

U10B00
Maryland Environmental Service

Program Description

The Maryland Environmental Service (MES) is an instrumentality of the State established by the Maryland General Assembly in 1970. MES provides an array of technical services including engineering, design, financing, construction, and operation of water supply and wastewater treatment facilities. MES also provides similar services around hazardous and solid waste facility management, including sanitary landfills, incinerators, and resource recovery facilities. Additional services offered include sludge and dredged materials management, recycling and marketing of end products, regulatory monitoring, and renewable energy needs servicing. MES operates on a fee-for-service basis. Four goals guide MES’s activities: improving the environment; improving infrastructure to treat water and wastewater in the State; working safely; and providing excellent customer service.

Operating Budget Summary

Maryland Environmental Service
Fiscal 2019-2023
(\$ in Thousands)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	Change 2022-2023
Total Assets	\$91,767	\$101,114	\$101,313	\$114,531	\$138,691	\$24,160
Total Liabilities	62,010	70,630	70,829	85,105	108,648	23,543
Total Net Assets	\$29,757	\$30,484	\$30,484	\$29,426	\$30,043	\$617
Total Revenue	\$161,121	\$182,221	\$186,529	\$166,474	\$198,872	\$32,398
Total Expenditures	159,699	181,600	186,489	167,602	198,674	31,072
Operating Income	\$1,422	\$621	\$40	-\$1,128	\$198	\$1,326

Note: Total assets and liabilities include deferred outflows and inflows related to pensions and other postemployment benefits.

- Between fiscal 2022 and 2023, MES’s net position increased by \$617,000, resulting in a total net asset valuation of \$30 million at the end of fiscal 2023. Much of this growth can be attributed to the increase of net investment in capital assets.

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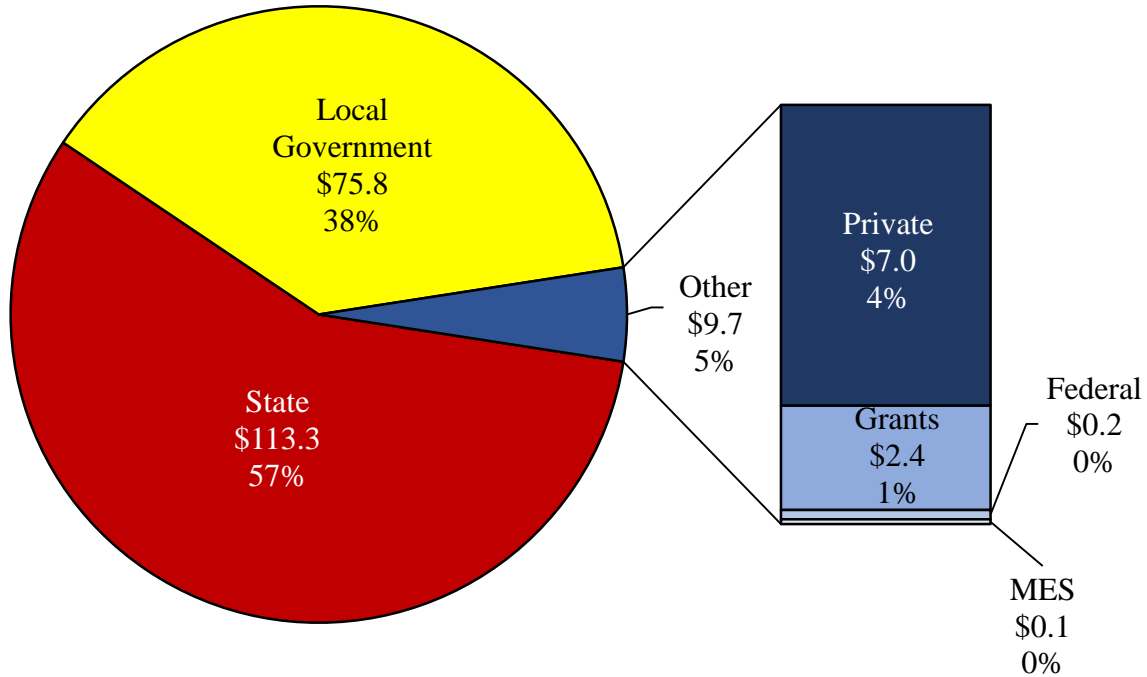
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- Between fiscal 2022 and 2023, MES’s net operating income increased by \$1.3 million for all operations excluding the Midshore Regional Landfill Private Purpose Trust Fund. This represents a 19.5% increase in operating revenue from the previous year.
- During the time period shown, assets increased by an average of 11% annually, while liabilities increased by an average of 16% annually.

MES’s Fiscal 2023 Financial Position

MES breaks down its revenue by fund sources and type of business activity. **Exhibit 1** provides an overview of fiscal 2023 revenue by fund source and shows that approximately 95% of MES’s revenue comes from State and local government. MES has two arrangements when completing projects on behalf of State agencies: (1) reimbursable projects are related to Executive Order 01.01.1971.11 and the Board of Public Works (BPW) directive that MES operate wastewater and drinking water plants for State agencies; and (2) contractual projects for which MES has a contract with a State agency to do the work. Between fiscal 2022 and 2023, MES’s State government revenues increased by \$17.1 million, and local government revenues increased by \$14.5 million. The increase in State revenues can be attributed to the bulk of work on the Masonville Base Dike Widening Project occurring during fiscal 2023. This work included placing fill material along the interior of the dike, demolishing existing spillway structures, and placing high-strength geotextile material. In addition, the State Highway Administration (SHA) increased the number of local drainage remediation and stormwater construction projects assigned to MES. The increase in local government revenues can be attributed to the commencement of work at several major projects in Prince George’s County, and the completion of work at the Back River Wastewater Treatment Plant (WWTP) in Baltimore City in fiscal 2023. MES’s work at Back River WWTP is discussed in more detail in the Updates section of this analysis.

Exhibit 1
Maryland Environmental Service Revenue by Fund Source
Fiscal 2023
(\$ in Millions)

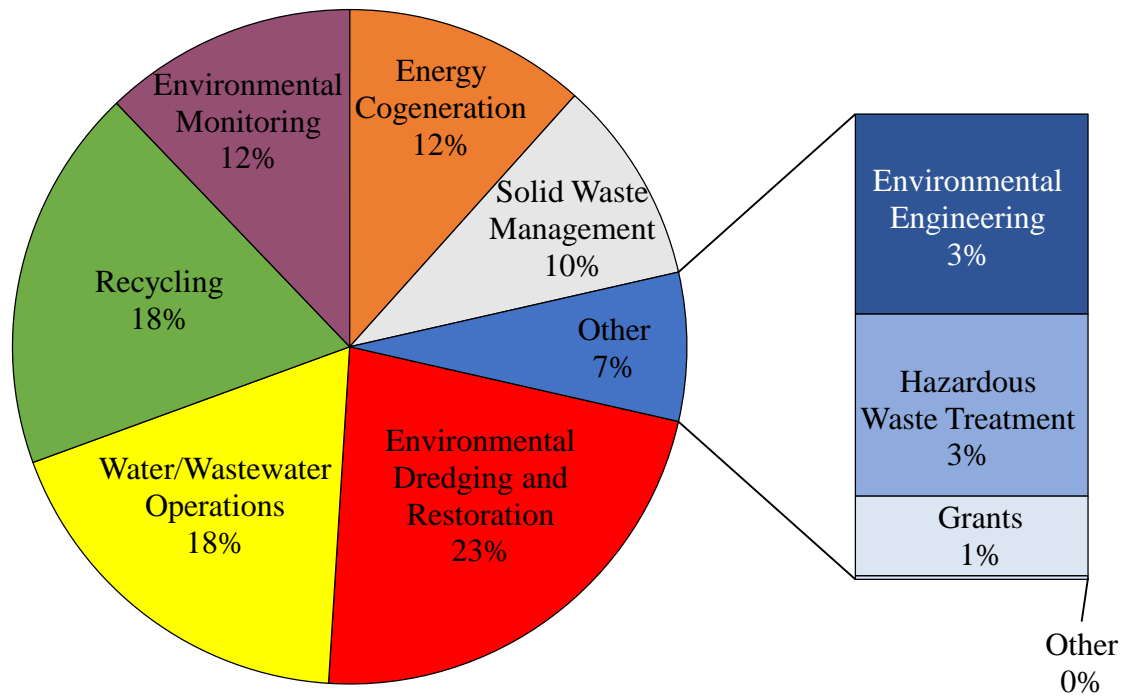


MES: Maryland Environmental Service

Source: Maryland Environmental Service

To better understand labor demand trends and accurately assess clients for overhead costs, MES categorizes all projects into business activity types. **Exhibit 2** provides an overview of revenue in fiscal 2023, showing that the largest three categories are dredging, water/wastewater operations, and recycling, which account for a combined 59% of revenue. These revenues are generated both by reimbursable projects to other State agencies and contractual projects at State, local, and private facilities across the State.

Exhibit 2
Maryland Environmental Service Revenue by Business Activity Type
Fiscal 2023



Source: Maryland Environmental Service

Financial Changes

MES’s revenues increased by \$32.4 million between fiscal 2022 and 2023. Generally, year-to-year revenue changes are attributable to the completion and billing timelines for major projects or projects being reclassified among the business type activities. As shown in **Exhibit 3**, the largest increases in revenue were in recycling, energy cogeneration, and environmental monitoring.

Exhibit 3
Revenues by Business Activity Type
Fiscal 2019-2023
(\$ in Thousands)

<u>Business Type Activity</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Change 2022-2023</u>
Environmental Dredging and Restoration	\$52,584	\$67,646	\$63,005	\$40,658	\$44,636	\$3,978
Water/Wastewater Operations	27,677	25,402	27,313	32,987	36,647	3,660
Recycling	17,989	19,868	21,157	26,772	36,633	9,861
Solid Waste Management	24,316	24,385	30,037	18,775	19,525	750
Environmental Monitoring	20,584	21,992	23,017	18,610	24,181	5,571
Energy Cogeneration	7,155	8,173	8,618	16,763	23,109	6,346
Environmental Engineering Hazardous Waste Treatment	2,594	4,518	4,239	5,309	6,075	766
Grants	4,994	4,653	4,471	3,959	5,533	1,574
Other	2,867	5,123	4,055	2,613	2,425	-188
Total Revenue	\$161,121	\$182,221	\$186,529	\$166,474	\$198,872	\$32,398

Source: Maryland Environmental Service

- **Recycling** revenues increased by \$9.9 million due to beginning work for major capital projects at Brown Station and Sandy Hill landfills in Prince George’s County.
- **Energy Cogeneration** revenues increased by \$6.3 million due to an increase in utility costs. Construction was completed for the Eastern Correctional Institution (ECI) pipeline in November 2021, and billing began shortly thereafter. MES is reimbursed for fuel costs at this facility, which increased substantially during fiscal 2023.
- **Environmental Monitoring** revenues increased by \$5.6 million resulting from increased work for the Maryland Department of Transportation – SHA in stormwater construction and remediation. Between fiscal 2022 and 2023, MES became the primary partner for all emergency drainage and stormwater projects for SHA in District 3.

As shown in **Exhibit 4**, MES’s overall expenses increase by \$4.8 million in the fiscal 2025 allowance. The major changes are increases of \$3.5 million in salaries, wages, and fringe benefits to mirror cost-of-living adjustments offered by the State; \$7.8 million in increased utility costs; and \$16 million in increased costs for contracts, primarily for equipment maintenance and repair.

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These increases were partially offset by a decrease of \$23 million in land and structures resulting from the completion of large-scale dredging and construction projects for the Maryland Port Administration (MPA) during fiscal 2024.

Exhibit 4
Operating Expenses
Fiscal 2023-2025
(\$ in Thousands)

<u>Operating Expense</u>	<u>Expenditures</u> <u>2023</u>	<u>Legislative</u> <u>Appropriation</u> <u>2024</u>	<u>Allowance</u> <u>2025</u>	<u>Change</u> <u>2024-2025</u>
Salaries, Wages, and Fringe Benefits	\$76,192	\$74,879	\$78,361	\$3,482
Technical and Special Fees	12,854	14,549	13,883	-666
Communication	501	609	551	-58
Travel	262	370	327	-43
Fuel and Utilities	15,468	8,140	15,932	7,792
Motor Vehicle Operation and Maintenance	5,769	5,532	6,230	698
Contractual Services	53,490	41,091	57,127	16,036
Supplies and Materials	12,230	10,055	13,190	3,135
Fixed Charges	2,157	4,265	1,603	-2,662
Land and Structures	19,751	44,691	21,726	-22,965
Total Operating Expenses	\$198,673	\$204,181	\$208,930	\$4,749

Source: Department of Budget and Management

Fiscal 2025 Overview of Agency Spending

MES performs reimbursable projects for State agencies pursuant to BPW directive that MES operate wastewater and drinking water plants for State agencies. **Exhibit 5** shows that the overall increase in operating expenses for reimbursable projects to State agencies between fiscal 2024 and 2025 is budgeted at \$4.7 million. The change can be attributed to continued escalating costs for personnel, supplies, engineering-related services, and fuel and utilities.

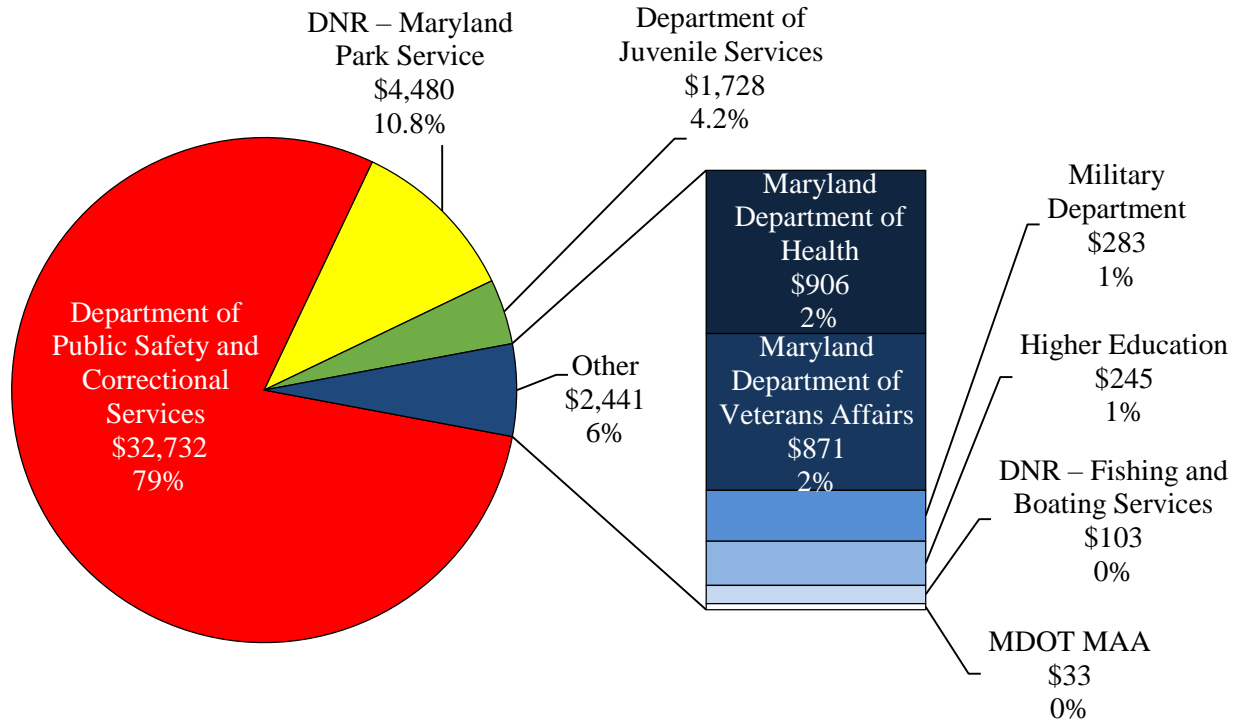
Exhibit 5 Reimbursable Projects Operating Expenses Fiscal 2023-2025

<u>Operating Expense</u>	<u>Expenditures</u> <u>2023</u>	<u>Appropriation</u> <u>2024</u>	<u>Allowance</u> <u>2025</u>	<u>Change</u> <u>2024-2025</u>
Salaries, Wages, and Fringe				
Benefits	\$13,029,818	\$14,265,142	\$15,317,432	\$1,052,290
Technical and Special Fees	941,724	670,895	671,406	511
Communication	121,077	124,900	134,669	9,769
Travel	1,193	13,626	13,956	330
Fuel and Utilities	12,352,259	13,441,780	14,057,587	615,807
Equipment Operations and				
Maintenance	359,466	368,495	385,732	17,237
Contractual Services	1,271,695	2,133,596	2,243,483	109,887
Materials & Supplies	2,461,136	2,438,457	2,621,230	182,773
Fixed Charges	86	2,081	2,143	62
Land, Structures, and				
Equipment	4,038,518	4,729,677	5,892,434	1,162,757
Information Technology				
Expenses	24,672	39,574	40,909	1,335
Miscellaneous Expenses	13	150	150	0
Total Operating Expenses	\$34,601,657	\$38,228,373	\$41,381,131	\$3,152,758

Source: Governor’s Fiscal 2025 Budget Books

Exhibit 6 shows MES’s reimbursable projects budgeted for fiscal 2025 by contracting agency. Projects serving Department of Public Safety and Correctional Services (DPSCS) facilities constitute the majority of State reimbursable projects, followed by projects serving the Maryland Park Service within the Department of Natural Resources (DNR) and the Department of Juvenile Services. These projects are completed in accordance with BPW directive that MES operate wastewater and drinking water plants for State agencies.

Exhibit 6
Reimbursable Project by Agency
Fiscal 2025 Allowance
(\$ in Thousands)

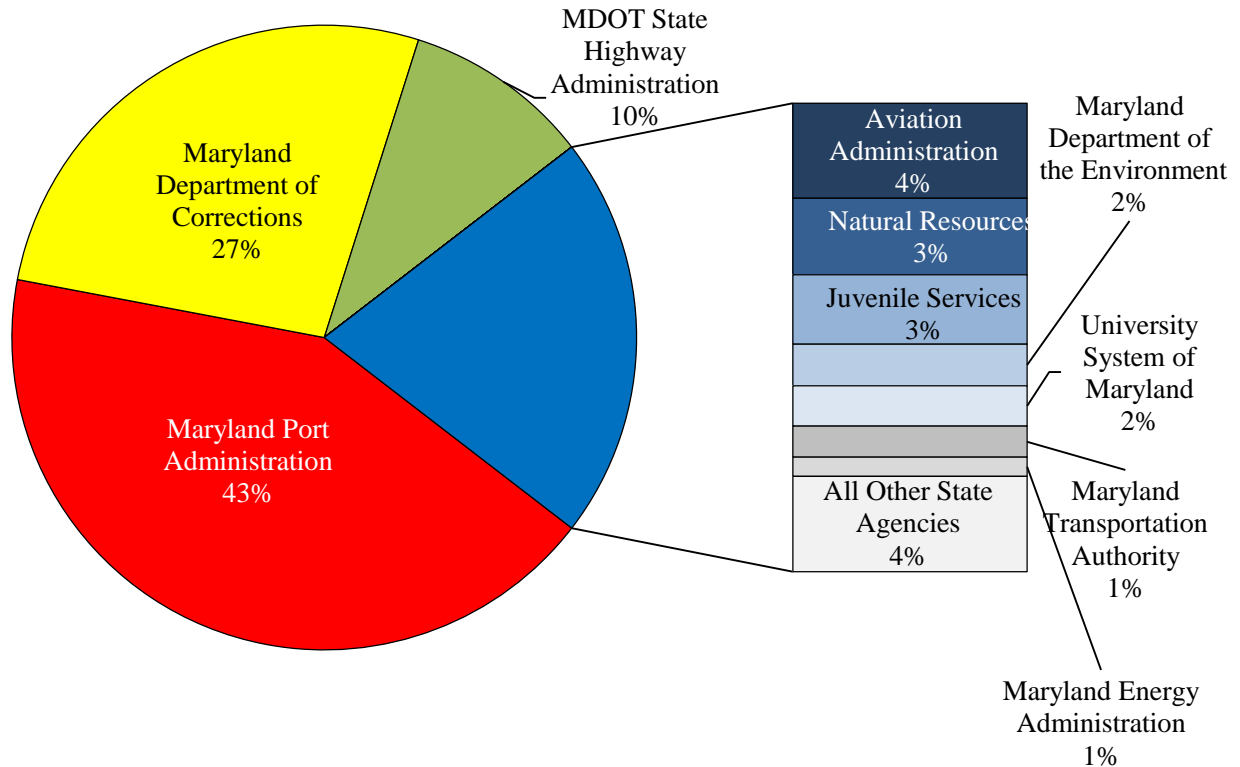


DNR: Department of Natural Resources
 MAA: Maryland Aviation Administration
 MDOT: Maryland Department of Transportation

Source: Governor’s Fiscal 2025 Budget Books

In addition to reimbursable projects, MES also completes projects under contract for various State agencies, local governments, and private clients. While reimbursable projects are approved by BPW, payment agreements for these contractual projects are determined between MES and the contracting entity. Contractual projects completed on behalf of State agencies are shown in **Exhibit 7**. Projects for MPA constituted 43% of State contractual revenue in fiscal 2023, followed by DPSCS at 27%, and SHA at 10%.

**Exhibit 7
Contractual Projects by State Agency
Fiscal 2023**



MDOT: Maryland Department of Transportation

Source: Maryland Environmental Service

- **MPA** projects include the expansion and operation of the Cox Creek and Masonville Dredged Material Containment Facilities (DMCF), Mid-Bay Island and Poplar Island ecosystem restoration projects, Dundalk Marine terminal operations, and management and operation of the Hart-Miller Island DMCF.
- **DPSCS** projects include the operations and maintenance of the ECI cogeneration plant, Maryland Correctional Institute steam plant, Jessup steam plant, and Central Maryland Correctional facility steam plant.
- **SHA** projects include information technology support for the SHA Asset Management program, management and disposal of hazardous waste and wastewater, and technical/data collection support to the SHA Office of Materials Technology.

Personnel Data

	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Working</u>	<u>FY 25</u> <u>Allowance</u>	<u>FY 24-25</u> <u>Change</u>
Regular Positions	802.61	797.78	802.61	4.83
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	802.61	797.78	802.61	4.83

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	40.13	5.00%
Positions and Percentage Vacant as of 1/12/24	34	4.23%
Vacancies Below Turnover	6.13	

Note: As a nonbudgeted business unit of the State, MES is not part of the State Personnel Management System and has independent authority over its personnel.

- MES’s vacancy rate as of January 2024 is 4.23%, well below the State average of 10.3% and slightly under its budgeted rate of 5.00%.
- Additional positions reflected in the fiscal 2025 allowance are not new to the agency and are reflective of an accounting anomaly.

Key Observations

1. MES Completes Capital Projects at Back River WWTP, Receives Reimbursement from Baltimore City

Background

From March through December 2022, MES provided operational support to Back River WWTP, following a March 27, 2022 order from former Maryland Department of Environment (MDE) Secretary Benjamin H. Grumbles. After Baltimore City, the operator of the plant, did not comply with previous orders to halt illegal discharges, MDE ordered MES to operate Back River in compliance with the effluent provisions and to cease all unauthorized discharges. As described in statute, the Secretary of the Environment has the authority to direct MES to operate any wastewater or sewage plant if current operators are noncompliant with previous lawful orders. As required by the order, MES additionally undertook a comprehensive assessment of the plant's operation, staff, and equipment. A report summarizing these findings was posted on the MES website in June 2022.

Back River WWTP is owned and operated by Baltimore City and serves approximately 1.3 million residents within a 140 square mile area of Baltimore City and Baltimore County. As the largest WWTP in the State, it is designed to treat 180 million gallons of wastewater per day. After treatment, about 40% of the effluent is diverted to Sparrows Point for industrial purposes, while the remainder is aerated and diffused into Back River. The order to MES from the Secretary of the Environment followed repeated orders for Baltimore City to cease effluents that were noncompliant with the facility's discharge permit. Specifically, MDE testing demonstrated that the plant was eliminating unacceptable levels of total suspended solids, phosphorus, and total nitrogen.

MES staff reported to the plant beginning in March 2022. Beginning on July 8, 2022, MDE's sampling and progress reports demonstrated that the discharges from the facility were meeting the effluent parameters specified in the order. From July to December, MES focused on construction management, procurement for additional supplies and equipment, and continued maintenance activities, with the goals of maintaining compliance and supplementing Baltimore City's operator shortage. In August, MES leadership announced plans to demobilize the majority of staff assigned to the plant as the number of operators assigned to the project was beginning to stress other MES projects throughout the State. The majority of operators were reassigned to other projects by December 2022.

Reimbursement

As required by the consent decree, Baltimore City reimbursed MES in full for its operational work at the plant, which totaled \$613,847 for personnel, equipment, and other needs. Due to the timing of the work, this reimbursement was split between fiscal 2022 and 2023.

In addition to operational support throughout calendar 2022, MES assisted site operators with equipment procurement, installation, and startup of two major capital projects – repair of two primary clarifiers and the cleaning of two high-rate anaerobic digestors that were out of service. Certain MES staff were onsite in a limited capacity to assist with installation and setup of this equipment until October 2023. For assistance with these capital projects, Baltimore City reimbursed MES \$5.2 million.

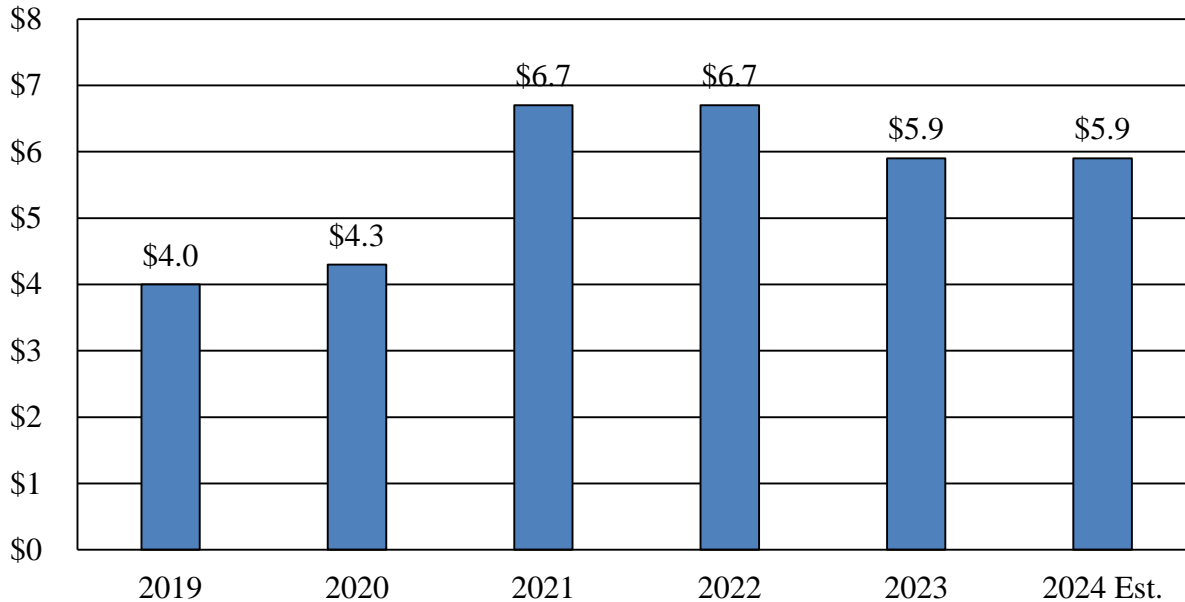
These reimbursements are distinct from the \$4.75 million civil penalty imposed on Baltimore City to settle a lawsuit filed by the Office of the Attorney General on behalf of MDE. The suit against Baltimore City was brought regarding discharge permit violations at both Back River and Patapsco WWTPs. Portions of the settlement will support restoration projects in the watershed, be paid to MDE as penalty, and kept in reserve in the event of further violations at either plant. The settlement, which was announced by the State in November 2023, also includes a consent decree with enforceable actions to enhance transparency and ensure adequate staffing to effectively manage both facilities while maintaining compliance with State law.

2. Annual Funding Statement Reflects Agency Priorities and Project Trends

The 2023 *Joint Chairmen’s Report* (JCR) included committee narrative requesting an MES funding statement including information on MES’s undesignated unrestricted net assets, overhead rate, project reserve fund status, and reimbursable project funding change justifications. The submitted report and prior year information reflect the following.

- ***Undesignated Unrestricted Net Assets:*** MES considers its undesignated unrestricted net assets to be its fund balance, as these monies are not constrained by various imposed stipulations and remain available to cover needed technical upgrades or address emergencies. As shown in **Exhibit 8**, the unrestricted undesignated net position has decreased by \$800,000, to \$5.9 million, beginning in fiscal 2023. This value is calculated using the agency’s yearly change in net position, capital assets, and contingency fund accrual.

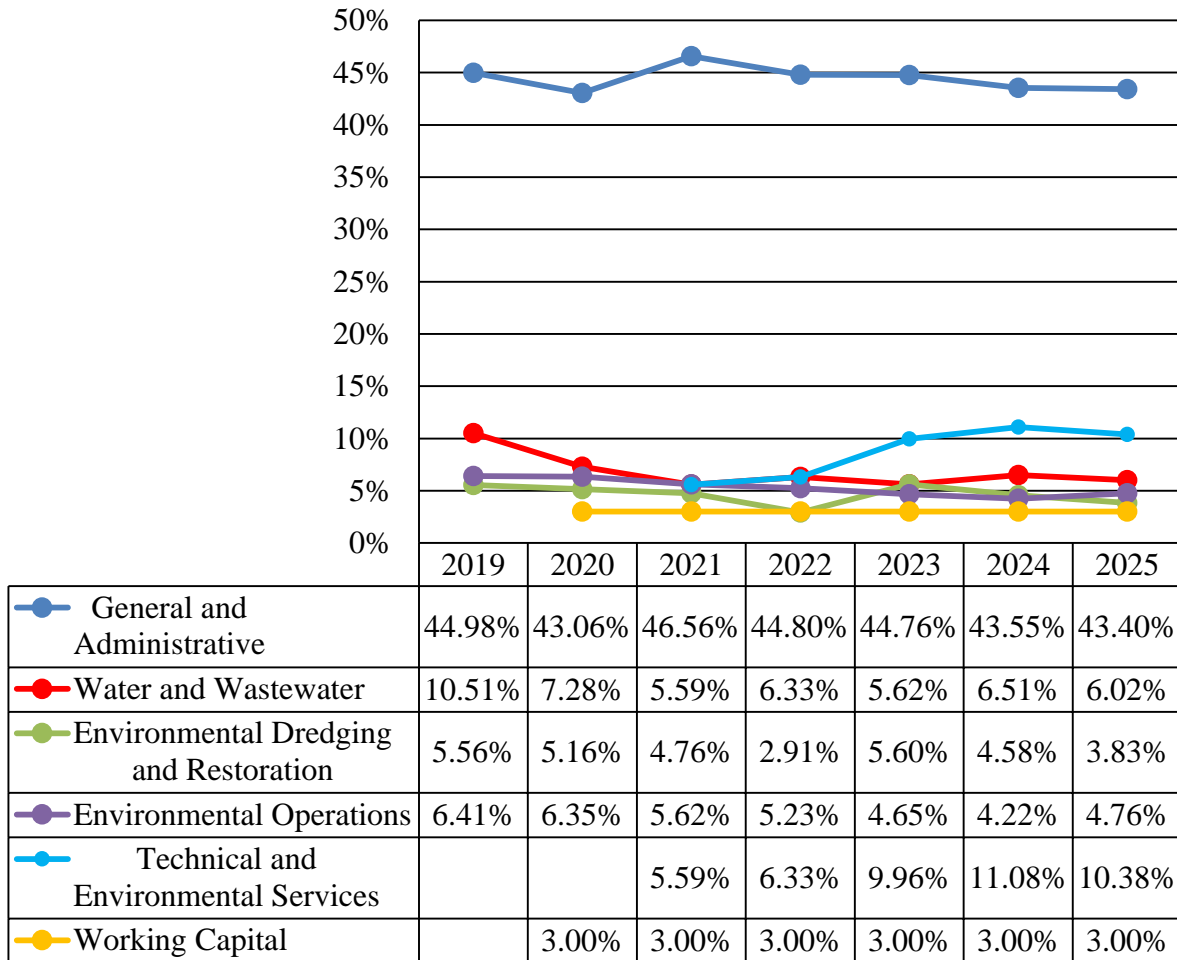
Exhibit 8
Undesignated Unrestricted Net Assets
Fiscal 2019-2024 Est.
(\$ in Millions)



Source: Maryland Environmental Service Annual Funding Statement

- **Overhead Rate:** An informal goal reflected by MES is to reduce the overhead rate – general administrative rate – charged to State agencies and other clients. Overhead rates cover expenses including utilities, communications, certain salaries, and other operational needs. As MES increases their customer base, these rates can be lowered as costs are distributed across more clients. The agency seeks to reduce these rates as much as possible to provide cost savings to the State. As shown in **Exhibit 9**, overhead rates for all project types have remained steady from fiscal 2023 through 2025. Fiscal 2025 overhead rates are calculated based on actual overhead expenses and billable labor in fiscal 2023. **MES should comment on the uniform overhead rates for all clients and should describe if the agency has considered assessing lower overhead rates for State clients.**

**Exhibit 9
Overhead Rates
Fiscal 2019-2025 Unaudited**



Source: Maryland Environmental Service Annual Funding Statement

- Project Reserve Fund Status:** MES has four project reserve funds: the State Reimbursable Project Contingency Fund; the ECI Steam Turbine Contingency Fund; the DNR Project Contingency Fund; and the ECI Energy Upgrade Project Reserve Fund. These funds provide the agency with flexibility to complete projects that may change in scope or cost without necessitating further delay or additional budgetary action. Three of the funds are established in statute, while the ECI Energy Upgrade Project Reserve Fund, which sunsets on July 1, 2024, was established with authorization from the MES board. All retainages and withdrawals to any of the funds must receive prior approval from the Department of

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Budget and Management. As shown in **Exhibit 10**, the agency utilized these project reserve funds by:

- retaining \$205,295 and withdrawing \$1.7 million in the ECI Energy Upgrade Project Reserve fund to complete the natural gas project in fiscal 2023;
- retaining \$478,148 in the State Reimbursable Project Contingency Fund in fiscal 2024 to bring the fund balance to \$1 million, ensuring funds are available to address unexpected project challenges or overruns without additional delays or budget implications; and
- in the ECI Steam Turbine Contingency Fund, withdrawing \$1.2 million to complete overhaul of the first turbine and retaining \$1.2 million to ensure available funding for overhaul of the second turbine in fiscal 2024.

Exhibit 10
Project Reserve Fund Balances
Fiscal 2022-2024

<u>Project Reserve Fund Activity</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
State Reimbursable Project Contingency Fund			
Beginning Balance	\$500,204	\$500,703	\$521,852
Approved Retainage	0	0	478,148
Funds Used	0	0	0
Interest Earned	500	21,149	0
Current Balance	\$500,704	\$521,852	\$1,000,000
ECI Steam Turbine Contingency Fund			
Beginning Balance	\$1,233,446	\$1,234,690	\$1,500,000
Approved Retainage	0	265,310	1,159,148
Funds Used	0	0	-1,215,860
Interest Earned	1,244	0	56,712
Current Balance	\$1,234,690	\$1,500,000	\$1,500,000
DNR Project Contingency Fund			
Beginning Balance	\$3,496	\$3,496	\$3,608
Approved Retainage	0	0	0
Funds Used	0	0	0
Interest Earned	0	112	0
Current Balance	\$3,496	\$3,608	\$3,608

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<u>Project Reserve Fund Activity</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
ECI Energy Upgrade Project Reserve Fund			
Beginning Balance	\$1,659,204	\$1,660,776	\$262,502
Approved Retainage	0	205,295	0
Funds Used	0	-1,659,204	0
Interest Earned	1,572	55,635	0
Current Balance	\$1,660,776	\$262,502	\$262,502

DNR: Department of Natural Resources

ECI: Eastern Correction Institution

Note: Italics denotes an update to previously presented fiscal 2023 data.

Source: Maryland Environmental Service Annual Funding Statement

The Department of Legislative Services (DLS) recommends that committee narrative be adopted requesting that MES continue to provide an MES funding statement, including information on MES’s undesignated unrestricted net assets, overhead rate, project reserve fund status, and justification for reimbursable project funding changes.

Operating Budget Recommended Actions

1. Adopt the following narrative:

Maryland Environmental Service (MES) Funding Statement: The committees request that MES continue to provide a report on the following:

- undesignated unrestricted net assets for fiscal 2024, 2025, and 2026 estimated and an explanation for any changes between each of these years, including revenues credited to and expenditures debited from the net assets;
- overhead rate for fiscal 2024, 2025, and 2026 estimated;
- project reserve fund status by beginning balance, approved retainage, funds withdrawn, and interest earned for fiscal 2024 and 2025 for the State Reimbursable Project Contingency Fund, the Eastern Correctional Institution (ECI) Steam Turbine Contingency Fund, the Department of Natural Resources Project Contingency Fund, the ECI Energy Upgrade Project Reserve Fund, and any other project reserve funds created by MES, including justification for any approved retainage or funds withdrawn in any project reserve fund during fiscal 2024 or 2025; and
- justification for the changes in reimbursable project funding for fiscal 2024, 2025, and 2026 estimated.

The report should be submitted in coordination with the Department of Budget and Management (DBM) with the fiscal 2026 budget submission.

Information Request	Author	Due Date
MES funding statement	MES DBM	Fiscal 2026 budget submission

Updates

- **MES Adopts Official Bylaws, as Recommended by Independent Assessment:** Chapter 72 of 2021 made significant changes to the governance and administration of MES. The Act took effect on July 1, 2021, and all mandated items were completed within the statutory deadlines. The majority of the requirements were completed in calendar 2021, while additional items including the independent assessment of the Board of Directors, misallocated expenses audit, and greenhouse gas reduction report were completed in calendar 2022. On May 25, 2023, the MES board approved the agency bylaws, which was the final outstanding item recommended by the independent assessment. The bylaws took effect on July 1, 2023, and are available on the MES website. As required by the Act, the MES board will undergo an independent assessment every five years. The next assessment will be in 2026.
- **The Office of Legislative Audits (OLA) Notes Repeated Audit Finding Regarding Lack of Formal Project Agreements:** As part of the fiscal compliance report from OLA issued in March 2023, OLA noted that MES did not have formal written agreements for 78 out of 79 reimbursable projects for State agencies as required by a BPW advisory and recommended that MES enter into such written agreements. MES noted that it would endeavor to create such written agreements after the finding appeared in a previous report; however, ensuring compliance with the requirements of Chapter 72 delayed this process. At the time of the latest audit, MES advised OLA that it would execute all agreements by December 2023. Rather than creating individual agreements for each project, MES endeavors to incorporate all 79 projects into 9 written agreements, combining projects to create one agreement per partnering State agency. As of January 2024, 1 of these agreements has been fully executed, 2 are in review with the contracting agency, and the rest are yet to be prepared by MES. The audit yielded one additional finding, as described in **Appendix 2. MES should comment on the decision to consolidate project agreement by agency instead of executing agreements for individual projects, given frequent changes in project scope, timeline, and budgetary needs. MES should also provide an update on the estimated timeline of execution for all formal project agreements to be in compliance with the BPW advisory and OLA recommendation.**

Appendix 1
2023 Joint Chairmen’s Report Responses from Agency

The 2023 JCR requested that MES prepare one report. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***MES Funding Statement:*** The 2023 JCR included committee narrative requesting an MES funding statement. The funding statement was requested to include information on MES’ undesignated unrestricted net assets, overhead rate, project reserve fund status, and reimbursable project funding change justification. Further discussion of this issue can be found in Key Observation 2 of this analysis.

**Appendix 2
Audit Findings**

Audit Period for Last Audit:	March 11, 2019 – March 31, 2022
Issue Date:	March 2023
Number of Findings:	6
Number of Repeat Findings:	1
% of Repeat Findings:	50%
Rating: (if applicable)	n/a

Finding 1: **MES lacked required formal written agreements with State agencies for 78 of the 79 reimbursable projects at State-owned facilities to clarify responsibilities of services it performed.**

MES agreed with the recommendation and noted that they will continue to establish agreements with State agencies to define scopes of work, including descriptions, responsibilities, and services provided. This audit finding is discussed in more detail the Updates section of this analysis.

Finding 2: Redacted cybersecurity-related finding related to risks in MES’s financial management system.

While the finding and agency response were redacted from the report, the audit notes that MES’s response indicated agreement with the finding and recommendation.

*Bold denotes item repeated in full or part from preceding audit report.

**Appendix 3
Object/Fund Difference Report
Maryland Environmental Service**

<u>Object/Fund</u>	<u>FY 23 Actual</u>	<u>FY 24 Working Appropriation</u>	<u>FY 25 Allowance</u>	<u>FY 24 - FY 25 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	802.61	797.78	802.61	4.83	0.6%
Total Positions	802.61	797.78	802.61	4.83	0.6%
Objects					
01 Salaries and Wages	\$ 76,192,407	\$ 74,879,016	\$ 78,360,523	\$ 3,481,507	4.6%
02 Technical and Special Fees	12,854,180	14,548,573	13,882,515	-666,058	-4.6%
03 Communication	500,564	608,912	550,620	-58,292	-9.6%
04 Travel	261,810	369,813	327,263	-42,550	-11.5%
06 Fuel and Utilities	15,467,669	8,139,781	15,931,699	7,791,918	95.7%
07 Motor Vehicles	5,768,954	5,532,396	6,230,470	698,074	12.6%
08 Contractual Services	53,490,290	41,091,062	57,126,853	16,035,791	39.0%
09 Supplies and Materials	12,299,768	10,054,968	13,190,384	3,135,416	31.2%
13 Fixed Charges	2,157,450	4,265,238	1,603,282	-2,661,956	-62.4%
14 Land and Structures	19,751,174	44,691,223	21,726,292	-22,964,931	-51.4%
Total Objects	\$ 198,674,266	\$ 204,180,982	\$ 208,929,901	\$ 4,748,919	2.3%
Funds					
07 Nonbudgeted Fund	\$ 198,674,266	\$ 204,180,982	\$ 208,929,901	\$ 4,748,919	2.3%
Total Funds	\$ 198,674,266	\$ 204,180,982	\$ 208,929,901	\$ 4,748,919	2.3%

Note: The fiscal 2024 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2025 allowance does not include contingent reductions or cost-of-living adjustments.