(2,141,029)	511	2,141,540
Fund balances/(deficit) - beginning of the year	(19,356,494)	(21,474,793)	9,862,653	31,337,445	(15,089,497)	(15,097,389)	(32,634)	15,064,755
Fund balances/(deficit) - end of the year	\$ (22,348,592)	\$ (25,666,994)	\$ 8,755,111	\$ 34,422,105	\$ (17,230,525)	\$ (17,238,418)	(32,123)	\$ 17,206,295

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, 2025
(Expressed in Thousands)

	General	Special
Amount in budgetary funds, fund balance	\$ 3,753,640	\$ 8,755,111
Budgetary special funds reclassified to the general fund	6,674,825	(6,674,825)
Budgetary special funds reclassified to other funds	—	(2,071,533)
Other non-budgetary funds reclassified to governmental funds	1,082,716	(8,753)
Total of budgetary fund balances reclassified into the governmental funds' fund structure	11,511,181	—
Accounting principle differences:		
Assets recognized in the governmental funds financial statements not recognized for budgetary purposes:		
Cash	(83,143)	213,772
Investments	(98,370)	—
Taxes receivable	(237,583)	170,907
Intergovernmental receivables	97,780	1,374,347
Accounts receivable	(156,335)	364,286
Prepaid items	488	—
Inventories	146,222	110,879
Loans and notes receivable	(203)	—
Due from other funds	1,487	301,618
Due from component units	2,319	—
Liabilities and deferred inflows of resources recognized in the governmental funds financial statements not recognized for budgetary purposes:		
Salaries payable	(422,938)	(43,700)
Accounts payable and accrued liabilities	(2,061,449)	(2,129,917)
Due to other funds	(410,796)	(829,353)
Accounts payable to political subdivisions	4,622	(97,781)
Unearned revenue	599,365	(21,871)
Accrued self-insurance costs	(123,215)	—
Financial statement governmental funds' fund balances, June 30, 2025 (page 32)	\$ 8,769,432	\$ (586,812)

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Governmental Activities* Special Funding Situation:									
Actuarially determined contribution	\$1,429,515	\$1,272,405	\$1,228,568	\$1,202,102	\$1,153,208	\$1,170,248	\$1,143,586	\$1,122,986	\$1,137,472
Less: contributions in relation to the actuarially determined contribution	1,429,515	1,272,405	1,228,568	1,202,102	1,153,208	1,170,248	1,143,586	1,122,986	1,137,472
Contribution deficiency	—	—	—	—	—	—	—	—	—
Covered payroll	\$9,537,248	\$9,102,349	\$8,468,612	\$7,957,775	\$7,688,846	\$7,492,465	\$7,153,063	\$6,941,097	\$6,780,838
Actual contributions as a percentage of covered payroll	15.0 %	14.0 %	14.5 %	15.1 %	15.0 %	15.6 %	16.0 %	16.2 %	16.8 %
Other Governmental Activities:									
Actuarially determined contribution	\$1,150,160	\$ 905,977	\$ 816,638	\$ 728,098	\$ 695,223	\$ 653,760	\$ 613,280	\$ 588,649	\$ 615,316
Less: contributions in relation to the actuarially determined contribution	1,150,160	905,977	816,638	728,098	695,223	653,760	613,280	588,847	615,316
Contribution deficiency	—	—	—	—	—	—	—	(198)	—
Covered payroll	\$4,060,786	\$4,135,587	\$3,670,881	\$3,846,222	\$3,886,504	\$2,856,830	\$2,642,155	\$2,576,216	\$2,638,040
Actual contributions as a percentage of covered payroll	28.3 %	21.9 %	22.2 %	18.9 %	17.9 %	22.9 %	23.2 %	22.9 %	23.3 %
Business-Type Activities:									
Actuarially determined contribution	\$ 39,824	\$ 40,946	\$ 36,418	\$ 31,213	\$ 32,627	\$ 26,830	\$ 28,590	\$ 24,952	\$ 28,648
Less: contributions in relation to the actuarially determined contribution	39,824	40,946	36,418	31,213	32,627	26,830	28,590	24,754	28,648
Contribution deficiency	—	—	—	—	—	—	—	198	—
Covered payroll	\$ 165,595	\$ 154,621	\$ 141,501	\$ 127,703	\$ 127,427	\$ 106,028	\$ 114,620	\$ 118,291	\$ 114,453
Actual contributions as a percentage of covered payroll	24.0 %	26.5 %	25.7 %	24.4 %	25.6 %	25.3 %	24.9 %	20.9 %	25.0 %
Component Units:									
Actuarially determined contribution	\$ 239,531	\$ 207,932	\$ 188,750	\$ 167,357	\$ 167,078	\$ 157,629	\$ 143,043	\$ 142,554	\$ 142,767
Less: contributions in relation to the actuarially determined contribution	239,531	207,932	188,750	167,357	167,078	157,629	143,043	142,554	142,767
Contribution deficiency	—	—	—	—	—	—	—	—	—
Covered payroll	\$1,095,820	\$ 992,032	\$ 920,821	\$ 817,546	\$ 816,389	\$ 727,484	\$ 745,147	\$ 726,634	\$ 720,191
Actual contributions as a percentage of covered payroll	21.9 %	21.0 %	20.5 %	20.5 %	20.5 %	21.7 %	19.2 %	19.6 %	19.8 %

*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, 2025
Valuation Date on which the Total Pension Liability (TPL) was based: June 30, 2024. The TPL was rolled forward from 2024 to 2025*

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Individual Entry Age Normal Cost Method
Amortization method	Level Percentage of Projected Payroll, Closed
Remaining amortization period	15 years
Asset valuation method	5- Year smoothed market: 20% collar
Inflation	2.25% general, 2.75% wage
Salary increases	2.75% to 11.25% including inflation
Investment rate of return	6.80%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2018 Experience Study for the period 2014-2018.
Mortality	Public Sector 2010 Mortality Tables with generational mortality projections using scale MP-2018.

*The Total Pension Liability as of June 30, 2025 includes the impact of benefit changes (special death benefit for Judges) and assumption changes associated with the 2025 Experience Study for the period July 1, 2018 to June 30, 2024. These changes first affected the 2025 actuarial valuation which computes the employer contributions for fiscal year 2026.

STATE OF MARYLAND
Schedule of Employer Net Pension Liability
for Maryland State Retirement and Pension System*
Year Ending June 30,

(Amounts Expressed in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
State of Maryland's Proportion of the Collective NPL:									
Governmental Activities' proportion of the System's NPL	36.95%	32.01%	31.58%	31.14%	32.23%	33.59%	33.92%	33.92%	31.18%
Governmental Activities' special funding proportion of the System's NPL	46.56	52.33	52.92	53.08	52.81	51.73	51.42	53.95	55.79
Business-Type Activities proportion of the System's NPL	1.49	1.41	1.41	1.38	1.39	1.25	1.42	1.18	1.23
Component Units' proportion of the System's NPL	7.67	7.30	7.30	7.28	6.90	6.93	7.00	5.86	5.78
Total	<u>92.67%</u>	<u>93.05%</u>	<u>93.22%</u>	<u>92.88%</u>	<u>93.32%</u>	<u>93.50%</u>	<u>93.76%</u>	<u>94.91%</u>	<u>93.98%</u>
State of Maryland's Proportionate Share of the Collective NPL:									
Governmental Activities' proportionate share of the System's NPL	\$9,719,072	\$7,371,344	\$6,319,282	\$4,672,223	\$7,283,296	\$6,927,888	\$7,117,624	\$7,203,243	\$7,357,073
Governmental Activities' special funding proportionate share of the System's NPL	12,247,795	12,051,692	10,588,726	7,962,964	11,935,978	10,670,529	10,789,240	11,665,236	13,163,108
Business-Type Activities proportionate share of the System's NPL	392,859	324,488	282,443	207,644	313,979	257,001	298,096	254,227	290,202
Component Units' proportionate share of the System's NPL	2,017,837	1,681,654	1,461,343	1,091,997	1,559,272	1,429,833	1,469,074	1,267,498	1,363,073
Total	<u>\$24,377,564</u>	<u>\$21,429,178</u>	<u>\$18,651,793</u>	<u>\$13,934,828</u>	<u>\$21,092,525</u>	<u>\$19,285,251</u>	<u>\$19,674,034</u>	<u>\$20,390,204</u>	<u>\$22,173,456</u>
State of Maryland's Covered Payroll:									
Governmental Activities' covered payroll	\$4,060,786	\$4,135,587	\$3,670,881	\$3,846,222	\$2,856,830	\$2,642,155	\$2,576,216	\$2,638,040	\$2,428,412
Governmental Activities' special funding covered payroll	9,537,248	9,102,349	8,468,612	7,957,775	7,492,465	7,153,063	6,941,097	6,780,838	6,611,038
Business-Type Activities covered payroll	165,595	154,621	141,501	127,703	106,028	114,620	118,291	114,453	148,035
Component Units' covered payroll	1,095,820	992,032	920,821	817,546	727,484	745,147	726,634	720,191	835,211
Share of the Collective NPL as a Percentage of Covered Payroll:									
Governmental Activities' proportionate share of NPL as a % of covered payroll	239.34%	178.24%	172.15%	121.48%	254.94%	262.21%	276.28%	273.05%	302.96%
Governmental Activities' special funding proportionate share of NPL as a % of covered payroll	128.42%	132.40%	125.03%	100.07%	159.31%	149.17%	155.44%	172.03%	199.11%
Business-Type Activities proportionate share of NPL as % of covered payroll	237.24%	209.86%	199.60%	162.60%	296.13%	224.22%	252.00%	222.12%	196.04%
Component Units' proportionate share of NPL as % of covered payroll	184.14%	169.52%	158.70%	133.57%	214.34%	191.89%	202.18%	175.99%	163.20%
Plan Fiduciary Net Position as a Percentage of Pension Liability - All	<u>72.10%</u>	<u>73.80%</u>	<u>76.30%</u>	<u>81.80%</u>	<u>70.72%</u>	<u>72.34%</u>	<u>71.18%</u>	<u>69.38%</u>	<u>65.79%</u>

* 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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 56,615	\$ 54,407	\$ 55,926	\$ 53,639	\$ 58,842	\$ 55,213	\$ 64,649	\$ 66,495	\$ 62,217	\$ 44,736
Less: Contributions in relation to the actuarially determined contribution	56,601	56,110	55,926	68,606	59,280	43,249	43,250	41,597	40,997	40,997
Contribution deficiency/(excess)	\$ 14	\$ (1,703)	\$ —	\$ (14,967)	\$ (438)	\$ 11,964	\$ 21,399	\$ 24,898	\$ 21,220	\$ 3,739
Covered payroll	\$ 209,590	\$ 187,150	\$ 170,004	\$ 163,102	\$ 164,553	\$ 149,768	\$ 148,445	\$ 145,834	\$ 137,154	\$ 137,427
Actual contributions as a percentage of covered payroll	27.0%	30.0%	32.9%	42.1%	36.0%	28.9%	29.1%	28.5%	29.9%	29.8%

Notes to Schedule

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age Normal, Level Dollar
Amortization method	Level dollar, (Closed)
Inflation	2.75%
Salary increases	2.75% to 10.55% including inflation
Investment rate of return	6.80%
Municipal bond rate	3.97%
Single discount rate	6.08%
Retirement age	Rates vary by participant age
Mortality	Fully generational Pri-2012 Amount-Weighted Blue Collar Employee mortality table using scale MP-2021.

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	\$ 35,063	\$ 31,691	\$ 29,389	\$ 50,802	\$ 43,827	\$ 42,308	\$ 36,027	\$ 37,194	\$ 36,334	\$ 45,868
Interest	68,696	65,255	62,495	51,485	56,406	55,831	56,520	54,904	57,881	31,181
Changes of benefit terms	—	—	—	—	—	208	(203)	3,106	2,133	82,510
Differences between expected and actual experience	25,245	22,080	21,902	(50,063)	(11,810)	(17,140)	(8,528)	17,385	(20,741)	(15,024)
Changes of assumptions	(116,659)	3,207	(29,238)	(390,469)	140,735	101,716	(51,455)	(45,637)	(151,242)	338,950
Benefit payments, including refunds of member contributions	(56,769)	(53,342)	(50,465)	(47,454)	(44,736)	(51,151)	(42,724)	(37,203)	(39,062)	(35,283)
Net changes in total pension liability	(44,424)	68,891	34,082	(385,699)	184,422	131,772	(10,363)	29,749	(114,697)	448,202
Total pension liability-beginning	1,294,887	1,225,996	1,191,914	1,577,613	1,393,191	1,261,419	1,271,782	1,575,538	1,804,932	908,528
Total pension liability-ending (a)	<u>\$1,250,463</u>	<u>\$1,294,887</u>	<u>\$1,225,996</u>	<u>\$1,191,914</u>	<u>\$1,577,613</u>	<u>\$1,393,191</u>	<u>\$1,261,419</u>	<u>\$1,605,287</u>	<u>\$1,690,235</u>	<u>\$1,356,730</u>
Plan fiduciary net position										
Net investment income	\$ 52,998	\$ 33,630	\$ 18,156	\$ (10,986)	\$ 93,213	\$ 12,832	\$ 31,023	\$ 20,550	\$ 27,739	\$ 3,513
Contributions-employer	69,549	66,214	62,950	75,439	66,591	43,250	41,597	40,997	40,997	38,037
Benefit payments, including refunds of member contributions	(56,769)	(53,342)	(50,465)	(47,454)	(44,736)	(51,152)	(42,724)	(37,203)	(35,967)	(35,283)
Administrative expenses	(198)	(173)	(3,424)	(4,135)	(3,602)	(2,652)	(2,325)	(2,213)	(1,914)	(1,967)
Net change in plan fiduciary net position	65,579	46,329	27,217	12,864	111,466	2,278	27,571	22,131	30,855	4,300
Plan fiduciary net position-beginning	533,695	487,366	460,242	447,378	335,912	329,024	298,447	308,155	246,445	237,845
Plan fiduciary net position-ending (b)	<u>\$ 599,274</u>	<u>\$ 533,695</u>	<u>\$ 487,459</u>	<u>\$ 460,242</u>	<u>\$ 447,378</u>	<u>\$ 331,302</u>	<u>\$ 326,018</u>	<u>\$ 330,286</u>	<u>\$ 277,300</u>	<u>\$ 242,145</u>
Net pension liability-ending (a)-(b)	<u>\$ 651,188</u>	<u>\$ 761,192</u>	<u>\$ 738,538</u>	<u>\$ 731,672</u>	<u>\$1,130,235</u>	<u>\$1,061,889</u>	<u>\$ 935,401</u>	<u>\$1,275,001</u>	<u>\$1,412,935</u>	<u>\$1,114,585</u>
Plan fiduciary net position as a percentage of as a percentage of the total pension liability	47.9%	41.2%	39.8%	38.6%	28.4%	23.8%	25.8%	20.6%	16.4%	17.8%
Covered payroll	\$ 209,590	\$ 187,150	\$ 170,004	\$ 163,102	\$ 164,553	\$ 149,768	\$ 148,445	\$ 145,834	\$ 137,154	\$ 137,427
Employer net pension liability as a percent of covered payroll	310.7%	406.7%	434.4%	448.6%	686.9%	709.0%	630.1%	874.3%	1030.2%	811.0%

Notes to Schedule

Changes of Assumptions: FY25 reflects an increase to the effective discount rate from 5.35% to 6.08%.

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

Fiscal Years Ended	Annual Money-Weighted Rate of Return, Net of Investment Expenses
2025	9.8%
2024	6.9%
2023	3.1%
2022	(3.0)%
2021	26.7%
2020	3.5%
2019	6.4%
2018	8.1%
2017	10.0%
2016	1.5%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 602,355	\$ 614,673	\$ 581,190	\$ 610,967	\$ 551,443	\$ 611,709	\$ 644,919	\$ 532,287	\$ 779,316	\$ 634,552
Less: Contributions in relation to the actuarially determined contribution		535,591	706,946	673,695	629,554	601,487	499,502	562,479	526,535	490,765
Contribution deficiency/(excess)	<u>\$ 602,355</u>	<u>\$ 79,082</u>	<u>\$ (125,756)</u>	<u>\$ (62,728)</u>	<u>\$ (78,111)</u>	<u>\$ 10,222</u>	<u>\$ 145,417</u>	<u>\$ (30,192)</u>	<u>\$ 252,781</u>	<u>\$ 143,787</u>
Covered payroll	\$ 7,846,174	\$ 7,338,908	\$ 6,692,488	\$ 5,944,012	\$ 5,687,358	\$ 5,669,650	\$ 5,380,192	\$ 5,115,140	\$ 5,111,236	\$ 4,997,602
Actual contributions as a percentage of covered payroll	5.5%	7.3%	10.6%	11.3%	11.1%	10.6%	9.3%	11.0%	10.3%	9.8%

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 Normal
Amortization method period Level Dollar Amount
Remaining amortization period ... 30-year open period
Asset valuation method Market value of assets

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

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 345,427	\$ 350,298	\$ 349,990	\$ 503,008	\$ 568,469	\$ 427,003	\$ 337,320	\$ 306,642
Interest	469,495	425,837	454,177	333,082	376,474	516,935	426,193	410,862
Change of benefit terms	—	427,337	(1,414,935)	106,421	87,982	97,221	2,544,752	—
Differences between expected and actual experience	(55,710)	42,466	258,674	111,645	560,235	162,068	459,791	323,130
Changes of assumptions	(2,268,908)	(414,422)	(189,372)	(2,802,673)	(2,490,736)	1,537,159	471,611	(969,487)
Benefit payments, including refunds of member contributions	(432,346)	(535,591)	(706,946)	(673,695)	(629,554)	(601,487)	(499,502)	(562,479)
Net changes in total OPEB liability	(1,942,041)	295,925	(1,248,412)	(2,422,212)	(1,527,130)	2,138,899	3,740,165	(491,332)
Total OPEB liability-beginning	11,877,788	11,581,862	12,830,273	15,252,485	16,779,615	14,640,716	10,900,551	11,391,883
Total OPEB liability-ending ^(a)	<u>\$ 9,935,748</u>	<u>\$ 11,877,788</u>	<u>\$ 11,581,862</u>	<u>\$ 12,830,273</u>	<u>\$ 15,252,485</u>	<u>\$ 16,779,615</u>	<u>\$ 14,640,716</u>	<u>\$ 10,900,551</u>
Plan fiduciary net position								
Net investment income	\$ 67,845	\$ 51,648	\$ 77,888	\$ (68,491)	\$ 98,747	\$ 4,373	\$ 21,460	\$ 22,599
Net change in plan fiduciary net position	67,845	51,648	77,888	(68,491)	98,747	4,373	21,460	22,599
Plan fiduciary net position-beginning	514,896	463,248	385,361	453,852	355,105	350,732	329,272	306,673
Plan fiduciary net position-ending ^(b)	<u>\$ 582,741</u>	<u>\$ 514,896</u>	<u>\$ 463,249</u>	<u>\$ 385,361</u>	<u>\$ 453,852</u>	<u>\$ 355,105</u>	<u>\$ 350,732</u>	<u>\$ 329,272</u>
Net OPEB liability-ending ^{(a)-(b)}	<u>\$ 9,353,007</u>	<u>\$ 11,362,892</u>	<u>\$ 11,118,613</u>	<u>\$ 12,444,912</u>	<u>\$ 14,798,633</u>	<u>\$ 16,424,510</u>	<u>\$ 14,289,984</u>	<u>\$ 10,571,279</u>
Plan fiduciary net position as a percentage of the total OPEB liability	5.9%	4.3%	4.0%	3.0%	3.0%	2.1%	2.4%	3.0%
Covered payroll	\$ 7,846,174	\$ 7,338,908	\$ 6,692,488	\$ 5,944,012	\$ 5,687,358	\$ 5,669,650	\$ 5,380,192	\$ 5,115,140
Plan net OPEB liability as a percent of covered payroll	119.2%	154.8%	166.1%	209.4%	260.2%	289.7%	265.6%	206.7%

*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
Other Post-Employment Benefit Plan*
Year Ending June 30,
(Expressed in Thousands)

Fiscal Years Ended	Annual Money-Weighted Rate of Return, Net of Investment Expenses
2025	13.2%
2024	11.1%
2023	13.3%
2022	(15.1)%
2021	27.8%
2020	1.3%
2019	6.5%
2018	7.4%

**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
Maryland Transit Administration Retiree Healthcare Benefits Plan*
Year Ending June 30,
(Expressed in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution.....	\$ 28,713	\$ 29,159	\$ 46,235	\$ 41,932	\$ 46,156	\$ 31,899	\$ 41,137	\$ 47,907	\$ 90,004	\$ 72,624
Less: Contributions in relation to the actuarially determined contribution.....	28,518	17,899	20,177	15,511	20,354	17,240	15,617	12,422	16,887	15,296
Contribution deficiency/(excess).....	<u>\$ 196</u>	<u>\$ 11,260</u>	<u>\$ 26,058</u>	<u>\$ 26,421</u>	<u>\$ 25,802</u>	<u>\$ 14,659</u>	<u>\$ 25,520</u>	<u>\$ 35,485</u>	<u>\$ 73,117</u>	<u>\$ 57,328</u>
Covered-employee payroll.....	\$ 209,590	\$ 187,150	\$ 170,004	\$ 163,102	\$ 164,553	\$ 149,768	\$ 148,445	\$ 145,834	\$ 137,154	\$ 137,427
Actual contributions as a percentage of covered-employee payroll	13.6%	9.6%	11.9%	9.5%	12.4%	11.5%	10.5%	8.5%	12.3%	11.1%

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 Individual Entry-Age

**OPEB plan is funded as a pay-as-you-go arrangement and is not pre-funded by assets.*

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)

	2025	2024	2023	2022	2021	2020	2019
Total OPEB liability							
Service cost	\$ 28,713	\$ 29,159	\$ 46,235	\$ 41,932	\$ 46,156	\$ 31,898	\$ 41,137
Interest	29,492	27,910	19,257	21,957	26,467	26,053	29,487
Differences between expected and actual experience	(66,099)	(7,547)	(116,971)	(8,079)	19,747	(1,121)	(14,073)
Changes of assumptions	14,940	(18,434)	(167,511)	66,622	(21,696)	64,217	(145,356)
Benefit payments, including refunds of member contributions	(28,518)	(17,899)	(20,177)	(15,511)	(20,354)	(17,240)	(15,617)
Net changes in total OPEB liability	(21,472)	13,190	(239,167)	106,921	50,320	103,807	(104,422)
Total OPEB liability-beginning	763,938	750,748	989,915	882,994	832,674	728,867	833,289
Total OPEB liability-ending ^(a)	<u>\$ 742,466</u>	<u>\$ 763,938</u>	<u>\$ 750,748</u>	<u>\$ 989,915</u>	<u>\$ 882,994</u>	<u>\$ 832,674</u>	<u>\$ 728,867</u>
Plan fiduciary net position							
Contributions-employer	\$ 28,518	\$ 17,899	\$ 20,177	\$ 15,511	\$ 20,354	\$ 17,240	\$ 15,617
Benefit payments, including refunds	(28,518)	(17,899)	(20,177)	(15,511)	(20,354)	(17,240)	(15,617)
Net OPEB liability-ending ^{(a)-(b)}	<u>\$ 742,466</u>	<u>\$ 763,938</u>	<u>\$ 750,748</u>	<u>\$ 989,915</u>	<u>\$ 882,994</u>	<u>\$ 832,674</u>	<u>\$ 728,867</u>
Covered-employee payroll	\$ 209,590	\$ 187,150	\$ 170,004	\$ 163,102	\$ 164,553	\$ 149,768	\$ 148,445
Employer net OPEB liability as a percent of covered-employee payroll	<u>354.2%</u>	<u>408.2%</u>	<u>441.6%</u>	<u>606.9%</u>	<u>536.6%</u>	<u>556.0%</u>	<u>491.0%</u>

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No assets have been accumulated in a trust to pay related benefits. Assets to pay related benefits have not been accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101.*

STATE OF MARYLAND

Notes to Required Supplementary Information For the Year Ended June 30, 2025

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. The legal level of budgetary control is at the program (function) level of the general, special and federal funds. Examples of State functional programs include Public debt, transportation and highways, and environment. These functional programs are at the legal level of budgetary control and the presentation of budget and actual comparisons on pages [112](#) and [113](#).

Increases in total general fund appropriations must be approved by the General Assembly. For the fiscal year ended June 30, 2025, the General Assembly approved a net increase in General Fund appropriations of \$1.7 billion. 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, 2025. 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, 2025, 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

ANNUAL COMPREHENSIVE FINANCIAL REPORT, STATE OF MARYLAND



STATE OF MARYLAND

Non-Major Governmental Funds

Special Revenue Funds

Opioid Restitution Fund: Transactions related opioid abatement purposes resulting from the nationwide prescription opioid-related legal settlements.

Maryland Economic Development Opportunities Program Fund (Sunny Day): Transactions related to loans, conditional loans, grants, conditional grants, and investments made to assist in the retention or expansion of existing enterprises and the attraction of new enterprises.

Maryland Economic Adjust Fund (MEAF): Transactions related to loans made to eligible businesses, and grants to Revolving Loan Funds administered by local government or nonprofit economic development organizations in the State of Maryland to assist with the modernization of manufacturing operation, the development of commercial applications for technology, and exploring and entering new markets.

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.

STATE OF MARYLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2025

(Expressed in Thousands)

			Maryland Economic Development Opportunities Program Fund (Sunny Day)	Debt Service Funds		Total Non-major Governmental Funds
	Opioid Restitution Fund	Maryland Economic Adjust Fund		General Obligation Bonds	Transportation Bonds	
Assets:						
Equity in pooled invested cash	\$ —	\$ 892	\$ 1,400	\$ —	\$ —	\$ 2,292
Other accounts receivable	120,556	1	—	—	—	120,557
Restricted assets:						
Equity in pooled invested cash	121,327	—	—	237,807	—	359,134
Investments	—	—	—	27,514	—	27,514
Taxes receivable, net	—	—	—	81,719	—	81,719
Other accounts receivable	—	—	—	601	—	601
Loans and notes receivable, net	—	247	—	793	—	1,040
Total assets	\$ 241,883	\$ 1,140	\$ 1,400	\$ 348,435	\$ —	\$ 592,857
Liabilities:						
Accounts payable and accrued liabilities	—	—	—	195	—	195
Total liabilities	—	—	—	195	—	195
Deferred inflows of resources	109,477	—	—	—	—	109,477
Fund balances:						
Restricted	132,405	1,140	1,400	348,435	—	483,380
Unassigned	—	—	—	(195)	—	(195)
Total fund balance	132,405	1,140	1,400	348,240	—	483,185
Total liabilities and fund balances	\$ 241,882	\$ 1,140	\$ 1,400	\$ 348,435	\$ —	\$ 592,857

STATE OF MARYLAND
Combining Statement of Revenues, Expenditures, Other Sources and Uses of
Financial Resources and Change in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2025
(Expressed in Thousands)

				Debt Service Funds		Total Non-major Governmental Funds
	Opioid Restitution Fund	Maryland Economic Adjust Fund	Maryland Economic Development Opportunities Program Fund (Sunny Day)	General Obligation Bonds	Transportation Bonds	
Revenues:						
Property taxes	\$ —	\$ —	\$ —	\$ 1,051,377	\$ —	\$ 1,051,377
Federal revenue	—	13	—	4,051	—	4,064
Other	41,781	234	—	4,362	—	46,378
Total revenue	41,781	247	—	1,059,791	—	1,101,819
Expenditures:						
General government	—	—	433	—	—	433
Health and mental hygiene	4,828	—	—	—	—	4,828
Commerce	—	222	350	—	—	572
Debt service:						
Principal retirement	—	—	—	1,109,822	309,860	1,419,683
Interest	—	—	—	435,359	119,846	555,205
Total expenditures	4,828	222	783	1,545,181	429,706	1,980,720
Surplus (deficiency) of revenues under expenditures	36,953	26	(783)	(485,391)	(429,706)	(878,901)
Other sources (uses) of financial resources:						
Bond premium	—	—	—	86,805	—	86,805
Transfers in	—	—	—	381,123	429,706	810,829
Transfers out	—	—	—	(219,000)	—	(219,000)
Total other sources of financial resources	—	—	—	248,928	429,706	678,634
Net changes in fund balances	36,953	26	(782)	(236,463)	—	(200,266)
Fund balances, beginning of year	95,452	1,114	2,182	584,703	—	683,451
Fund balances, beginning of year, as restated	95,452	1,114	2,182	584,703	—	683,451
Fund balances, end of year	\$ 132,405	\$ 1,140	\$ 1,400	\$ 348,240	\$ —	\$ 483,185

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, 2025
(Expressed in Thousands)

	Economic Development Insurance Programs	Maryland Correctional Enterprises	Total Non-Major Enterprise Funds
Assets			
Current assets:			
Equity in pooled invested cash	\$ 3,602	\$ 16,571	\$ 20,173
Other accounts receivable	—	6,092	6,092
Inventories	—	15,697	15,697
Other assets	1,864	54	1,918
Restricted equity in pooled invested cash	97,168	—	97,168
Total current assets	102,634	38,414	141,048
Non-current assets:			
Capital assets, net of accumulated depreciation:			
Structures and improvements	—	3,985	3,985
Equipment	—	3,410	3,410
Total non-current assets	—	7,395	7,395
Total assets	102,634	45,809	148,443
Deferred outflows of resources	—	5,170	5,170
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	166	1,519	1,685
Accrued insurance on loan losses	15,151	—	15,151
Other liabilities	74	1,937	2,011
Unearned revenue	577	276	853
Total current liabilities	15,968	3,732	19,700
Non-current liabilities:			
Other liabilities	70	16,119	16,189
Total non-current liabilities	70	16,119	16,189
Total liabilities	16,038	19,851	35,889
Deferred inflows of resources	—	443	443
Net Position			
Net investment in capital assets	—	7,396	7,396
Restricted for insurance programs	97,161	—	97,161
Unrestricted (deficit)	(10,565)	23,289	12,724
Total net position	\$ 86,596	\$ 30,685	\$ 117,280

STATE OF MARYLAND
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Non-major Enterprise Funds
For the Year Ended June 30, 2025
(Expressed in Thousands)

	Economic Development Insurance Programs	Maryland Correctional Enterprises	Total Non-Major Enterprise Funds
Operating revenues:			
Charges for services and sales	\$ 907	\$ —	\$ 907
Unrestricted interest on loan income	522	—	522
Other	1,645	56,773	58,418
Total operating revenues	3,074	56,773	59,847
Operating expenses:			
Cost of sales and services	—	50,333	50,333
General and administrative	2,026	12,640	14,666
Depreciation and amortization	—	924	924
Provision for insurance on loan losses	5,046	—	5,046
Total operating expenses	7,072	63,897	70,970
Operating loss	(3,998)	(7,124)	(11,123)
Non-operating revenues:			
Restricted investment income	3,728	—	3,728
Other	—	8	8
Total non-operating revenues	3,728	8	3,736
Changes in net position	(270)	(7,116)	(7,387)
Total net position - beginning of the year	86,922	38,858	125,779
Adjustment for change in accounting principle (Note 26)	(54)	(1,056)	(1,110)
Total net position - end of the year	\$ 86,598	\$ 30,684	\$ 117,280

STATE OF MARYLAND
Combining Statement of Cash Flows
Non-major Enterprise Funds
For the Year Ended June 30, 2025
(Expressed in Thousands)

	Economic Development Insurance Programs	Maryland Correctional Enterprises	Total Non-Major Enterprise Funds
Cash flows from operating activities:			
Receipts from customers.....	\$ 868	\$ 69,963	\$ 70,831
Payments to suppliers	—	(47,698)	(47,698)
Payments to employees	(2,312)	(12,478)	(14,790)
Other receipts	1,653	—	1,653
Other payments	(2,013)	—	(2,013)
Net cash from operating activities	(1,804)	9,787	7,984
Cash flows from capital and related financing activities:			
Acquisition of capital assets	—	(728)	(728)
Net cash from capital and related financing activities	—	(728)	(728)
Cash flows from investing activities:			
Interest received on debt instruments of other entities	3,728	—	3,728
Net cash from investing activities	3,728	—	3,728
Net change in cash and cash equivalents	1,924	9,059	10,984
Balance - beginning of the year	98,846	7,512	106,358
Balance - end of the year	\$ 100,770	\$ 16,571	\$ 117,342

Reconciliation of operating income to net cash from operating activities:

Operating income (loss)	\$ (3,998)	\$ (7,124)	\$ (11,123)
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	—	924	924
Deferred inflows of resources	—	2,811	2,811
Effect of changes in non-cash operating assets and liabilities:			
Other accounts receivable	—	13,360	13,360
Due from other funds	(1,653)	—	(1,653)
Inventories	—	1,583	1,583
Loans and notes receivable	(513)	—	(513)
Other assets	(438)	6	(432)
Accrued vacation and workers compensation	—	—	—
Accounts payable and accrued liabilities	(287)	(1,755)	(2,042)
Accrued insurance and loan losses	5,040	—	5,040
Unearned revenue	47	118	165
Other liabilities	—	(136)	(136)
Net cash from operating activities	\$ (1,802)	\$ 9,787	\$ 7,984

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, Maryland Teachers & State Employees Supplemental Retirement Plans, 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 Maryland Supplemental Retirement Plans, 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 its transactions and account balances are accounted for using the flow of economic resources measurement focus.

The State uses custodial 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, 2025
(Expressed in Thousands)

	Maryland State Retirement and Pension System	Maryland Transit Administration Pension Plan	Other Postretirement Health Benefits Trust Fund	Maryland Supplemental Retirement Plans December 31, 2024	Total
Assets:					
Cash	\$ 2,634,052	\$ 20,231	\$ 31	\$ 3,115	\$ 2,657,429
Accrued investment income	348,529	2,884	—	40,245	391,658
Investments:					
U.S. Treasury and agency obligations	5,951,405	48,855	78,218	—	6,078,478
Bonds	4,551,449	37,363	—	—	4,588,812
Corporate equity securities	23,665,454	194,269	400,762	—	24,260,485
Mortgage related securities	2,167,944	17,797	15,888	—	2,201,629
Mutual funds	—	—	—	5,060,483	5,060,483
Guaranteed investment contracts	—	—	—	774,595	774,595
Real estate	—	—	57,081	—	57,081
Annuity contracts	—	—	—	44,932	44,932
Commingled funds	33,881,371	278,131	30,762	—	34,190,264
Total investments	70,217,623	576,415	582,711	5,880,010	77,256,759
Other receivables	1,000,459	7,232	—	—	1,007,691
Collateral for lent securities	5,074,047	—	—	—	5,074,047
Other assets	—	41,988	—	—	41,988
Total assets	79,274,710	648,750	582,742	5,923,370	86,429,572
Liabilities:					
Accounts payable and accrued liabilities	69,816	49,475	—	—	119,291
Collateral obligation for lent securities	5,074,047	—	—	—	5,074,047
Other liabilities	890,073	—	—	—	890,073
Total liabilities	6,033,936	49,475	—	—	6,083,411
Net position restricted for:					
Pension benefits	73,240,774	599,274	—	—	73,840,048
Deferred compensation benefits	—	—	—	5,923,371	5,923,371
Postretirement health benefits	—	—	582,742	—	582,742
Total net position	\$ 73,240,774	\$ 599,274	\$ 582,742	\$ 5,923,371	\$ 80,346,161

STATE OF MARYLAND
Combining Statement of Changes in Plan Net Position
Pension and Other Employee
For the Year Ended June 30, 2025
(Expressed in Thousands)

	Maryland State Retirement and Pension System	Maryland Transit Administration Pension Plan	Other Postretirement Health Benefits Trust Fund	Maryland Supplemental Retirement Plans December 31, 2024	Total
Additions:					
Contributions:					
Employers	\$ 1,986,677	\$ 56,601	\$ —	\$ —	\$ 2,043,278
Members	1,130,018	12,949	—	241,068	1,384,034
Sponsors	960,777	—	—	—	960,777
Total contributions	4,077,472	69,550	—	241,068	4,388,090
Investment earnings:					
Net appreciation in fair value of investments	3,760,468	26,097	68,149	707,048	4,561,762
Interest	718,204	26,901	24	32,793	777,921
Dividends	2,605,020	—	—	—	2,605,020
Total investment income	7,083,692	52,998	68,173	739,841	7,944,703
Less: investment expense	495,359	—	328	—	495,687
Net investment income	6,588,333	52,998	67,845	739,841	7,449,016
Total additions	10,665,805	122,548	67,845	980,908	11,837,106
Deductions:					
Benefit payments	5,160,040	56,769	—	383,476	5,600,285
Refunds	116,361	—	—	—	116,361
Administrative expenses	58,338	198	—	12,812	71,348
Total deductions	5,334,739	56,967	—	396,288	5,787,994
Net increase	5,331,066	65,580	67,845	584,620	6,049,112
Net position-beginning	67,909,708	533,695	514,897	5,338,750	74,297,050
Net position-ending	\$ 73,240,774	\$ 599,275	\$ 582,742	\$ 5,923,370	\$ 80,346,161

STATE OF MARYLAND
Combining Schedule of Fiduciary Net Position
Maryland State Retirement and Pension System
June 30, 2025
(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	\$ 1,552,892	\$ 914,462	\$ 77,559	\$ 26,737	\$ 62,402	\$ 2,634,052	\$ —	\$ 2,634,052
Investments, at fair value	42,378,561	23,561,253	2,028,436	623,926	1,625,447	70,217,623	—	70,217,623
Other receivables & accrued inv. income	786,172	478,011	42,527	10,922	31,356	1,348,988	—	1,348,988
Due from other systems	82,571	70,209	644	—	13,573	166,997	(166,997)	—
Collateral for lent securities	3,059,162	1,705,330	146,795	45,158	117,602	5,074,047	—	5,074,047
Total assets	47,859,358	26,729,265	2,295,961	706,743	1,850,380	79,441,707	(166,997)	79,274,710
Liabilities:								
Accounts payable and accrued liabilities	40,972	25,589	1,494	765	996	69,816	—	69,816
Due to other system	55,170	111,744	(26)	109	—	166,997	(166,997)	—
Collateral obligation for lent securities & other liab	3,595,791	2,004,474	172,544	53,080	138,231	5,964,120	—	5,964,120
Total liabilities	3,691,933	2,141,807	174,012	53,954	139,227	6,200,933	(166,997)	6,033,936
Net Position:								
Restricted for pension benefits	\$ 44,167,425	\$ 24,587,458	\$ 2,121,949	\$ 652,789	\$ 1,711,153	\$ 73,240,774	\$ —	\$ 73,240,774

* 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, 2025
(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	\$ 468,738	\$ 1,241,195	\$ 130,757	\$ 29,998	\$ 115,989	\$ 1,986,677	\$ —	\$ 1,986,677
Members	671,715	422,424	11,914	4,389	19,576	1,130,018	—	1,130,018
Sponsors	960,777	—	—	—	—	960,777	—	960,777
Total contributions	2,101,230	1,663,619	142,671	34,387	135,565	4,077,472	—	4,077,472
Investment earnings:								
Net increase in fair value of investments	2,271,158	1,260,974	108,427	33,529	86,380	3,760,468	—	3,760,468
Interest	418,116	235,935	20,105	6,424	15,805	696,385	—	696,385
Dividends	1,571,643	875,294	75,283	23,290	59,510	2,605,020	—	2,605,020
Income from securities lending	13,168	7,328	630	194	499	21,819	—	21,819
Total investment income	4,274,085	2,379,531	204,445	63,437	162,194	7,083,692	—	7,083,692
Less: investment expense	298,541	166,624	14,344	4,429	11,421	495,359	—	495,359
Net investment income	3,975,544	2,212,907	190,101	59,008	150,773	6,588,333	—	6,588,333
Total additions	6,076,774	3,876,526	332,772	93,395	286,338	10,665,805	—	10,665,805
Deductions:								
Benefit payments	2,931,431	1,914,034	159,799	49,321	105,455	5,160,040	—	5,160,040
Refunds	60,302	54,533	309	55	1,162	116,361	—	116,361
Administrative expenses	33,205	23,796	393	96	848	58,338	—	58,338
Total deductions	3,024,938	1,992,363	160,501	49,472	107,465	5,334,739	—	5,334,739
Net system transfers in/(out)	(4,901)	3,748	224	(2)	931	—	—	—
Changes in net position	3,046,935	1,887,911	172,495	43,921	179,804	5,331,066	—	5,331,066
Net position restricted for pension benefits:								
Beginning of the year	41,120,490	22,699,547	1,949,454	608,868	1,531,349	67,909,708	—	67,909,708
End of the year	\$ 44,167,425	\$ 24,587,458	\$ 2,121,949	\$ 652,789	\$ 1,711,153	\$ 73,240,774	\$ —	\$ 73,240,774

* Intersystem balances have been eliminated in the financial statements.

STATE OF MARYLAND
Combining Schedule of Fiduciary Net Position
Maryland Supplemental Retirement Plans
December 31, 2024
(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	\$ 3,115	\$ —	\$ —	\$ —	\$ 3,115
Investments, at fair value	2,559,980	2,909,398	282,147	128,487	5,880,011
Other receivables	23,088	16,875	9	272	40,245
Total assets	2,586,183	2,926,273	282,156	128,759	5,923,371
Net position:					
Restricted for deferred compensation benefits	\$ 2,586,183	\$ 2,926,273	\$ 282,156	\$ 128,759	\$ 5,923,371

STATE OF MARYLAND
Combining Schedule of Changes in Plan Net Position
Maryland Supplemental Retirement Plans
For the Year Ended December 31, 2024
(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:					
Members	\$ 110,616	\$ 112,488	\$ 15,033	\$ 2,930	\$ 241,068
Total contributions	110,616	112,488	15,033	2,930	241,068
Investment earnings:					
Net increase in fair value of investments	294,268	355,833	38,145	18,803	707,048
Interest	18,934	12,837	919	102	32,793
Net investment income	313,202	368,669	39,065	18,905	739,841
Total additions	423,818	481,157	54,098	21,835	980,908
Deductions:					
Benefit payments	169,633	188,336	14,660	10,847	383,476
Administrative expenses	7,279	4,957	416	159	12,812
Total deductions	176,911	193,293	15,076	11,007	396,287
Changes in net position	246,907	287,864	39,022	10,829	584,621
Net position restricted for pension and other employee benefits:					
Beginning of the year	2,339,276	2,638,409	243,134	117,931	5,338,750
End of the year	\$ 2,586,183	\$ 2,926,273	\$ 282,156	\$ 128,759	\$ 5,923,371

STATE OF MARYLAND
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2025
(Expressed in Thousands)

	Custodial Funds						
	Local Income Taxes	Insurance Premium Taxes	Local Transportation Funds and Other Taxes	Litigant, Patient and Prisoner Accounts	Restitution	Total Custodial Funds	
Assets:							
Cash	\$ —	\$ 10	\$ 10,571	\$ 51,582	\$ —	\$ 62,163	
Equity in pooled invested cash	3,204,698	150,910	24,626	11,176	82,408	3,473,818	
Taxes receivable, net	389,497	—	—	—	—	389,497	
Intergovernmental receivables	190,242	—	—	—	—	190,242	
Accounts receivable, net	—	—	—	—	193,482	193,482	
Due from other funds	388,559	—	—	—	—	388,559	
Total assets	4,172,997	150,920	35,197	62,758	275,890	4,697,762	
Liabilities:							
Accounts payable and accrued liabilities	—	—	—	6,238	103,118	109,356	
Accounts payable to political subdivisions	748,361	—	24,627	—	—	772,989	
Total liabilities	748,361	—	24,627	6,238	103,118	882,344	
Net position:							
Restricted for:							
Individuals, organizations, other governments	3,424,636	150,920	10,570	56,520	172,772	3,815,418	
Total net position	\$ 3,424,636	\$ 150,920	\$ 10,570	\$ 56,520	\$ 172,772	\$ 3,815,418	

STATE OF MARYLAND
Combining Statement of Changes in Net Position
Custodial Funds
For the Year Ended June 30, 2025
(Expressed in Thousands)

	Custodial Funds						Total Custodial Funds
	Local Income Taxes	Insurance Premium Taxes	Local Transportation Funds and Other Taxes	Litigant, Patient and Prisoner Accounts	Restitution		
Additions:							
Contributions:							
Participants, individuals, and local governments	\$ 7,471,740	\$ 35,618	\$ 8,438	\$ 36,320	\$ 5,892	\$	7,558,009
Total contributions	7,471,740	35,618	8,438	36,320	5,892		7,558,009
Investment earnings:							
Interest	—	5,696	—	—	—		5,696
Total investment income	—	5,696	—	—	—		5,696
Net investment income	—	5,696	—	—	—		5,696
Total additions	7,471,740	41,314	8,438	36,320	5,892		7,563,705
Deductions:							
Distribution to participants, individuals, and local governments	8,899,149	26,619	9,980	31,412	40,321		9,007,480
Total deductions	8,899,149	26,619	9,980	31,412	40,321		9,007,480
Net increase/(decrease)	(1,427,409)	14,695	(1,541)	4,908	(34,429)		(1,443,776)
Net position-beginning	4,852,045	136,224	12,111	51,613	207,201		5,259,194
Net position-ending	\$ 3,424,636	\$ 150,919	\$ 10,570	\$ 56,521	\$ 172,772	\$	3,815,418

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 Economic Development Assistance Authority and Fund

The Maryland Economic Development Assistance Authority and Fund (the Fund) was established on July 1, 1999 and is codified in the Economic Development Article in Sections 5-301 through 5-349 of the Annotated Code of Maryland. Shortly after its creation, legislation was developed to consolidate ten existing economic development programs into the Fund through the Financing Programs Consolidation Act of 2000. The Fund was designed to be a nonlapsing revolving loan fund to provide below market, fixed rate financing to growth industry sector businesses locating or expanding in priority funding areas of the State.

Maryland Small Business Development Financing Authority

The Maryland Small Business Development Financing Authority (MSBDFA) was established by the State of Maryland in 1978 and is governed by the Economic Development Article and the MSBDFA programs are contained in Sections 5-501 through 5-575. MSBDFA is administered by the Department of Commerce (the Department). MSBDFA's purpose is to assist socially or economically disadvantaged entrepreneurs and small businesses in the creation and expansion of Maryland businesses. The programs can extend financial assistance to small businesses that are unable to obtain adequate business financing on reasonable terms through normal financing channels.

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, 2025
(Continued)
(Expressed in Thousands)

	Maryland Environmental Service	Maryland Economic Development Assistance Authority and Fund	Maryland Small Business Development Financing Authority	Maryland Industrial Development Financing Authority	Maryland Food Center Authority	Maryland Technology Development Corporation	Total Non-major Component Units
Assets:							
Cash	\$ 17,670	\$ —	\$ —	\$ —	\$ 4	\$ 77,992	\$ 95,666
Equity in pooled invested cash	—	76,950	11,074	3,313	12,568	—	103,904
Investments	44,412	—	—	—	—	66,055	110,467
Other accounts receivable	51,936	4	85	—	1,855	1,183	55,063
Prepaid items	—	—	—	—	—	366	366
Loans and notes receivable, net	—	1,887	4,523	—	18,891	50,678	75,978
Leases receivable, net	—	9,897	—	—	4,191	—	14,089
Other assets	13,284	—	4,887	—	2,371	—	20,542
Restricted assets:							
Cash	202	335	—	—	—	—	537
Investments	3,235	—	—	—	—	—	3,235
Capital assets, net of accumulated depreciation/ amortization:							
Land	5,952	—	—	—	3,456	—	9,408
Structures and improvements	24,686	—	—	—	15,959	—	40,645
Infrastructure	405	—	—	—	—	—	405
Right-of-use assets	2,841	—	—	—	—	2,776	5,617
Equipment	10,057	—	—	—	664	185	10,906
Construction in progress	1,306	—	—	—	3,131	—	4,437
Total assets	175,986	89,073	20,569	3,313	63,091	199,235	551,266
Deferred outflows of resources	874	—	—	—	862	—	1,736

STATE OF MARYLAND
Combining Statement of Net Position
Non-major Component Units
June 30, 2025
(Continued)

(Expressed in Thousands)

	Maryland Environmental Service	Maryland Economic Development Assistance Authority and Fund	Maryland Small Business Development Financing Authority	Maryland Industrial Development Financing Authority	Maryland Food Center Authority	Maryland Technology Development Corporation	Total Non-major Component Units
Liabilities:							
Accounts payable and accrued liabilities	\$ 60,853	\$ —	\$ —	\$ —	\$ 533	\$ 33,684	\$ 95,070
Due to primary government	—	—	—	—	—	2,319	2,319
Unearned revenue	—	335	28	17	1,004	19,899	21,282
Accrued insurance on loan losses	—	—	104	99	—	—	203
Bonds and notes payable:							
Due within one year	2,297	—	—	—	—	—	2,297
Due in more than one year	12,799	—	—	—	—	—	12,799
Other noncurrent liabilities:							
Due within one year	38,377	—	—	—	143	—	38,520
Due in more than one year	10,040	—	—	—	4,333	3,271	17,644
Total liabilities	124,366	335	132	116	6,013	59,173	190,135
Deferred inflows of resources	1,928				19,679	—	21,607
Net position:							
Net investment in capital assets	25,802		—	—	23,211	(310)	48,703
Restricted:							
Capital improvements and deposits	1,601	—	—	—	2,500	—	4,101
Unrestricted	23,163	88,738	20,437	3,197	12,551	140,372	288,457
Total net position	\$ 50,566	\$ 88,738	\$ 20,437	\$ 3,197	\$ 38,261	\$ 140,062	\$ 341,260

STATE OF MARYLAND
Combining Statement of Activities
Non-major Component Units
For the Year Ended June 30, 2025
(Expressed in Thousands)

	Maryland Environmental Service	Maryland Economic Development Assistance Authority and Fund	Maryland Small Business Development Financing Authority	Maryland Industrial Development Financing Authority	Maryland Food Center Authority	Maryland Technology Development Corporation	Total Non-major Component Units
Expenses:							
General and administrative	\$ 14,018	\$ 4,287	\$ 3,290	\$ 3,272	\$ 2,610	\$ 16,791	\$ 44,267
Operation and maintenance of facilities	213,619	—	—	—	2,568	—	216,187
Interest on long-term debt	494	—	—	—	—	—	494
Depreciation and amortization	5,194	—	—	—	1,274	53	6,521
Other	1,970	9,696	—	—	—	34,433	46,099
Total expenses	235,295	13,983	3,290	3,272	6,451	51,277	313,568
Program revenues:							
Charges for services and sales	232,702	6	—	439	6,572	4,183	243,903
Operating grants and contributions	3,620	4,564	1,529	—	—	55,856	65,569
Total program revenues	236,322	4,570	1,529	439	6,572	60,039	309,471
Net program revenue (expense)	1,027	(9,413)	(1,761)	(2,833)	121	8,762	(4,097)
General revenues:							
Unrestricted investment income	2,398	41	88	—	918	(1,709)	1,736
Changes in net position	3,425	(9,372)	(1,673)	(2,833)	1,038	7,053	(2,360)
Total net position (deficit) - beginning as originally stated	47,141	98,109	26,001	6,029	37,223	133,009	347,512
Adjustment for change in accounting principle (Note 26)	—	—	(3,891)	—	—	—	(3,891)
Net position (deficit), beginning as restated	47,141	98,109	22,110	6,029	37,223	133,009	343,621
Net position - end of the year	\$ 50,566	\$ 88,738	\$ 20,437	\$ 3,197	\$ 38,261	\$ 140,062	\$ 341,260



Statistical Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT, STATE OF MARYLAND



Statistical Section

This part of the State's annual comprehensive financial reports 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.

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Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities:										
Net investment in capital assets	\$ 21,190,066	\$ 20,477,477	\$ 19,558,008	\$ 19,718,518	\$ 19,024,134	\$ 17,691,697	\$ 16,521,914	\$ 16,702,586	\$ 16,164,081	\$ 15,311,051
Restricted	483,899	855,004	652,802	292,305	302,009	329,089	223,982	255,515	248,519	299,288
Unrestricted (deficit)	(23,129,386)	(21,102,158)	(22,179,245)	(27,701,749)	(36,166,427)	(37,031,892)	(36,101,866)	(34,404,356)	(27,010,946)	(25,671,817)
Total governmental activities net position	\$ (1,455,422)	\$ 230,322	\$ (1,968,435)	\$ (7,690,926)	\$ (16,840,284)	\$ (19,011,106)	\$ (19,355,970)	\$ (17,446,255)	\$ (10,598,346)	\$ (10,061,478)
Business-type activities:										
Net investment in capital assets	\$ 5,530,259	\$ 5,163,659	\$ 4,899,688	\$ 4,617,485	\$ 4,121,054	\$ 4,357,278	\$ 4,682,501	\$ 4,360,412	\$ 3,465,391	\$ 3,278,343
Restricted	5,829,409	5,374,093	4,828,515	4,329,253	3,232,174	3,346,134	2,167,672	2,186,191	2,182,755	1,901,482
Unrestricted	1,583,430	1,721,416	1,720,861	1,295,725	1,473,941	1,180,158	2,261,575	1,989,288	2,442,849	2,457,957
Total business-type activities net position	\$ 12,943,097	\$ 12,259,168	\$ 11,449,064	\$ 10,242,463	\$ 8,827,169	\$ 8,883,570	\$ 9,111,748	\$ 8,535,891	\$ 8,090,995	\$ 7,637,782
Primary government:										
Net investment in capital assets	\$ 26,720,325	\$ 25,641,136	\$ 24,457,696	\$ 24,336,003	\$ 23,145,188	\$ 22,048,975	\$ 21,204,415	\$ 21,062,998	\$ 19,629,472	\$ 18,589,394
Restricted	6,313,308	6,229,097	5,481,317	4,621,557	3,534,183	3,675,223	2,391,654	2,441,706	2,431,274	2,200,770
Unrestricted (deficit)	(21,545,957)	(19,380,742)	(20,458,383)	(26,406,024)	(34,692,486)	(35,851,734)	(33,840,291)	(32,415,068)	(24,568,097)	(23,213,860)
Total primary government net position	\$ 11,487,675	\$ 12,489,489	\$ 9,480,630	\$ 2,551,537	\$ (8,013,115)	\$ (10,127,536)	\$ (10,244,222)	\$ (8,910,364)	\$ (2,507,351)	\$ (2,423,696)

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities: ⁽¹⁾										
Expenses	\$ 59,787,949	\$ 54,755,049	\$ 49,193,996	\$ 49,689,393	\$ 47,678,283	\$ 42,004,134	\$ 41,545,755	\$ 37,109,957	\$ 36,672,888	\$ 34,595,952
Less: Program Revenue	25,337,205	24,331,017	24,519,176	27,499,031	23,764,776	18,419,852	16,251,366	15,273,365	15,313,142	14,422,414
Net expense, governmental activities	(34,450,744)	(30,424,032)	(24,674,820)	(22,190,362)	(23,913,507)	(23,584,282)	(25,294,389)	(21,836,592)	(21,359,746)	(20,173,538)
General revenues and other changes, governmental activities	32,890,415	32,622,789	30,397,311	31,339,720	26,080,717	23,929,145	23,384,676	21,964,499	20,822,878	20,584,839
Change in net position (deficit) governmental activities ..	(1,560,330)	2,198,757	5,722,491	9,149,357	2,167,210	344,863	(1,909,713)	127,907	(536,868)	411,301
Net position (deficit), beginning	230,322	(1,968,435)	(7,690,927)	(16,840,284)	(19,011,107)	(19,355,970)	(17,446,254)	(10,598,346)	(10,061,478)	(10,472,779)
Restatement ⁽²⁾	(125,412)	—	—	—	3,614	—	—	(6,975,816)	—	—
Net position, ending, governmental activities	\$ (1,455,419)	\$ 230,322	\$ (1,968,436)	\$ (7,690,927)	\$ (16,840,283)	\$ (19,011,107)	\$ (19,355,967)	\$ (17,446,255)	\$ (10,598,346)	\$ (10,061,478)
Business-type activities: ⁽¹⁾										
Expenses	\$ 5,421,385	\$ 5,052,264	\$ 4,899,601	\$ 6,100,957	\$ 13,378,428	\$ 8,509,301	\$ 4,060,172	\$ 3,953,255	\$ 3,762,859	\$ 3,576,982
Program revenues	7,380,480	7,135,593	6,995,681	8,902,009	14,714,898	9,253,578	5,797,773	5,558,670	5,248,348	5,025,995
Net (expense)/revenue, business-type activities	1,959,094	2,083,329	2,096,080	2,801,052	1,336,470	744,277	1,737,601	1,605,415	1,485,489	1,449,013
General revenues and other changes, business-type activities	(1,251,168)	(1,273,226)	(1,376,208)	(1,385,601)	(1,278,871)	(972,456)	(1,161,744)	(1,160,519)	(1,032,276)	(973,165)
Special item - transfer of operations	—	—	—	—	—	—	—	—	(103,434)	(103,434)
Change in net position, business-type activities	707,926	810,103	719,872	1,415,451	57,599	(228,179)	575,857	444,896	349,779	372,414
Net position, beginning	12,259,167	11,449,064	10,242,463	8,827,012	8,883,569	9,111,748	8,535,891	8,090,995	7,637,782	7,265,368
Restatement ⁽²⁾	(23,994)	—	486,729	—	(114,156)	—	—	—	—	—
Net position, ending, business-type activities	\$ 12,943,099	\$ 12,259,167	\$ 11,449,064	\$ 10,242,463	\$ 8,827,012	\$ 8,883,569	\$ 9,111,748	\$ 8,535,891	\$ 7,987,561	\$ 7,637,782
Primary government										
Expenses	\$ 65,209,335	\$ 59,807,313	\$ 54,093,596	\$ 55,790,350	\$ 61,056,711	\$ 50,513,435	\$ 45,605,927	\$ 41,063,212	\$ 40,435,747	\$ 38,172,934
Program revenues	32,717,685	31,466,610	31,514,857	36,401,040	38,479,674	27,673,430	22,049,139	20,832,035	20,561,490	19,448,409
Net expense, primary government	(32,491,650)	(28,340,703)	(22,578,740)	(19,389,310)	(22,577,037)	(22,840,005)	(23,556,788)	(20,231,177)	(19,874,257)	(18,724,525)
General revenues and other changes, primary government	31,639,247	31,349,563	29,021,103	29,954,119	24,801,846	22,956,689	22,222,932	20,803,980	19,790,602	19,611,674

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Special item - transfer of operations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (103,434)	\$ (103,434)
Change in net position, primary government	(852,404)	3,008,860	6,442,364	10,564,809	2,224,809	116,684	(1,333,856)	572,803	(187,089)	783,715
Net position (deficit), beginning	12,489,490	9,480,629	2,551,536	(8,013,272)	(10,127,538)	(10,244,222)	(8,910,363)	(2,507,351)	(2,423,696)	(3,207,411)
Restatement	(149,406)	—	486,729	—	(110,542)	—	—	(6,975,816)	—	—
Net position (deficit) ending, primary government	\$ 11,487,680	\$ 12,489,489	\$ 9,480,629	\$ 2,551,537	\$ (8,013,271)	\$ (10,127,538)	\$ (10,244,219)	\$ (8,910,364)	\$ (2,610,785)	\$ (2,423,696)

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

⁽²⁾ Beginning net position was restated for fiscal year 2018, 2021 and 2023 due to implementation of GASB Statements No. 53, 65, 68, 75 and 84, respectively. The restatement for 2021 Business-type activities was due to the reclassification of Economic Development programs.

STATE OF MARYLAND
Expenses by Function, Primary Government
Last Ten Fiscal Years
(accrual basis of accounting)
(Expressed in Thousands)

Functions/Programs	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Government activities:										
General government	\$ 3,248,371	\$ 3,641,410	\$ 2,755,355	\$ 1,949,051	\$ 2,230,133	\$ 1,095,641	\$ 1,402,851	\$ 965,904	\$ 946,670	\$ 880,414
Health and mental hygiene	22,506,894	19,686,902	19,800,159	18,560,765	17,485,780	15,686,858	14,698,350	13,526,404	13,414,334	12,215,519
Education	12,884,849	12,066,264	10,619,488	9,737,647	9,413,234	9,089,923	8,447,548	8,493,967	8,486,468	7,860,472
Aid for higher education	3,771,082	3,775,516	3,535,033	2,858,194	2,559,219	2,506,028	2,471,292	2,331,498	2,323,284	2,351,057
Human resources	3,612,645	3,488,091	3,543,958	4,428,523	4,102,038	2,879,690	2,611,404	2,336,614	2,446,063	2,510,369
Public safety	2,694,883	2,756,840	1,715,798	1,872,950	2,804,767	2,505,069	2,897,054	2,107,790	2,278,563	2,031,359
Transportation	5,575,636	4,775,337	4,209,629	4,991,932	4,984,506	4,219,315	5,074,650	4,068,118	3,478,387	3,706,904
Judicial	1,107,004	1,094,790	674,007	777,218	985,588	890,411	1,055,281	779,043	803,668	733,794
Labor, licensing and regulation	563,296	587,849	482,294	1,452,925	535,412	382,458	427,255	373,815	349,394	312,850
Natural resources and recreation	682,437	796,248	563,337	443,399	435,084	421,749	500,645	367,266	360,187	255,076
Housing and community development	1,478,737	772,574	75,649	1,534,517	1,064,052	380,719	369,919	329,330	321,792	283,046
Environment	143,606	159,916	115,868	104,280	110,906	121,926	151,101	108,218	110,577	111,686
Agriculture	132,274	185,330	76,822	98,739	107,578	106,492	114,191	97,966	111,321	94,561
Commerce	192,892	294,952	283,533	71,831	175,888	109,814	99,882	101,475	109,054	83,664
Intergovernmental grants	420,340	590,310	653,709	666,750	595,084	639,760	612,968	599,408	649,794	662,629
Interest	773,004	82,721	89,356	140,673	89,013	968,281	611,365	523,141	483,332	502,553
Total governmental activities expenses	59,787,949	54,755,049	49,193,996	49,689,394	47,678,283	42,004,134	41,545,755	37,109,957	36,672,890	34,595,953
Business-type activities:										
Economic development-insurance programs	7,072	900	2,130	1,974	1,612	2,320	1,029	1,380	1,227	3,372
Economic development-water quality loan programs	104,713	107,888	125,788	115,477	108,860	117,257	110,750	138,369	168,631	221,101
Economic development-housing loan programs	356,172	273,074	178,238	252,978	185,334	203,236	201,748	171,443	163,267	175,706
Unemployment insurance program	453,533	437,121	403,146	1,825,444	9,441,939	5,126,359	447,927	518,190	546,415	571,259
Maryland Lottery and Gaming Control Agency	3,632,428	3,540,551	3,425,853	3,195,824	2,981,071	2,385,775	2,656,397	2,490,823	2,264,581	1,993,732
Maryland Transportation Authority	767,195	472,698	694,102	656,267	609,736	545,964	563,623	558,553	537,773	538,560
Maryland Prepaid College Trust (529)	36,383	155,535	20,328	—	—	—	—	—	—	—
Maryland Correctional Enterprises	63,889	64,497	50,016	49,370	49,876	55,694	51,362	51,158	57,467	58,190
Total business-type activities expenses	5,421,385	5,052,264	4,899,601	6,097,335	13,378,428	8,436,607	4,032,836	3,929,916	3,739,361	3,561,920
Total primary government expenses	\$ 65,209,335	\$ 59,807,313	\$ 54,093,596	\$ 55,786,729	\$ 61,056,711	\$ 50,440,741	\$ 45,578,591	\$ 41,039,873	\$ 40,412,251	\$ 38,157,873

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

	Year Ended June 30,									
Source	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities:										
Program revenues:										
Charges for services:										
General government	\$ 598,453	\$ 364,011	\$ 1,081,866	\$ 1,570,042	\$ 476,595	\$ 894,555	\$ 1,052,239	\$ 618,153	\$ 778,578	\$ 817,528
Health and mental hygiene	2,201,088	1,441,327	771,500	1,397,585	2,743,026	1,043,917	1,176,854	1,022,439	1,082,744	1,156,098
Transportation	623,075	505,355	518,983	604,385	904,983	908,103	746,239	865,512	625,103	618,334
Judicial	284,022	340,276	319,890	275,610	299,817	247,419	284,302	260,136	305,700	278,514
Other activities	1,765,327	1,537,087	890,995	589,547	579,371	612,308	576,580	556,702	529,020	467,989
Operating grants and contributions	18,693,435	19,077,691	19,652,267	22,018,888	17,858,400	13,646,235	11,546,991	11,046,827	11,120,269	10,342,983
Capital grants and contributions	1,171,806	1,065,269	1,283,674	1,042,974	902,584	1,067,316	868,160	903,595	871,728	740,968
Total program revenues	25,337,205	24,331,017	24,519,176	27,499,032	23,764,776	18,419,851	16,251,365	15,273,364	15,313,144	14,422,414
General revenues:										
Taxes:										
Income Taxes	16,348,152	16,748,231	15,185,609	17,397,994	13,787,067	12,372,494	11,495,536	10,676,428	9,828,434	9,797,055
Sales and use taxes	7,116,626	6,861,211	6,786,382	6,684,540	5,478,226	4,943,349	4,889,889	4,720,311	4,612,619	4,506,092
Motor vehicle taxes	3,312,678	3,136,104	3,021,737	2,834,090	2,695,951	2,127,096	2,758,744	2,631,645	2,657,696	2,554,740
Tobacco taxes	458,237	405,071	448,657	479,132	388,243	362,901	356,684	372,724	386,965	395,266
Insurance company taxes	790,884	745,978	711,898	660,423	633,860	615,196	556,409	541,758	512,033	491,226
Property taxes	1,277,853	1,195,314	1,175,561	1,288,183	1,162,588	1,159,199	1,149,200	1,153,640	1,099,731	1,053,103
Estate inheritance taxes	223,183	207,092	302,888	271,432	238,580	224,012	209,343	241,226	252,118	288,833
Other taxes	838,352	748,206	715,124	411,164	383,856	779,798	324,712	323,472	312,867	311,694
Unrestricted investment earnings	1,102,469	1,157,484	599,807	(54,894)	31,570	342,936	453,966	136,427	120,657	197,411
Transfers	1,421,980	1,418,098	1,449,648	1,367,658	1,280,775	1,002,170	1,190,192	1,166,868	1,039,758	989,420
Total general revenues and transfers	32,890,415	32,622,789	30,397,311	31,339,726	26,080,716	23,929,151	23,384,676	21,964,499	20,822,878	20,584,840
Total revenues and transfers - governmental activities	58,227,620	56,953,806	54,916,486	58,838,756	49,845,491	42,349,003	39,636,041	37,237,863	36,136,022	35,007,254
Business-type activities:										
Program revenues:										
Charges for services:										
Unemployment insurance program	468,795	462,669	586,692	1,524,328	748,270	454,267	484,130	520,163	565,671	627,998
Maryland Lottery and Gaming Control Agency	5,210,007	5,127,334	5,034,417	4,728,602	4,370,639	3,484,033	3,975,521	3,740,610	3,384,334	3,078,920
Maryland Transportation Authority	887,526	902,273	861,833	841,965	727,296	742,654	862,534	862,395	869,605	836,079
Other activities	327,869	328,968	329,067	309,010	290,233	376,915	318,624	326,924	331,113	351,511
Operating grants and contributions	486,283	314,349	183,672	1,498,104	8,578,460	4,195,709	156,964	108,578	97,625	131,487
Capital grants and contributions	—	—	—	—	—	—	—	—	—	—
Total program revenues	7,380,480	7,135,593	6,995,681	8,902,009	14,714,898	9,253,578	5,797,773	5,558,670	5,248,348	5,025,995
General revenues:										
InvestMD tax credits	—	—	—	—	—	—	—	—	—	—
Unrestricted investment earnings	170,812	144,872	73,440	(17,943)	1,904	29,714	28,448	6,349	7,482	16,255
Transfers	(1,421,980)	(1,418,098)	(1,449,648)	(1,367,658)	(1,280,775)	(1,002,170)	(1,190,192)	(1,166,868)	(1,039,758)	(989,420)
Total general revenues and transfers	(1,251,168)	(1,273,226)	(1,376,208)	(1,385,601)	(1,278,871)	(972,456)	(1,161,744)	(1,160,519)	(1,032,276)	(973,165)
Special item - Transfer of operations	—	—	—	—	—	—	—	—	—	(103,434)
Total revenues, transfers, and special items - business-type activities	6,129,312	5,862,367	5,619,473	7,516,408	13,436,027	8,281,122	4,636,029	4,398,151	4,216,072	3,949,396
Total primary government revenues and transfers	\$ 64,356,931	\$ 62,816,173	\$ 60,535,955	\$ 66,355,168	\$ 63,281,518	\$ 50,630,125	\$ 44,272,070	\$ 41,636,014	\$ 40,352,094	\$ 38,956,650

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

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General fund:										
Nonspendable	\$ 502,264	\$ 425,184	\$ 661,660	\$ 1,201,141	\$ 1,586,342	\$ 2,021,279	\$ 610,281	\$ 598,754	\$ 571,891	\$ 618,563
Restricted	520	169,233	165,002	97,270	27,982	18,638	8,186	8,259	10,459	11,403
Committed	9,171,485	10,235,944	7,447,892	4,646,083	2,914,281	2,389,927	2,094,213	1,633,323	1,564,668	1,675,674
Unassigned	(904,837)	838,851	2,986,274	4,839,807	1,001,906	(1,410,135)	(19,312)	(507,376)	(788,832)	(509,187)
Total general fund	8,769,432	11,669,211	11,260,829	10,784,301	5,530,510	3,019,709	2,693,368	1,732,960	1,358,186	1,796,453
All other governmental funds:										
Nonspendable	110,879	108,785	303,014	92,706	89,366	92,795	257,039	240,924	103,510	211,726
Restricted	483,380	685,771	487,800	197,905	292,830	310,451	215,796	247,256	243,829	287,885
Committed	1,522,757	1,465,800	980,044	983,207	801,662	702,427	627,153	583,117	578,790	685,348
Assigned	971,099	962,755	1,069,276	1,419,030	178,819	—	—	—	—	—
Unassigned ⁽¹⁾	(697,886)	(2,320)	(47)	—	(108,072)	(194,349)	(243,901)	(469,780)	(264,367)	(273,530)
Total all other governmental funds	2,390,228	3,220,791	2,840,088	2,692,848	1,254,605	911,324	856,087	601,517	661,762	911,429
Total governmental funds	\$ 11,159,660	\$ 14,890,003	\$ 14,100,917	\$ 13,477,149	\$ 6,785,115	\$ 3,931,033	\$ 3,549,455	\$ 2,334,477	\$ 2,019,948	\$ 2,707,882

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

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues:										
Income taxes	\$ 15,870,683	\$ 16,720,294	\$ 15,202,834	\$ 16,909,762	\$ 13,481,354	\$ 12,309,248	\$ 11,475,949	\$ 10,740,942	\$ 9,786,505	\$ 9,832,668
Retail sales and use taxes	7,079,006	6,853,984	6,790,832	6,639,153	5,458,775	4,937,256	4,888,811	4,716,515	4,609,782	4,504,417
Motor vehicle taxes and fees	3,312,678	3,136,104	3,021,737	2,834,090	2,695,951	2,566,668	2,758,744	2,631,645	2,657,696	2,554,740
Tobacco taxes	458,237	405,071	448,657	479,132	388,243	362,901	356,684	372,724	386,965	395,266
Insurance company taxes	790,884	745,978	711,898	660,423	633,860	615,196	556,409	541,758	512,033	491,226
Property taxes	1,277,853	1,195,314	1,175,561	1,288,183	1,162,587	1,159,198	1,149,200	1,153,639	1,099,731	1,053,102
Estate inheritance taxes	223,184	207,093	302,888	271,432	238,580	224,012	209,343	241,226	252,118	288,833
Other taxes	470,023	421,551	403,451	411,164	383,856	340,225	324,712	323,472	312,867	311,694
Other licenses and fees	1,192,842	1,087,751	854,077	1,386,019	999,055	733,714	870,084	561,410	604,004	646,622
Charges for services	3,743,684	2,637,804	1,846,135	2,543,659	2,502,636	2,111,040	2,253,364	2,206,187	2,115,409	2,191,464
Interest and other investment income	692,909	1,046,374	402,092	(272,530)	15,699	140,173	263,706	(36,350)	(59,874)	57,549
Federal	19,102,749	19,713,138	20,350,783	23,091,252	18,692,216	14,266,916	12,378,980	11,762,012	11,970,737	10,999,638
Other	1,201,420	1,410,179	1,522,456	434,119	1,616,723	671,004	728,234	438,336	574,784	477,526
Total revenues	55,416,152	55,580,635	53,033,401	56,675,856	48,269,536	40,437,551	38,214,220	35,653,516	34,822,757	33,804,745
Expenditures:										
Current:										
General government	3,071,480	3,488,953	2,522,305	1,959,275	2,119,029	1,017,282	1,019,605	914,344	878,805	887,127
Education	16,597,713	15,754,015	14,865,780	13,611,386	11,785,033	11,443,407	10,915,201	10,510,656	10,403,553	10,231,349
Commerce	194,129	294,130	292,028	81,151	178,207	107,355	92,348	100,377	106,959	83,389
Labor, licensing and regulation	575,223	583,369	545,680	1,480,476	517,926	362,992	366,086	364,276	334,642	315,758
Human resources	3,683,357	3,505,499	3,855,235	4,523,669	4,015,730	2,770,891	2,325,457	2,324,795	2,391,286	2,501,100
Health and mental hygiene	22,443,602	20,015,553	20,095,093	18,887,299	17,412,157	15,565,135	14,295,022	13,483,142	13,334,642	12,206,406
Environment	156,037	158,368	160,985	124,807	99,859	109,987	109,268	102,623	108,702	108,548
Transportation	3,203,252	2,510,056	2,054,174	2,217,795	2,167,839	1,676,932	2,457,431	1,925,329	1,533,532	1,737,964
Public safety	2,716,969	2,636,413	2,414,929	2,170,739	2,568,167	2,249,138	2,075,392	1,989,791	2,076,945	1,983,864
Judicial	1,141,262	1,071,966	977,999	893,343	916,262	801,765	760,493	742,851	740,041	715,230
Housing and community development	1,481,651	775,519	89,673	1,541,236	1,058,392	377,920	360,319	327,564	319,809	282,414
Natural resources and recreation	474,138	726,907	542,913	427,397	400,215	390,665	406,571	353,728	306,062	236,959
Agriculture	172,296	173,042	119,884	130,257	118,016	109,899	94,104	82,600	71,000	69,105
Intergovernmental	1,524,430	1,839,566	1,736,664	1,791,238	1,629,814	1,803,475	1,489,761	1,384,498	1,379,988	1,352,665

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

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt service:										
Principal	\$ 1,569,738	\$ 1,411,985	\$ 1,403,598	\$ 1,245,698	\$ 1,106,458	\$ 1,110,102	\$ 1,071,908	\$ 1,057,156	\$ 993,324	\$ 926,719
Interest	652,681	583,466	620,112	581,442	576,415	570,016	556,310	510,154	496,946	468,169
Capital outlay	2,429,012	2,301,819	2,185,424	2,271,265	1,752,398	2,495,871	1,672,509	2,239,206	2,594,494	2,115,363
Total expenditures	62,086,970	57,830,624	54,482,476	53,938,473	48,421,918	42,962,832	40,067,785	38,413,090	38,070,730	36,222,129
Excess (deficiency) of revenues over expenditures	(6,670,818)	(2,249,989)	(1,449,075)	2,737,383	(152,382)	(2,525,282)	(1,853,565)	(2,759,574)	(3,247,973)	(2,417,384)
Other financing sources (uses):										
Financing agreement issuance	2,929	5,070	29,913	4,843	—	4,463	14,416	11,275	8,670	43,127
Proceeds from bond issues	1,475,608	1,353,917	487,445	2,800,749	1,941,303	1,899,980	1,863,934	1,893,666	1,513,598	2,105,806
Proceeds from refunding bonds	656,730	—	143,585	279,007	508,638	259,679	—	969,340	813,042	1,478,889
Advanced lease payments	—	—	124,162	—	—	—	—	—	—	—
Other financing source - SBITA and leases	73,202	261,991								
Payments to escrow agents	(689,972)	—	(161,910)	(497,607)	(727,864)	(259,433)	—	(967,047)	(815,030)	(1,547,056)
Transfers in	3,354,816	3,947,578	3,926,387	2,970,691	2,564,306	2,253,978	2,442,409	2,313,026	2,104,547	1,993,776
Transfers out	(1,932,837)	(2,529,481)	(2,476,740)	(1,603,034)	(1,283,531)	(1,251,810)	(1,252,217)	(1,146,158)	(1,064,788)	(1,004,356)
Net other sources of financial resources	2,940,476	3,039,075	2,072,843	3,954,649	3,002,851	2,906,857	3,068,542	3,074,102	2,560,039	3,070,186
Net changes in fund balance	(3,730,343)	789,086	623,769	6,692,032	2,850,469	381,575	1,214,977	314,528	(687,934)	652,802
Fund balance, beginning of the year, as restated	14,890,002	14,100,916	13,477,149	6,785,116	3,934,645	3,549,455	2,019,949	2,707,882	1,986,912	1,916,736
Fund balance, end of the year	\$11,159,659	\$14,890,002	\$14,100,917	\$13,477,148	\$ 6,785,114	\$ 3,931,030	\$ 3,234,926	\$ 3,022,410	\$ 1,298,978	\$ 2,569,538
Debt service as a percentage of noncapital expenditures	3.7%	3.6%	3.8%	3.5%	3.6%	4.2%	4.3%	4.3%	4.2%	4.0%

STATE OF MARYLAND
Personal Income Tax Filers by Subdivision
Tax Year Ended December 31, 2024

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	21,582	\$ 1,588,788,438	\$ 1,356,122,719	\$ 59,088,987	\$ 39,950,840	\$ 99,039,827	2.98 %
Anne Arundel	242,729	32,881,777,305	29,392,097,681	1,394,567,118	815,778,568	2,210,345,686	2.80 %
Baltimore County	329,344	37,631,264,319	33,138,982,626	1,545,910,629	1,039,039,633	2,584,950,263	3.18 %
Baltimore City	194,059	16,771,975,096	14,515,931,846	657,108,643	448,235,528	1,105,344,171	3.16 %
Calvert	37,823	4,693,818,922	4,146,713,514	193,062,197	122,851,864	315,914,061	2.98 %
Caroline	12,198	968,708,628	821,714,160	33,920,919	25,251,108	59,172,026	3.16 %
Carroll	71,762	8,716,491,621	7,783,880,569	364,247,430	233,974,170	598,221,600	3.01 %
Cecil	39,674	3,777,215,021	3,315,004,825	119,560,829	85,308,713	204,869,542	2.72 %
Charles	70,276	7,063,220,961	5,903,432,236	269,911,952	176,097,532	446,009,484	3.01 %
Dorchester	12,073	925,591,407	780,408,113	33,031,647	24,027,666	57,059,314	3.15 %
Frederick	120,951	14,620,543,087	12,936,892,298	605,176,939	383,449,140	988,626,078	2.98 %
Garrett	10,695	900,899,665	779,178,533	34,189,174	20,239,484	54,428,658	2.62 %
Harford	108,283	12,136,570,582	10,775,265,009	495,006,616	325,179,104	820,185,720	3.04 %
Howard	136,210	22,163,289,240	20,063,009,425	966,922,509	633,529,681	1,600,452,191	3.19 %
Kent	7,373	792,801,406	695,044,390	29,001,694	21,542,836	50,544,529	3.17 %
Montgomery	437,366	74,927,391,776	67,964,468,910	3,212,766,125	2,098,898,890	5,311,665,015	3.19 %
Prince George's	370,711	31,908,009,909	26,093,825,927	1,167,845,678	812,261,330	1,980,107,008	3.16 %
Queen Anne's	21,988	2,994,728,593	2,682,473,703	124,996,427	84,521,306	209,517,733	3.18 %
St Mary's	45,313	5,072,852,195	4,504,633,166	209,565,106	133,570,632	343,135,738	2.98 %
Somerset	6,600	439,305,489	363,246,685	14,655,918	11,011,948	25,667,866	3.13 %
Talbot	15,766	2,257,099,557	2,015,191,973	93,321,808	46,844,261	140,166,069	2.39 %
Washington	59,359	5,016,256,380	4,306,417,071	191,883,411	124,141,686	316,025,097	2.91 %
Wicomico	39,256	3,070,792,300	2,619,889,251	106,827,487	79,578,929	186,406,416	3.14 %
Worcester	23,520	2,414,660,860	2,125,512,547	90,457,097	46,040,618	136,497,715	2.22 %
Non-resident	156,542	11,329,700,985	10,395,952,481	788,957,036	—	788,957,036	—
Total	2,591,453	\$305,063,753,742	\$269,475,289,657	\$ 12,801,983,378	\$ 7,831,325,466	\$ 20,633,308,844	

⁽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 - 2025*

Filing Status, Single:		Married Filing Jointly:	
Taxable Income:	Rate:	Taxable Income:	Rate:
\$0 - \$1,000	2.00%	\$0 - \$1,000	2.00%
\$1,001 - \$2,000	3.00%	\$1,001 - \$2,000	3.00%
\$2,001 - \$3,000	4.00%	\$2,001 - \$3,000	4.00%
\$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%
\$250,001 - \$500,000	5.75%	\$300,001 - \$600,000	5.75%
\$500,001 - \$1,000,000	6.25%	\$600,001 - \$1,200,000	6.25%
Over \$1,000,000	6.50%	Over \$1,200,000	6.50%

Sales Tax Rate: 6%

**Income Tax Rates effective July 1, 2025*

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)

2024				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$500,000 and higher	52,792	2.04%	\$ 3,244,768,195	25.35%
\$100,000-\$499,999	842,817	32.52	7,008,579,731	54.75
\$70,000-\$99,999	364,875	14.08	1,138,884,646	8.90
\$50,000-\$69,999	358,436	13.83	712,646,999	5.57
\$25,000-\$49,999	608,483	23.48	563,992,244	4.41
\$10,000-\$24,999	273,153	10.54	118,108,182	0.92
Under \$10,000	90,897	3.51	15,003,380	0.12
Total	2,591,453	100.00%	\$ 12,801,983,378	100.00%

2022				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$500,000 and higher	43,307	1.70%	\$ 2,798,311	24.15%
\$100,000-\$499,999	744,735	29.18	5,980,154	51.62
\$70,000-\$99,999	352,607	13.82	1,146,397	9.89
\$50,000-\$69,999	353,891	13.87	781,016	6.74
\$25,000-\$49,999	631,585	24.75	706,046	6.09
\$10,000-\$24,999	329,227	12.90	157,084	1.36
Under \$10,000	96,753	3.79	16,659	0.14
Total	2,552,105	100.00%	\$ 11,585,667	100.00%

2020				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$500,000 and higher	30,335	1.22%	\$ 1,891,011	19.78%
\$100,000-\$499,999	647,267	25.95	4,959,364	51.86
\$70,000-\$99,999	331,379	13.29	1,062,267	11.11
\$50,000-\$69,999	342,726	13.74	748,159	7.82
\$25,000-\$49,999	651,680	26.13	711,507	7.44
\$10,000-\$24,999	381,341	15.29	174,610	1.83
Under \$10,000	109,206	4.38	15,352	0.16
Total	2,493,934	100.00%	\$ 9,562,270	100.00%

2023				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$500,000 and higher	43,944	1.72%	\$ 1,975,622	18.45%
\$100,000-\$499,999	789,041	30.85	6,219,715	58.08
\$70,000-\$99,999	360,571	14.10	1,108,284	10.35
\$50,000-\$69,999	358,159	14.01	706,983	6.60
\$25,000-\$49,999	618,029	24.17	571,291	5.34
\$10,000-\$24,999	296,279	11.59	114,628	1.07
Under \$10,000	91,341	3.57	11,647	0.11
Total	2,557,364	100.00%	\$ 10,708,170	100.00%

2021				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$500,000 and higher	29,979	1.25%	\$ 1,714,959	18.11%
\$100,000-\$499,999	661,219	27.63	5,169,078	54.57
\$70,000-\$99,999	326,526	13.64	1,047,809	11.06
\$50,000-\$69,999	332,038	13.87	722,186	7.62
\$25,000-\$49,999	608,072	25.41	673,701	7.11
\$10,000-\$24,999	345,279	14.43	130,393	1.38
Under \$10,000	90,361	3.78	14,015	0.15
Total	2,393,474	100.00%	\$ 9,472,141	100.00%

2019				
	Number of Filers	Percentage of Total	Income Tax Liability	Percentage of Total
Income Level				
\$500,000 and higher	32,631	1.31%	\$ 2,002,835	21.09%
\$100,000-\$499,999	636,715	25.48	4,778,572	50.33
\$70,000-\$99,999	334,668	13.39	1,056,502	11.13
\$50,000-\$69,999	346,255	13.86	744,632	7.84
\$25,000-\$49,999	663,054	26.54	723,019	7.61
\$10,000-\$24,999	384,873	15.40	175,476	1.85
Under \$10,000	100,331	4.02	14,242	0.15
Total	2,498,527	100.00%	\$ 9,495,279	100.00%

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
\$75,000-\$99,999	321,207	13.16	954,063	11.94
\$50,000-\$74,999	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%

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
\$75,000-\$99,999	317,167	13.25	940,026	12.07
\$50,000-\$74,999	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%

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
2025	\$ 1,515,520	\$ 301,482	\$ 1,763,003	\$ 399,270	\$ 463,336	\$ 827,673	\$ 383,102	\$ 158,362	\$ 1,188,352	\$ 4,940	\$ 7,005,041
2024	1,511,684	308,732	1,197,421	392,659	540,186	884,294	361,102	163,103	1,365,666	3,503	6,728,350
2023	1,520,386	301,937	1,205,331	393,496	492,008	877,121	401,247	161,411	1,430,332	4,350	6,787,619
2022	1,580,267	331,311	1,250,729	411,897	615,980	936,677	339,419	173,133	1,370,820	2,836	7,013,069
2021	868,836	210,123	966,380	239,934	266,754	645,601	269,401	101,092	978,330	2,273	4,548,724
2020	1,136,593	210,975	979,148	304,762	284,537	692,183	334,979	119,355	875,164	11,739	4,949,435
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

Source: Revenue Administration Division, Comptroller's Office

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

Fiscal Year	General Bonded Debt		Other Governmental Activities Debt				Debt Ratios, Governmental Activities			Business-Type Activities Debt				Debt Ratios, Primary Government			
	General Obligation Bonds ⁽²⁾	Transportation Bonds ⁽²⁾	Intergovernmental Financing Agreements	Lease Liability with Component Units	Lease Liability	SBITA Liability ⁽⁴⁾	Total Governmental Activities Debt	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾	Revenue Bonds	Intergovernmental Financing Agreements	Lease Liability ⁽³⁾	SBITA Liability ⁽⁴⁾	Business Type Activities Debt	Total Primary Government Debt	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
2025	\$ 11,323,502	\$3,745,913	\$ 305,485	\$ 111,688	\$624,742	\$28,592	\$ 16,139,921	3.28%	\$ 2,577	\$ 7,644,459	\$ —	\$ 24,972	\$ —	\$ 7,669,431	\$ 23,809,352	4.84%	\$ 3,801
2024	11,679,561	3,686,347	356,818	\$ 110,384	648,953	65,246	16,547,308	3.63	2,677	6,878,984	—	26,472	—	6,905,456	23,452,764	5.14	3,795
2023	11,565,607	4,062,259	423,061	64,849	574,887	42,589	16,733,252	3.84	2,714	6,244,534	—	3,856	145	6,248,535	22,981,787	5.27	3,728
2022	12,321,223	4,469,844	431,781	73,666	555,220	—	17,851,734	4.15	2,896	5,679,562	—	—	—	5,679,562	23,531,296	5.47	3,817
2021	11,432,256	4,056,419	468,245	69,111	—	—	16,026,031	3.96	2,646	5,683,075	—	—	—	5,683,075	21,709,106	5.37	3,585
2020	11,201,906	3,978,852	710,831	59,512	—	—	15,951,101	4.08	2,638	5,520,096	—	—	—	5,520,096	21,471,197	5.49	3,551
2019	10,961,278	3,680,951	756,730	68,402	—	—	15,467,361	4.07	2,560	4,773,362	—	—	—	4,773,362	20,240,723	5.32	3,350
2018	10,849,313	3,241,095	787,303	83,933	—	—	14,961,644	4.15	2,472	4,451,025	—	—	—	4,451,025	19,412,669	5.39	3,208
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	19,713,193	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	19,739,828	5.85	3,286

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.

⁽³⁾ Lease liability, effective fiscal year 2022 through GASB 87, Leases implementation.

⁽⁴⁾ Lease liability, effective fiscal year 2023 through GASB 96, Subscription-Based Information Technology Arrangements implementation.

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⁾		
2025	6,263	\$ 1,008,107,522	\$ 11,323,502	1.12%	\$ 1,808
2024	6,180	946,074,375	11,679,561	1.23	1,890
2023	6,165	888,520,078	11,565,607	1.30	1,876
2022	6,165	845,215,010	12,321,223	1.46	1,999
2021	6,056	816,872,019	11,432,256	1.40	1,853
2020	6,046	797,964,000	11,201,906	1.40	1,814
2019	6,043	770,707,774	10,961,278	1.42	1,793
2018	6,052	741,299,911	10,849,313	1.46	1,750
2017	6,016	714,873,503	10,526,151	1.47	1,777
2016	6,007	693,056,335	10,672,349	1.54	1,640

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

⁽¹⁾ See Schedule of Demographic Statistics.

⁽²⁾ Includes general obligation bonds. The primary revenue source to pay the debt service for general obligation bonds is property taxes.

The General bonded debt is net of related premiums, discounts, and adjustments.

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

Legal Debt Margin Calculation for Fiscal Year 2025

Debt limit ⁽¹⁾	<u>\$16,150,589</u>
Debt applicable to limit:	
General obligation bonds	9,954,099
Transportation bonds	2,895,050
Nontraditional Transportation debt ⁽²⁾	15,945
Less amounts set aside for replacement of:	
General obligation debt	348,435
Transportation debt	<u>(105,256)</u>
Total net debt applicable to limit	<u>12,621,915</u>
Legal debt margin	<u><u>\$ 3,528,675</u></u>

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt limit	\$16,150,589	\$18,913,610	\$17,868,961	\$17,796,591	\$17,562,912	\$16,979,120	\$16,411,679	\$15,781,124	\$15,123,970	\$15,021,257
Total net debt applicable to limit	<u>12,621,915</u>	<u>12,837,721</u>	<u>13,134,825</u>	<u>14,306,134</u>	<u>13,583,548</u>	<u>13,597,368</u>	<u>13,271,050</u>	<u>12,705,499</u>	<u>12,280,624</u>	<u>11,991,290</u>
Legal debt margin	<u><u>\$(3,528,675)</u></u>	<u><u>\$(6,075,889)</u></u>	<u><u>\$(4,734,136)</u></u>	<u><u>\$(3,490,457)</u></u>	<u><u>\$(3,979,364)</u></u>	<u><u>\$(3,381,752)</u></u>	<u><u>\$(3,140,629)</u></u>	<u><u>\$(3,075,625)</u></u>	<u><u>\$(2,843,346)</u></u>	<u><u>\$(3,029,967)</u></u>
Total net debt applicable to limit as a percentage of debt limit	<u>78.15%</u>	<u>67.88%</u>	<u>73.51%</u>	<u>80.39%</u>	<u>77.34%</u>	<u>80.08%</u>	<u>80.86%</u>	<u>80.51%</u>	<u>81.20%</u>	<u>79.83%</u>

Source: The Sixty-Seventh through Seventy-Sixth Report of the State Department of Assessments and Taxation and the 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 2021 session of the General Assembly established a maximum outstanding principal amount of \$1,200,000,000 as of June 30, 2022, 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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues:										
Taxes and fees:										
Taxes pledged to bonds ⁽¹⁾⁽²⁾	\$ 2,965,059	\$ 2,873,080	\$ 2,668,953	\$ 2,450,024	\$ 2,263,381	\$ 2,120,794	\$ 2,103,563	\$ 1,965,757	\$ 1,971,162	\$ 1,924,937
Other taxes and fees	788,333	627,673	640,968	650,560	635,877	587,652	624,750	605,153	623,230	611,259
Total taxes and fees	3,753,392	3,500,753	3,309,921	3,100,584	2,899,258	2,708,446	2,728,313	2,570,910	2,594,392	2,536,196
Operating revenues	453,058	417,606	413,142	389,569	283,621	394,338	453,306	459,912	441,420	436,571
Other ⁽¹⁾	103,751	31,693	80,653	112,255	122,454	49,418	56,543	60,566	69,012	59,609
Investment income	—	—	—	—	—	1,918	2,929	2,322	627	3,819
Total revenue	4,310,201	3,950,052	3,803,716	3,602,408	3,305,333	3,154,120	3,241,091	3,093,710	3,105,451	3,036,195
Administration, operation and maintenance expenditures	3,034,102	2,647,417	2,454,804	2,293,968	2,179,866	2,173,296	2,127,967	2,048,949	1,948,196	1,917,471
Less: federal funds	(129,167)	(253,917)	(474,682)	(715,446)	(495,651)	(430,279)	(90,770)	(99,533)	(94,498)	(87,325)
Total	2,904,935	2,393,500	1,980,122	1,578,522	1,684,215	1,743,017	2,037,197	1,949,416	1,853,698	1,830,146
Net revenues	\$ 1,405,266	\$ 1,556,552	\$ 1,823,594	\$ 2,023,886	\$ 1,621,118	\$ 1,411,103	\$ 1,203,894	\$ 1,144,294	\$ 1,251,753	\$ 1,206,049
Maximum annual principal and interest requirements	\$ 429,707	\$ 429,707	\$ 480,461	\$ 479,510	\$ 469,477	\$ 457,080	\$ 415,245	\$ 358,739	\$ 331,345	\$ 305,197
Ratio of net revenues to maximum annual principal and interest requirements	6.69	6.21	5.10	4.72	4.52	4.60	4.73	5.49	5.81	5.21
Ratio of taxes pledged to bonds to maximum annual principal and interest requirements	3.62	4.24	4.21	3.38	3.01	2.63	2.76	3.49	3.64	2.84

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

(1) The allocation of the corporate income tax to the Department was changed from 17.2% to 9.5% in fiscal year 2013, 19.5% through fiscal year 2016, and 17.2% thereafter.

(2) 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
2025	\$	5,743,557	\$ 4,972,951	1.15
2024		4,733,622	4,099,614	1.15
2023		3,871,385	3,298,686	1.17
2022		3,410,337	2,830,257	1.20
2021		3,402,697	2,731,788	1.25
2020		3,390,322	2,733,062	1.24
2019		2,911,702	2,338,675	1.25
2018		2,489,743	1,948,457	1.28
2017		2,607,201	2,030,891	1.28
2016		2,721,570	2,158,680	1.26

(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

	Population ⁽¹⁾	Total Personal Income ⁽²⁾	Per Capita Personal Income	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
2025	6,263,220	\$ 491,898,300	\$ 78,538	1,028,402	3%
2024	6,180,253	456,408,000	73,849	1,028,889	2.1%
2023	6,164,660	436,027,900	70,730	1,024,941	3.2%
2022	6,165,129	430,429,300	69,817	1,009,969	5.8%
2021	6,055,802	404,520,700	66,799	1,003,713	6.8%
2020	6,045,680	390,792,500	64,640	1,042,034	3.6%
2019	6,042,718	380,171,900	62,914	1,019,971	3.9%
2018	6,052,177	360,250,668	59,524	1,021,454	4.1%
2017	6,016,447	348,569,720	57,936	1,009,762	4.3%
2016	6,007,289	337,174,077	56,127	1,010,035	4.3%

Sources:

(1) U.S. Bureau of Economic Analysis, SAINCI State annual personal income summary: personal income, population, per capita personal income

(2) U.S. Bureau of Economic Analysis. Data for all years based on revised statistics of state personal income released on March 28, 2025. 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 2024 (1)			Calendar Year 2015 (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	368,579	\$ 27,507,449	\$ 1,435	341,254	\$ 18,811,591	\$ 1,060
Federal	161,679	21,248,924	2,527	144,023	13,987,773	1,868
Total government	530,258	48,756,373	1,768	485,277	32,799,364	1,300
Manufacturing	112,861	11,258,124	1,918	103,757	7,611,944	1,411
Natural resources and mining	7,548	408,630	1,041	6,454	255,337	761
Construction	163,864	13,484,786	1,583	154,424	9,269,754	1,154
Trade, transportation, and utilities	467,276	28,014,654	1,153	458,016	20,249,186	850
Information services	34,621	4,911,352	2,728	38,352	3,230,539	1,620
Financial activities	126,443	15,395,011	2,341	138,906	12,002,498	1,662
Professional and business services	483,893	49,427,545	1,964	430,527	31,855,483	1,423
Education and health services	473,519	32,464,870	1,318	418,340	21,589,494	992
Leisure and hospitality	271,355	8,815,341	625	267,493	5,774,185	415
Unclassified and other services	92,552	5,409,402	1,124	89,645	3,516,416	754
Total of all sectors	2,764,190	\$ 218,346,088	\$ 1,519	2,591,191	\$ 148,154,200	\$ 1,100

⁽¹⁾ Source: DLLR Website - <https://www.labor.maryland.gov/lmi/emppay/annualmd.shtml>

⁽²⁾ Source: DLLR Website - <https://www.labor.maryland.gov/lmi/emppay/annualmd.shtml>

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

Calendar Years

Employer (Listed Alphabetically)

2025 ⁽²⁾	2024 ⁽²⁾	2023 ⁽²⁾	2022 ⁽²⁾
The Arc Baltimore	Ascension St Agnes Hospital	Clean Harbors Inc.	Byk Gardner Inc.
Ascension St Agnes Hospital	Centric Business Systems Inc.	College-Agriculture-Natrl	Clean Harbors Inc.
Clean Harbors Inc.	Clean Harbors Inc.	Community College-Baltimore	Holy Cross Hospital
Live! Casino & Hotel	First Data	Live! Casino & Hotel	Johns Hopkins University Applied Physics Laboratory
Maryland Neuroimagine Ctr	Geico Corp	Medstar Franklin Square Med	Johns Hopkins Bayview Medical Center
Medstar Franklin Square Med	Live! Casino & Hotel	Northrop Grumman	Johns Hopkins University School of Medicine
Primetric LLC	Northrop Grumman	TidalHealth Peninsula Regional	Maryland Neuroimaging Center
TidalHealth Peninsula Regional	Prometric LLC	UM Laurel Medical Ctr	Northrop Grumman Electronic Systems
Trivergent Health Alliance Mso	UM Laurel Medical Ctr	University-Md Ofc-The President	University of Maryland
UM Laurel Medical Ctr	University of Maryland College Park	Walter Reed Natl Mltry Med Ctr	University of Maryland Medical Center

2021 ⁽²⁾	2020⁽²⁾	2019	2018
Byk Gardner Inc.	Anne Arundel Medical Center	Anne Arundel County Board of Education	Johns Hopkins University Applied Physics Laboratory
Clean Harbors Inc.	Arc Day Ctr	BYK Gardner Inc.	BYK Gardner Inc.
Holy Cross Hospital	BYK Gardner Inc.	Care First Blue Cross Blue Shield	Care First Blue Cross Blue Shield
Johns Hopkins University Applied Physics Laboratory	Clean Harbors Inc.	Johns Hopkins University Applied Physics Laboratory	F.H Furr Plumbing, HVAC & Electrical
Johns Hopkins Bayview Medical Center	Johns Hopkins University Applied Physics Laboratory	Johns Hopkins University School of Medicine	Johns Hopkins Hospital
Johns Hopkins University School of Medicine	Johns Hopkins University School of Medicine	Northrop Grumman Electronic Systems	Johns Hopkins University
Maryland Neuroimaging Center	Northrop Grumman Electronic Systems	School of Medicine University of Maryland	Northrop Grumman Electronic Systems
Northrop Grumman Electronic Systems	School of Medicine University of Maryland	University of MD Marlene and Stewart Greenebaum Comprehensive Cancer Center	University of Maryland Biotechnology
University of Maryland	University of MD Marlene and Stewart Greenebaum Comprehensive Cancer Center	University of Maryland Medical Center	University of Maryland Medical Center
University of Maryland Medical Center	University of Maryland Medical Center	Walter Reed National Military Medical Center	Sap America Inc.

Source: Department of Labor, Licensing and Regulation; Office of Market Labor Analysis and Information - Major Employer List - March 2025

⁽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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
State Employees:										
Governmental activities:										
General government	7,332	6,970	6,332	6,430	5,383	5,947	5,855	5,605	5,770	5,841
Health and mental hygiene	11,137	11,091	10,752	11,369	9,818	10,590	10,495	9,868	9,878	10,187
Education	2,553	2,459	2,334	2,233	2,027	2,347	2,371	2,203	2,230	2,330
Human resources	6,038	5,877	5,662	5,830	5,452	5,825	5,943	5,901	5,970	6,122
Public safety	17,574	17,475	17,108	13,410	12,222	20,318	18,385	13,137	14,010	19,769
Transportation	6,280	6,257	5,962	5,982	5,894	6,055	6,504	6,075	5,977	6,213
Judicial	6,786	6,785	6,432	6,703	6,145	6,426	6,456	6,354	6,321	6,277
Labor, licensing and regulation	1,969	1,878	1,740	1,703	1,517	1,799	1,809	1,642	1,659	1,821
Natural resources and recreation	2,200	2,319	2,189	2,090	1,819	2,063	2,363	2,107	2,074	2,290
Housing and community development	290	284	278	251	190	223	235	216	195	199
Environment	992	997	944	915	815	873	907	868	881	904
Agriculture	526	479	498	484	423	391	437	431	447	439
Commerce	153	227	142	152	140	170	165	169	170	163
Total governmental activities employees	63,830	63,098	60,373	57,552	51,845	63,027	61,925	54,576	55,582	62,555
Business-type activities:										
Economic development - insurance programs	355	355	363	325	284	281	292	276	285	284
Maryland Lottery and Gaming Control Agency	349	342	329	348	308	319	325	326	326	321
Maryland Transportation Authority	1,566	1,534	1,446	1,417	1,454	1,600	1,669	1,662	1,578	1,667
Prepaid College Trust	1	1	22	21	22	31	36	27	30	25
Maryland Correctional Enterprises	165	162	165	169	149	168	158	146	157	171
Total business-type employees	2,436	2,394	2,325	2,280	2,217	2,399	2,480	2,437	2,376	2,468
Total primary government employees	66,266	65,492	62,698	59,832	54,062	65,426	64,405	57,013	57,958	65,023
Component units:										
Higher education	57,017	54,068	52,413	43,035	34,023	52,323	48,421	47,756	47,671	45,597
Stadium authority	191	180	165	165	147	171	185	170	155	143
Other component units	26	26	26	28	23	30	29	27	25	28
Total component units employees	57,234	54,274	52,604	43,228	34,193	52,524	48,635	47,953	47,851	45,768

Source: Maryland Department of Transportation, Department of Budget and Management, and Central Payroll Bureau: State Comptroller's Office

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

Date of Ratification	1788									
Form of Government	Legislative - Executive - Judicial									
Land Area	9707 square miles									
Function/Program	2025⁽¹⁾	2024	2023	2022	2021	2020	2019	2018	2017	2016
Education, Public School Enrollment	891,553	890,137	889,971	881,471	882,538	909,414	896,845	893,689	886,221	879,601
Health and Human Resources:										
Medicaid Enrollment	1,352,133	1,537,093	1,588,030	1,498,241	1,384,969	1,255,576	1,083,592	1,141,995	1,098,887	1,081,526
Children's Health Program Enrollment	198,384	168,394	164,521	156,248	143,387	143,031	154,320	147,837	146,031	136,980
WIC Food Program Recipients	126,783	120,212	123,526	122,303	125,537	122,298	126,914	129,504	134,662	140,909
Behavioral Health Clients	401,779	328,061	314,048	297,288	285,754	288,231	340,479	326,249	201,005	199,138
Public Assistance Caseload (AFDC/TANF)	36,520	39,200	53,517	56,530	62,552	46,767	42,661	46,651	50,901	56,115
Foster Care and Subsidized Adoption Average Caseload	10,223	10,157	15,138	10,560	10,989	11,864	12,535	12,727	12,977	13,410
Public Safety:										
Correctional Institutions Average Daily Population	18,444	18,990	17,299	17,921	20,420	21,142	21,370	22,799	23,115	23,093
Parole and Probation, Active Cases under Supervision	76,068	79,500	73,000	71,836	71,311	71,232	70,293	69,878	40,402	42,368
Youth Residential Programs, Average Daily Population	388	378	305	220	584	721	742	739	782	852
Average Monthly number of Youths on Probation	1,111	902	815	1,069	1,606	1,964	2,204	2,292	2,296	2,446
Public Safety (State Police):										
Number of Police Stations	23	23	23	23	23	23	23	23	23	23
Number of State Police	1,434	1,425	1,450	1,451	1,442	1,476	1,464	1,428	1,452	1,456
Motor Vehicle Citations (calendar year)	195,461	191,181	239,048	265,805	282,589	339,657	338,806	336,950	330,153	355,061
Motor Vehicle - Number of Collisions (calendar year) ⁽⁶⁾	107,822	110,321	108,405	108,707	95,449	24,466	25,669	34,278	23,779	19,907
Judicial, Total Filings	1,251,330	1,296,138	1,162,069	1,180,714	1,619,225	1,575,439	1,867,147	1,902,579	1,886,882	1,931,138
Transportation:										
Miles of State Highway	5,218	5,218	5,212	5,210	5,208	5,206	5,284	5,274	5,270	5,274
Lane Miles Maintained	17,440	17,404	17,364	17,422	17,389	17,286	17,191	17,174	17,143	17,132
Expenditures per Lane Mile	\$ 15,404	\$ 11,692	\$ 11,594	\$ 10,000	\$ 9,495	\$ 9,691	\$ 9,320	\$ 9,423	\$ 9,373	\$ 9,199
Number of Bridges ⁽²⁾	2,627	2,623	2,621	2,617	2,608	1,437	1,483	1,483	1,484	1,483
Motor Vehicle Registrations	5.3 million	5.3 million	5.1 million	5.2 million	5.0 million	5.2 million	5.1 million	5.0 million	5.0 million	5 million
BWI Airport Passengers (calendar year)	27.1 million	26.2 million	22.8 million	18.9 million	11.2 million	27.0 million	27.1 million	24.8 million	25.7 million	24.7 million
Acres Agricultural Land Preserved - all programs ⁽⁷⁾	942,644	904,818	882,557	875,723	853,527	690,939	675,906	654,490	635,710	614,173
Department of Housing and Community Development:										
Active Single Family/Multifamily Bond Financed Loans ⁽⁴⁾	15,740	10,684	12,746	11,715	11,684	13,189	11,533	10,510	11,525	12,646
Department of Commerce:										
Number of businesses assisted ⁽³⁾	28	17	17	12	17	13	35	30	NA	4
Number of workers trained ⁽³⁾	801	453	979	538	583	242	1,619	1,210	NA	126

Higher Education (Universities, Colleges and Community Colleges):

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	9707 square miles									
Function/Program	2025 ⁽¹⁾	2024	2023	2022	2021	2020	2019	2018	2017	2016
Number of Campuses in State	29	29	29	29	29	29	29	29	29	29
Number of Educators	8,467	7,878	8,249	8,267	8,385	8,488	8,390	8,383	8,387	8,355
Number of Students	273,649	265,143	252,841	256,715	272,023	279,877	284,200	289,879	287,831	291,797
Number of State Scholarships Awarded ⁽⁵⁾	35,109	42,661	42,979	43,930	49,062	39,290	33,689	35,252	32,203	35,859
Recreation:										
Number of State Parks and Forests	92	91	77	75	75	62	62	62	60	60
State Parks Daily Visitors	16.9 million	18.2 million	17.8 million	20.6 million	19.7 million	17.5 million	13.6 million	13.8 million	14.0 million	12.9 million
Area of State Parks, Acres	143,806	142,739	142,412	98,196	97,784	97,446	97,368	97,195	94,762	95,314
Area of State Forests, Acres	229,582	234,866	229,788	149,843	149,225	148,764	148,539	147,863	147,810	147,521

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

⁽¹⁾ These amounts are estimates.

⁽²⁾ Represents the number of bridges owned and maintained by SHA on the National Highway System (NHS).

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

⁽⁶⁾ Crashes investigated by Maryland State Police; prior to 2016 included allied agencies.

⁽⁷⁾ Maryland has an official land preservation goal of 1,030,000 acres. This goal has changed to include 6 programs instead of the previous 4 programs. The two new easement programs enacted by House Bill 860 are: The Next Generation Farmland Acquisition Program run by the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO), and easements managed by the Maryland Environmental Trust (MET). The bill also extended the deadline for reaching the preservation goal from 2022 to 2030.

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, 2025
(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	\$ —	\$ 394	\$ 1,209,956	\$ 1,275,992	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,276,386
Franchise and corporation tax	280,769	175,805	—	—	—	—	—	—	—	—	—	175,805
Death taxes	217,016	227,265	—	—	—	—	—	—	—	—	—	227,265
Admission and amusement tax	—	—	20,385	22,279	—	—	—	—	—	—	—	22,279
Alcohol beverages tax	34,455	39,202	—	—	—	—	—	—	—	—	—	39,202
Motor vehicle fuel taxes	—	—	1,393,000	1,370,959	—	—	—	—	—	—	—	1,370,959
Income taxes	16,225,130	16,441,957	507,250	589,090	—	—	—	—	—	—	—	17,031,047
Sales and use taxes	5,976,155	6,048,565	920,000	1,031,168	—	—	—	—	—	—	—	7,079,733
Tobacco taxes	363,385	369,937	—	88,300	—	—	—	—	—	—	—	458,237
Motor vehicle titling taxes	—	—	1,060,000	1,106,773	—	—	—	—	—	—	—	1,106,773
Insurance company taxes	749,039	789,799	2,000	142,500	—	—	—	—	—	—	—	932,299
Horse racing taxes	—	—	30,000	90,102	—	—	—	—	—	—	—	90,102
Shellfish taxes	—	—	1,200	869	—	—	—	—	—	—	—	869
Boxing, wrestling or sparring taxes	—	23	—	—	—	—	—	—	—	—	—	23
Boat titling tax	—	—	27,900	24,798	—	—	—	—	—	—	—	24,798
Energy generation tax	—	—	40,000	41,741	—	—	—	—	—	—	—	41,741
Emergency telephone system tax	—	—	143,000	164,497	—	—	—	—	—	—	—	164,497
Total taxes	23,845,949	24,092,947	5,354,691	5,949,067	—	—	—	—	—	—	—	30,042,014
Other:												
Licenses and permits	55,939	46,829	688,406	879,897	—	—	—	—	—	—	—	926,726
Fees for services	171,811	176,822	903,896	1,009,547	—	—	—	—	—	—	—	1,186,369
Fines and costs	67,492	97,673	590,286	619,273	—	—	—	—	—	—	—	716,946
Sales to the public	25,402	9,264	147,454	149,722	—	—	—	—	—	—	—	158,985
Commissions and royalties	—	—	152,452	49,138	—	—	—	—	—	—	—	49,138
Rentals	—	41	154,005	153,979	—	—	—	—	—	—	—	154,019
Interest on investments	335,000	368,038	142,600	122,098	—	—	—	—	—	—	—	490,136
Interest on loan repayments	—	124,467	800	477	—	—	—	—	—	—	—	124,944
Miscellaneous	26,911	229,385	258,036	164,248	—	—	—	—	—	—	—	393,633
Colleges and universities	—	—	—	—	—	—	4,133,577	4,074,567	2,161,146	2,072,032	—	6,146,599
Federal reimbursements and grants	—	—	—	14,467	21,178,854	19,889,918	—	—	—	—	21,500	19,925,885
Other reimbursements	112,747	64,032	2,190,762	1,499,892	—	—	—	—	—	—	—	1,563,924

STATE OF MARYLAND
Schedule of Estimated and Actual Revenues By Source, Budgetary Basis, for the Year Ended June 30, 2025 (Continued)
(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		
Bonds issues:												
State - general purpose	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,119,000	\$ 1,119,000
Premiums	—	—	135,221	(35,892)	—	—	—	—	—	—	5,047	(30,845)
State reimbursements	543,994	768,986	856,678	500,647	—	—	—	—	—	—	(60,318)	1,209,315
Appropriated from other funds	—	—	—	—	—	—	2,433,344	2,433,344	—	—	—	2,433,344
Trust funds	—	—	465	268	—	—	—	—	—	—	—	268
Revolving accounts	9,783	27,318	9,360	(14,620)	—	—	—	—	—	—	—	12,698
Total revenues	\$ 25,195,029	\$ 26,005,802	\$ 11,585,111	\$ 11,262,207	\$ 21,178,854	\$ 19,889,918	\$ 6,566,921	\$ 6,507,911	\$ 2,161,146	\$ 2,072,032	\$ 1,085,229	\$ 66,823,098

STATE OF MARYLAND
Schedule of Budget and Actual Expenditures and Encumbrances By Major Function, Budgetary Basis
For the Year Ended June 30, 2025
(Expressed in Thousands)

Expenditures and Encumbrances by Major Function*	Annual Budgeted Funds											Capital Projects Fund	Total
	General Fund		Special Fund		Federal Fund		Higher Education Funds						
							Current Unrestricted Fund		Current Restricted Fund				
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Actual	Actual	
Payments of revenue to civil divisions of the State	\$ 216,198	\$ 216,198	\$ 1,600	\$ 1,416	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 217,615	
Public debt	397,100	397,100	1,124,700	1,102,586	4,900	4,051	—	—	—	—	—	1,503,737	
Legislative	165,583	164,983	—	—	—	—	—	—	—	—	—	164,983	
Judicial review and legal	898,660	897,749	200,206	182,116	12,586	11,107	—	—	—	—	—	1,090,971	
Executive and administrative control	649,584	640,455	1,168,150	1,126,245	1,470,821	928,787	—	—	—	—	—	2,695,488	
Financial and revenue administration	322,423	314,965	230,774	217,744	—	—	—	—	—	—	—	532,709	
Budget management	213,815	178,607	72,308	26,687	112,587	91,387	—	—	—	—	—	296,680	
Retirement and pension			29,211	28,855	—	—	—	—	—	—	—	28,855	
General services	191,668	160,535	49,509	49,130	2,685	2,662	—	—	—	—	—	212,327	
Service and civic innovation	27,067	27,003	19,221	19,221	—	—	—	—	—	—	—	46,224	
Transportation and highways	50,998	50,998	5,378,816	5,125,568	1,465,589	1,328,473	—	—	—	—	—	6,505,039	
Natural resource and recreation	120,906	120,406	341,403	314,219	61,274	46,275	—	—	—	—	—	480,901	
Agriculture	50,096	49,972	76,579	69,467	16,850	10,542	—	—	—	—	—	129,981	
Health, hospital and mental hygiene	8,793,657	8,791,640	1,426,665	1,381,938	12,205,391	12,199,037	—	—	—	—	—	22,372,615	
Human resources	997,864	958,531	194,871	176,008	2,918,792	2,682,698	—	—	—	—	—	3,817,238	
Labor, licensing and regulation	104,243	96,610	282,947	275,516	242,550	214,670	—	—	—	—	—	586,796	
Public safety and correctional services	1,752,727	1,751,559	94,419	89,485	30,421	28,000	—	—	—	—	—	1,869,044	
Public education	11,284,894	11,282,268	2,174,658	2,145,885	1,728,340	1,584,802	6,566,921	6,441,212	2,161,146	2,000,375	—	23,454,542	
Housing and community development	153,012	152,217	178,773	162,506	636,305	611,332	—	—	—	—	—	926,055	
Commerce	128,077	127,988	130,325	46,261	20,575	8,684	—	—	—	—	—	182,933	
Maryland technology development corporation	52,611	52,611	915	—	5,046	—	—	—	—	—	—	52,611	
Environment	49,914	49,452	344,796	337,041	217,320	212,505	—	—	—	—	—	598,998	
Juvenile services	341,991	341,866	3,512	3,254	9,768	8,152	—	—	—	—	—	353,272	
State police	458,542	456,704	160,063	151,136	10,173	6,330	—	—	—	—	—	614,171	
State reserve fund	152,500	152,500	—	—	—	—	—	—	—	—	—	152,500	
Loan accounts	—	—	—	—	—	—	—	—	—	—	1,574,531	1,574,531	
Reversions:													
Current year reversions	(75,000)	—	—	—	—	—	—	—	—	—	—	—	
Prior reversions	—	(150,193)	—	(738,572)	—	(1,256,678)	—	(125,783)	—	(160,770)	—	(2,431,997)	
Total expenditures and encumbrances	\$ 27,499,130	\$ 27,282,725	\$ 13,684,421	\$ 12,293,712	\$ 21,171,974	\$ 18,722,817	\$ 6,566,921	\$ 6,315,429	\$ 2,161,146	\$ 1,839,605	\$ 1,574,531	\$ 68,028,819	

*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, 2025
(Expressed in Thousands)

	Annual Budgeted Funds									Total
	General Fund		Special Fund			Higher Education Funds		Capital Projects Fund		
	General	State Reserve	Special	Debt Service	Federal Fund	Current Unrestricted Fund	Current Restricted Fund			
Fund equities, June 30, 2024	\$ 2,981,113	\$ 2,119,663	\$ 7,402,258	\$ 240,987	\$ (2,917,743)	\$ 1,690,856	\$ 13,691	\$ 2,697,477	\$ 14,228,302	
Increase:										
Revenues	25,638,834	366,967	10,118,183	1,144,024	19,889,918	6,507,911	2,072,032	1,085,229	66,823,098	
Decrease:										
Appropriations	27,574,130	—	12,649,721	1,124,700	21,178,854	6,566,921	2,161,146	1,574,531	72,830,003	
Less: Current year reversions	(124,570)	—	(110,170)	—	(263,057)	(5)	(1)	—	(497,803)	
Prior year reversions	(150,193)	—	(716,458)	—	(1,256,678)	(125,783)	(160,770)	—	(2,409,883)	
Expenditures and encumbrances*	27,299,367	—	11,823,093	1,124,700	19,659,119	6,441,133	2,000,375	1,574,531	69,922,317	
Changes to encumbrances during fiscal year 2025	(109,060)	—	(146,549)	—	473,256	175	1,170	—	218,992	
Expenditures	27,190,308	—	11,676,544	1,124,700	20,132,375	6,441,308	2,001,545	1,574,531	70,141,309	
Transfers in (out)	866,542	(718,767)	402,150	6,986	242,154	—	3,065	550,416	1,352,546	
Fund equities, June 30, 2025	\$ 2,296,181	\$ 1,767,864	\$ 6,246,048	\$ 267,297	\$ (2,918,046)	\$ 1,757,459	\$ 87,244	\$ 2,758,590	\$ 12,262,637	
Fund balance:										
Reserved:										
Encumbrances	\$ 945,316	\$ —	\$ 2,149,688	\$ —	\$ 1,668,587	\$ 4,207	\$ 3,259	\$ 1,526,041	\$ 6,297,097	
State reserve fund	—	1,767,864	—	—	—	—	—	—	1,767,864	
Loans and notes receivable	—	—	—	793	—	—	—	—	793	
Shore erosion loan program	—	—	5,267	—	—	—	—	—	5,267	
Unreserved:										
Designated for:										
General long-term debt service	—	—	—	266,503	—	—	—	—	266,503	
2026 operations	132,206	—	—	—	—	—	—	—	132,206	
Undesignated surplus (deficit)	1,218,660	—	4,091,093	—	(1,668,587)	1,753,252	83,984	1,232,549	6,710,952	
Total	\$ 2,296,181	\$ 1,767,864	\$ 6,246,048	\$ 267,297	\$ —	\$ 1,757,459	\$ 87,244	\$ 2,758,590	\$ 15,180,682	

*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, 2025 ⁽¹⁾
(Expressed in Thousands)

Subdivision	State Sources				Other Sources			Assessed Value of Real and Personal Property (2)	Amount Per \$100 of Assessed Value
	Shared Revenues	Direct Grants and Appropriations	Debt Service	Total	Federal Local	State Administered Local Revenue	Total		
Allegany.....	\$ 1,617	\$ 198,328	\$ 739	\$ 200,683	\$ 33,438	\$ 40,863	\$ 274,984	\$ 4,978,636	\$ 5.52
Anne Arundel.....	9,736	757,007	22,089	788,832	109,276	926,043	1,824,152	117,426,652	1.55
Baltimore County.....	13,446	1,305,739	6,977	1,326,161	223,982	1,190,199	2,740,342	114,650,144	2.39
Calvert.....	2,147	123,506	1,296	126,948	20,612	145,364	292,924	15,746,880	1.86
Caroline.....	1,333	94,161	2,110	97,604	21,825	27,144	146,573	3,687,874	3.97
Carroll.....	3,710	258,197	7,898	269,805	35,233	247,629	552,667	27,365,480	2.02
Cecil.....	2,172	198,435	16,622	217,230	40,090	96,535	353,854	14,567,611	2.43
Charles.....	3,369	342,208	8,680	354,257	47,870	202,258	604,384	26,731,529	2.26
Dorchester.....	1,461	84,769	3,832	90,062	22,521	30,758	143,341	4,021,193	3.56
Frederick.....	4,769	511,526	10,761	527,056	60,102	403,637	990,795	49,870,321	1.99
Garrett.....	1,754	58,638	16,195	76,588	15,248	28,727	120,563	7,221,566	1.67
Harford.....	4,689	521,047	23,869	549,605	67,012	358,732	975,349	37,764,829	2.58
Howard.....	5,491	529,706	49,449	584,647	54,879	696,601	1,336,126	71,923,425	1.86
Kent.....	756	22,977	—	23,733	8,101	25,040	56,874	3,651,831	1.56
Montgomery.....	12,502	1,405,607	52,843	1,470,952	167,678	2,220,504	3,859,133	247,484,831	1.56
Prince George's.....	10,214	2,003,999	57,696	2,071,908	284,886	972,300	3,329,094	139,874,619	2.38
Queen Anne's.....	1,797	150,301	4,206	156,303	12,938	103,477	272,719	11,629,216	2.35
St Mary's.....	2,684	192,653	2,238	197,575	34,002	160,181	391,758	16,716,092	2.34
Somerset.....	933	59,517	4,338	64,788	14,695	13,189	92,672	2,095,043	4.42
Talbot.....	1,072	35,141	5,964	42,177	18,063	47,451	107,691	10,487,327	1.03
Washington.....	2,970	318,780	1,722	323,473	65,363	145,355	534,190	19,114,454	2.79
Wicomico.....	2,196	268,638	2,319	273,153	59,408	83,256	415,816	9,551,967	4.35
Worcester.....	1,758	53,348	2,067	57,173	18,301	63,165	138,639	22,984,906	0.60
Baltimore City.....	229,016	1,548,313	10,767	1,788,097	275,249	551,897	2,615,243	54,669,079	4.78
Total.....	\$ 321,591	\$ 11,042,543	\$ 314,675	\$ 11,678,809	\$ 1,710,771	\$ 8,780,302	\$ 22,169,883	\$ 1,034,215,505	

(1) In addition to the amounts shown for the counties and Baltimore City, \$283,777,087 was distributed to municipalities within the counties.

(2) Source: State Department of Assessments and Taxation

STATE OF MARYLAND
Schedule of Taxes Receivable from
Collectors of State Property Taxes
June 30, 2025
(Expressed in Thousands)

Political Subdivision	Taxes Receivable		
	Current Year	Prior Year	Total
Allegany.....	\$ 403	\$ 425	\$ 828
Anne Arundel.....	1,259	424	1,684
Baltimore County.....	2,912	25,162	28,074
Calvert.....	(313)	2,059	1,747
Caroline.....	5	6	11
Carroll.....	344	15	359
Cecil.....	79	27	106
Charles.....	(13)	208	194
Dorchester.....	160	62	222
Frederick.....	(179)	584	405
Garrett.....	12	6	18
Harford.....	162	12	174
Howard.....	192	376	568
Kent.....	144	57	200
Montgomery.....	302	(1,014)	(712)
Prince George's.....	114	133	247
Queen Anne's.....	27	134	161
St Mary's.....	151	(6)	145
Somerset.....	139	397	536
Talbot.....	(4)	1	(3)
Washington.....	(625)	(82)	(707)
Wicomico.....	247	1,327	1,574
Worcester.....	467	3	470
Baltimore City.....	7,450	37,969	45,419
Total.....	\$ 13,435	\$ 68,284	\$ 81,719

STATE OF MARYLAND
Schedule of Estimated Revenues – Budgetary Basis
For the Year Ending June 30, 2026
(Expressed in Thousands)

	General Fund	Special Fund	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Total
Income taxes	\$ 17,244,207	\$ 483,104	\$ —	\$ —	\$ —	\$ 17,727,311
Retail sales and use tax and licenses	6,673,955	186,827	—	—	—	6,860,782
Motor vehicle taxes and fees	—	—	—	—	—	—
Property taxes	25,000	1,246,528	—	—	—	1,271,528
Insurance company taxes, licenses and fees	737,345	56,804	—	—	—	794,149
Franchise and corporation taxes	301,715	—	—	—	—	301,715
State tobacco tax and licenses	293,071	—	—	—	—	293,071
Alcoholic beverages taxes and licenses	34,284	—	—	—	—	34,284
Death taxes	232,404	—	—	—	—	232,404
Miscellaneous taxes, fees and other revenues	189,999	141,777	2,600	—	—	334,376
Budgeted tobacco settlement recoveries	—	103,897	—	—	—	103,897
Horse racing taxes and licenses	—	1,586	—	—	—	1,586
District courts fines and costs	34,027	—	—	—	—	34,027
Interest on investments	155,000	—	—	—	—	155,000
Hospital patient recoveries	76,935	—	—	—	—	76,935
Legislative	6	—	—	—	—	6
Judicial review and legal	59,106	197,072	10,144	—	—	266,321
Executive and administrative control	2,811	1,095,951	1,434,529	—	—	2,533,290
Financial and revenue administration	24,114	146,566	—	—	—	170,680
Budget and management	1,500	58,053	28,551	—	—	88,104
Maryland lottery and gaming control	553,841	119,072	—	—	—	672,912
Information technology development	—	15,985	—	—	—	15,985
Retirement and pension	—	27,298	—	—	—	27,298
General services	—	12,335	1,595	—	—	13,931
Department of service and civic innovation	—	23,311	7,306	—	—	30,616
Transportation and highways	—	4,664,071	1,443,197	—	—	6,107,267
Natural resources and recreation	125	163,580	61,077	—	—	224,782
Agriculture	128	33,967	13,565	—	—	47,660
Health, hospitals and mental hygiene	19,578	1,353,374	11,236,572	—	—	12,609,525
Human resources	1,495	229,160	2,683,763	—	—	2,914,418
Labor, licensing and regulation	5,331	305,438	256,756	—	—	567,525
Public safety and correctional services	6,372	103,490	27,486	—	—	137,348
Public education	5,561	2,860,282	1,596,586	6,359,680	2,151,281	12,973,391
Housing and community development	—	227,815	421,240	—	—	649,056
Commerce	81	140,708	11,095	—	—	151,884
Maryland technology development corporation	—	8,415	5,046	—	—	13,461
Environment	468	346,197	216,091	—	—	562,756
Juvenile services	300	3,465	6,328	—	—	10,093
State police	12,438	168,445	10,093	—	—	190,975
Payments to civil divisions of the State	—	1,600	—	—	—	1,600
Total estimated revenues ⁽²⁾	\$ 26,691,195	\$ 14,526,175	\$ 19,473,620	\$ 6,359,680	\$ 2,151,281	\$ 69,201,951

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

(2) Amounts are reported as of July 1, 2025, 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, 2026
(Expressed in Thousands)

	General Fund	Special Fund	Federal Fund	Current Unrestricted Fund	Current Restricted Fund	Total
Payments of revenue to civil divisions of the State	\$ 207,572	\$ 1,600	\$ —	\$ —	\$ —	\$ 209,172
Public debt	154,700	1,254,100	2,600	—	—	1,411,400
Legislative	162,149	—	—	—	—	162,149
Judicial review and legal	900,109	198,760	10,144	—	—	1,109,012
Executive and administrative control	642,090	1,133,875	1,434,529	—	—	3,210,493
Financial and revenue administration	287,493	265,638	—	—	—	553,131
Budget and management	398,257	74,038	28,551	—	—	500,847
Retirement and pension	—	27,298	—	—	—	27,298
General services	168,973	12,951	1,595	—	—	183,520
Service and civic innovation	23,972	23,311	7,306	—	—	54,588
Transportation and highways	7,100	5,267,694	1,443,197	—	—	6,717,991
Natural resources and recreation	114,281	335,843	61,077	—	—	511,202
Agriculture	44,047	58,077	13,565	—	—	115,689
Health, hospitals and mental hygiene	8,733,135	1,538,039	11,236,572	—	—	21,507,746
Human resources	1,000,830	229,160	2,683,763	—	—	3,913,753
Labor, licensing and regulation	126,964	306,580	256,756	—	—	690,300
Public safety and correctional services	1,711,602	103,490	27,486	—	—	1,842,579
Public education	11,190,729	2,800,675	1,596,586	6,359,680	2,151,281	24,098,952
Housing and community development	45,346	227,815	421,240	—	—	694,401
Commerce	134,934	140,708	11,095	—	—	286,737
Maryland technology development corporation	39,996	8,415	5,046	—	—	53,457
Environment	46,804	346,197	216,091	—	—	609,092
Juvenile justice	350,732	3,465	6,328	—	—	360,525
State police	476,215	168,445	10,093	—	—	654,753
State reserve fund	42,500	—	—	—	—	42,500
Total appropriations ⁽²⁾	\$ 27,010,530	\$ 14,526,175	\$ 19,473,620	\$ 6,359,680	\$ 2,151,281	\$ 69,521,286

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

(2) Amounts are reported as of July 1, 2025 and do not reflect revisions, if any, subsequent to that date.

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