

City of Baltimore
Maryland



Annual Comprehensive Financial Report
Year Ended June 30, 2021

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City of Baltimore, Maryland

Annual Comprehensive Financial Report

Year Ended June 30, 2021

Prepared by the Department of Finance

Henry J. Raymond

Chief Financial Officer

Bureau of Accounting and Payroll Services

Karen L. Tolley

Bureau Chief





ELECTED OFFICIALS

MAYOR
Brandon M. Scott

PRESIDENT OF THE CITY COUNCIL
Nick Mosby

COMPTROLLER
Bill Henry

BOARD OF ESTIMATES

PRESIDENT
Nick Mosby

MAYOR
Brandon M. Scott

COMPTROLLER
Bill Henry

DIRECTOR OF PUBLIC WORKS
Jason Mitchell

CITY SOLICITOR
James L. Shea

CITY COUNCIL

Nick Mosby, *President*

Sharon Green Middleton, *Vice-President*

FIRST DISTRICT

Zeke Cohen

SECOND DISTRICT

Danielle McCray

THIRD DISTRICT

Ryan Dorsey

FOURTH DISTRICT

Mark Conway

FIFTH DISTRICT

Isaac "Yitzy" Schleifer

SIXTH DISTRICT

Sharon Green Middleton

SEVENTH DISTRICT

James Torrence

EIGHTH DISTRICT

Kristerfer Burnett

NINTH DISTRICT

John. T Bullock

TENTH DISTRICT

Phylcia Porter

ELEVENTH DISTRICT

Eric T. Costello

TWELFTH DISTRICT

Robert Stokes, Sr.

THIRTEENTH DISTRICT

Antonio "Tony" Glover

FOURTEENTH DISTRICT

Odette Ramos

City of Baltimore
Annual Comprehensive Financial Report
Year Ended June 30, 2021

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INTRODUCTORY SECTION



- **Letter of Transmittal**
- **Municipal Organization Chart**
- **Certificate of Achievement – Government Finance Officers Association**

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HENRY J. RAYMOND,
Chief Financial Officer
454 City Hall
Baltimore, Maryland 21202

Brandon M. Scott, Mayor

Honorable President and Members of
The Board of Estimates
City of Baltimore, Maryland

January 27, 2022

In compliance with Article VII, Section 8, of the revised City Charter (November, 1964), submitted herewith is the Annual Comprehensive Financial Report (ACFR) of the City of Baltimore, Maryland, (the City) for the year ended June 30, 2021. The ACFR was prepared by the City's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and changes in financial position of the City; and, that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been provided.

Management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the ACFR.

The City Charter established a Department of Audits under the general supervision of the City Comptroller. The Charter requires the City Auditor to "annually make a general comprehensive public report of the financial position of the City; in the discretion of the Comptroller, such report may be in the form of an opinion on the annual financial statements prepared by the Director of Finance." Additionally, the Board of Estimates awarded a contract to the nationally recognized independent certified public accounting firm, SB & Company, LLC, to perform a joint audit with the City Auditor of the basic financial statements of the City as of and for the year ended June 30, 2021. The audit report is contained herein. The audit was conducted in accordance with auditing standards generally accepted in the United States. On the basis of this examination, the independent public accountants have issued an unmodified opinion that the presentation of the basic financial statements conforms with accounting principles generally accepted in the United States. In conducting the audit, the auditors performed tests of the accounting records and such other procedures as were considered necessary in the circumstances to provide a reasonable basis for this opinion on the financial statements. The auditors also assessed the accounting principles used and significant estimates made by management, as well as evaluated the overall financial statement presentation.

The independent audit of the City's financial statements is part of a broader, federally mandated Uniform Grant Guidance "Single Audit" designed to meet the special needs of Federal grantor agencies. The Single Audit Report will be available as a separate document as of a later date.

This report includes all of the funds that we consider to be part of, controlled by or dependent on the City. Professional judgment must be used to determine whether or not a potential component unit should be included in the reporting entity. Various potential component units were evaluated to determine whether they should be reported in the City's ACFR. Three component units, the Baltimore Industrial Development Authority (blended component unit), the Baltimore City Public School System and the Baltimore Hotel Corporation (discretely presented component units), were considered to be part of the City's reporting entity when it was concluded that the City was financially accountable for these entities. The Housing Authority of Baltimore City and certain other organizations are not considered to be component units and are not included in the City's basic financial statements.

PROFILE OF THE GOVERNMENT

The Mayor and City Council of Baltimore (the City) is a body corporate and politic of the State of Maryland (the State) in which all local governmental functions are performed by the City. The City has had a charter form of government since 1797, home rule powers since 1918, and is governed by an elected Mayor, Comptroller and a City Council. The City has a total area of approximately 92 square miles and population of 585,708 as of 2020. The City is a major deep-water seaport located on the Patapsco River, a tributary of the Chesapeake Bay and is served by Baltimore/Washington International Thurgood Marshall Airport in adjacent Anne Arundel County. The City is almost completely surrounded by Baltimore County, a separate entity, which borders the City on the east, north, west and part of the south. Anne Arundel County adjoins the City on its southern border.

The City provides the full range of municipal services contemplated by statute or charter, which are provided or paid for by the City from Local, State or Federal sources. These services include public safety (police and fire protection), water, wastewater and stormwater utilities, highways and streets, sanitation, health and human services, culture and recreation, education (elementary through high school, provided by a component unit, the Baltimore City Public School System), public improvements, planning and zoning, parking facilities, mortgage loan programs, industrial development, and general and administrative services. The City is also responsible for the adoption and maintenance of building codes, and regulation of licenses and permits, collection of certain taxes and revenues, maintenance of public records and the conduct of elections. These activities are included in the reporting entity. There are no overlapping local governmental entities or taxing jurisdictions. Accordingly, there is no overlapping debt of the City.

Under the Charter, the City's executive functions are vested in the Mayor, the Board of Estimates and an independent Comptroller. The City's legislative functions are vested in the City Council. The Mayor is the chief executive officer of the City. The Mayor is elected for a term of four years and is eligible to succeed him or herself without limitation as to the number of terms. If the Mayor is disabled or absent from the City, the President of the City Council acts as ex-officio Mayor. If the Mayor resigns, is permanently disqualified, or dies in office, the President of the City Council becomes Mayor for the remainder of the term. The Mayor has authority to veto ordinances, has power of appointment of most department heads and municipal officers, serves on the Board of Estimates and appoints two of the other four members of the Board of Estimates.

The Board of Estimates is the highest administrative body of the City. It is composed of the President of the City Council, who serves as President of the Board, the Mayor, the Comptroller, the City Solicitor and the Director of Public Works. The Board of Estimates formulates and determines City fiscal policy with its primary policy tool being the recommended annual Ordinance of Estimates, the City's budget.

Key Budgetary Policies

Balanced Budget: The City Charter requires the operating budget to be balanced. Any difference between non-property tax revenues and total expenditures are to be made up by adjusting the property tax rate or enactment of new revenue measures.

Public Hearings: The Charter mandates that both the Board of Estimates and the City Council conduct public hearings on the proposed budget.

Timely Adoption: The Charter sets forth a schedule requiring the budget to be adopted before the beginning of the fiscal year, July 1.

Budget Amendment: The Charter provides means for adopting supplemental appropriations funded from unanticipated revenues and/or new grants and sources that materialize during the year. The City's policy is to minimize the use of supplemental appropriations. In addition, the Charter allows for and spells out the procedures for amending the budget to transfer appropriations between programs within an agency and between agencies.

Six-Year Capital Plan: Guiding the physical development budget plan of the City is the Charter requirement for a six-year capital improvement plan, the first year comprising the capital budget year. The plan is prepared in conformance with basic capital budgeting policies, which include appropriating funds in the year in which projects are likely to begin, financing a portion of capital improvements from current revenues, and estimating the impact of capital projects on the operating budget.

Budget Monitoring and Execution: Budget analysts maintain ongoing contact with agency fiscal officers in the process of implementation and execution of the budget. Expenditure and revenue projections are developed and reviewed on a

monthly basis. The Mayor, through the Department of Finance, exercises appropriate fiscal management to adjust budget policy, as necessary, to be within the limits of the current adopted plan. The City Council has the practice of reviewing budget performance at mid-year and during the fourth quarter.

Debt Policy: In 1990, the City adopted a formal debt policy which set annual borrowing limits, consolidated all financing arrangements within the Department of Finance, established refunding and refinancing policies, and set limits on key debt management ratios. The objective is to maintain the City's reputation as a locality having a conservative approach to all aspects of debt management, including debt service expenses, debt retirement schedules, and debt capacity ratios. The Debt Policy was last reviewed in July 2017 by an independent financial consultant contracted by the City. After considering the consultant's recommendations, the City plans not to exceed \$80 million in budgeted annual general obligation debt. The Debt Policy is subject to review at least every five years, or at such earlier time as may be recommended by the Director of Finance.

Budget Stabilization Reserve Policy: In November 2008, the City's Board of Estimates approved a budget stabilization reserve policy that established the basis for having a budget stabilization reserve as well as identifying its maintenance level, scope of coverage, circumstances under which funds shall be drawn down from the reserve, and the requirements to replenish the reserve when utilized. The policy stipulates that the reserve serves to provide a budget defense to stabilize a post-adopted budget that has been impacted by an uncorrectable shortfall in revenues and/or an unanticipated and uncorrectable emergency expense. The reserve is the revenue source of last resort to avoid a budget deficit. Under no circumstances is the reserve to be used as a revenue source to balance a planning year budget. The policy further recommends that the reserve shall be maintained on any June 30 at a minimum level of 8% of the value of the general fund operating budget of the subsequent fiscal year.

OTHER FINANCIAL INFORMATION

Retirement Plans

Professional employees of the Baltimore City Public School System, and the Enoch Pratt Free Library, an agency of the City, are members of the State of Maryland Retirement System to which the City is not required to contribute. The City contributes to four retirement plans established for all other City employees and elected officials. The City also contributes to the State of Maryland Retirement System for Sheriff Office employees.

City laws require that contributions to its three funded pension systems be based on actuarial valuations. City contributions to the Unfunded Police Department Retirement Plan (for eligible employees hired prior to January 1, 1947, all of whom are now retired) are not actuarially determined, and these benefits are paid from annual appropriations.

Temporary Investment of Cash Balances

The City, through the Office of the Director of Finance, pursues an aggressive cash management and investment program to achieve maximum financial return on available funds. Depending on cash needs, excess funds are invested on a short, intermediate or long-term basis at the best obtainable rates. Investments are limited generally to direct or indirect obligations of the U.S. government and fully collateralized repurchase agreements. The City utilizes the practice of recording investment income in the period in which it is earned.

Risk Management

The City is self-insured in the area of casualty and property losses, including the uninsured portion of losses to City buildings and contents, vehicles, watercraft, boilers, machinery, workers' compensation and employers' liability, employees' health insurance, third party general liability and automobile liability losses. The Office of Risk Management, within the Department of Finance, administers the fund.

Internal Control

City management is responsible for establishing and maintaining effective internal control over financial reporting. The City has established a comprehensive framework of internal control to provide a reasonable basis for asserting that the financial statements are fairly presented. Because the cost of a control should not exceed the benefits to be derived, the City's objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

ECONOMIC PROFILE AND OUTLOOK

Baltimore City is the historic, business, education and cultural center of Maryland. The City benefits from being in one of the wealthiest states in the nation and is the northern anchor of the Washington-Baltimore-Northern Virginia Combined Statistical Area (CSA.) This CSA is one of the largest, wealthiest and well-educated population centers in the country. The City's economy has traditionally benefited from its location and proximity to a large and diversified workforce. With an excellent highway and rail transportation system, the City is able to access both mid-western and north-eastern markets in support of its international port activity. As of June 2021, about 361,300 or 26.4% of the 1.4 million employed individuals in the Baltimore-Columbia-Towson Metropolitan Statistical Area are working in the City.

The City derives economic strength from the number of jobs in the knowledge-information-based education and information services sectors. The prominence of health care and knowledge-related industries is reflected in the composition of the City's major employers. Among the ten largest non-governmental employers as reported by Maryland Department of Commerce in 2019, six are health care providers and researchers and two are higher education institutions, becoming the primary drivers of steady job absorption for workers from throughout the greater Baltimore area, and increasingly for City residents. Job absorption is the capacity of the City's job market to generate stable employment and retain the City's growing labor force. As of July 2021, jobs in the health and education sectors represent 29.3% of all jobs located in the City, a proportion that is considerably higher than the regional and national totals of 19.4% and 16.1% respectively. The City's labor force had remained stable since 2010 but the disruptions brought about by COVID-19 led to a 3.4% decline from an average of 291,000 since 2010 to 281,000 as of June 2021. Employment of City residents continues to remain below the 2010 average of 262,300, and is down to 255,900, or down 2.4%, through the final three months of Fiscal 2021 as a consequence of COVID-19.

The population trend is often considered the single most important economic factor in the City due to the fact that Baltimore's population peaked at 949,708 in 1950 and has declined to 585,708 in 2020. Since 1970, all but five years have featured population decline, with an average annual drop of 6,300 persons. However, not all decades experienced the same rate of decline. The 1970s featured the greatest declines, approaching 12,000 residents annually, while the decade from 2005 to 2015 recorded three years of population increases. Since 2000, the average annual loss rate has slowed substantially to 2,570 persons, although declines have increased since the civil unrest, averaging 5,400 annually since 2015.

Economic Outlook

The last fourteen months has been one of the most challenging periods in modern history due to the COVID19 pandemic. According to the World Health Organization, more than 228 million people worldwide have been infected with COVID-19 and more than 4.7 million have died of this disease as of September 21, 2021. In the US alone, more than 41.7 million people have been infected and more than 667,000 have died. In addition to the catastrophic health and social impacts of COVID-19, impacts to the economy have been far-reaching. An analysis completed by the University of California, Santa Cruz estimates that the number of small business owners in the US declined by nearly one million from 15 million in February 2020 to 14.1 million in December 2020. In addition, the national unemployment rate fluctuated from 3.3% in February 2020 to 14.7% in April 2020, and to 6.2% in February 2021.

Despite the shocks to the economy experienced as a consequence of COVID-19, there is growing consensus among many economists and economic policy experts that economic recovery will be faster than anticipated. Economic experts have been gradually changing their view of the economy in recent months from ways to ease the contraction to now predicting the timing and magnitude of growth. In the April 2021 World Economic Outlook, the International Monetary Fund (IMF) reported a more optimistic view of the economy than their October 2020 report. Their revised estimates show the global economy growing by 6.0% in 2021 and 4.4% in 2022, 0.8% and 0.2% more than their prior estimates. The IMF also reported that due to the positive impact of the gradual easing of lockdown restrictions, and direct fiscal support to the economy, the global economy experienced only a 3.3% contraction in 2020, which was 1.1% better than originally anticipated. Anecdotally, Mark Zandi, Chief Economist of Moody's Analytics, is confident that the US economy will experience strong GDP growth, 6% to 7%, for the second half of 2021, which will extend into 2022.

Other indicators also show promising signs for a rapid recovery. In August 2020, Moody's Analytics and CNN Business developed an indicator intended to assess and track in real time how the economy responds and behaves compared to pre-pandemic activity, using February 2020 as the base period. The indicator, called Back to Normal Index (BNI), incorporates national government and private information from all industries at the state level. According to this indicator, the US economy is currently operating at 86% of pre-COVID-19 levels, with certain states, such as Florida and Virginia operating at 97% and 94% respectively, while New York and Massachusetts are at 74% and 78% of pre-COVID-19 activity. Maryland is still below the national average at 81%. Finally, consumer confidence has been gradually increasing in recent

months. According to the University of Michigan's Survey of Consumers, the monthly Index of Consumer Sentiment increased 13.1% from 71.8% in April 2020 to 84.9% in March 2021, the highest level since the pandemic started. Despite these signs of optimism, there is still a long road ahead to full recovery, and it will depend on the continuing success of vaccination efforts.

Jobs and Employment

The COVID-19 pandemic has had a significant impact on employment resulting from government regulations promoting social distancing and the closure of businesses to curb the spread of the virus. After a ten-year period of recovery from the Great Recession of 2008, the onset of COVID-19 led to the national unemployment rate jumping to 14.7% on April 2020. This has since fallen to 5.4% as of July 2021 as businesses reopened and some restrictions have been lifted. The City's unemployment rate jumped to 11.6% on April 2020 but has since declined to 8.4% as of June 2021.

The most recent data from the Bureau of Labor Statistics (BLS) indicates that the number of jobs and total employment in the City has rebounded since the start of the COVID-19 pandemic. On July 2021, the BLS reported 361,300 jobs located in the City compared to 349,000 in July 2020, an increase of 3.5%. For calendar year 2020, the BLS reported an average of 357,500 jobs located in the City compared to 362,200 in calendar year 2021, an increase of 1.1%.

In calendar year 2020 an estimated annual average of 261,107 City residents were employed, which declined to 254,170 for the first half of calendar year 2021. The difference between employed residents and jobs in the City during calendar year 2020 reflects a net contribution of approximately 81,830 jobs to surrounding communities.

Retail Activity

Fiscal year 2021 sales tax receipts reported by the State of Maryland for Baltimore City show a decrease of 13.2% compared to the prior year. Sales generated in the City represent 5.3% of the State's total retail sales during fiscal year 2021 or 1.2 percentage points lower than fiscal year 2020. The decrease in this City to State ratio is the result of the adverse effect the COVID-19 pandemic has had on the entire State with the transition to higher volume of online sales, with an even larger impact on the City.

Through the first quarter of calendar year 2021, the vacancy rate for retail space in the City's downtown area is 5.1%, which is slightly higher compared to this period last year's vacancy rate of 4.7%. Although this rate has remained relatively stable there is an enormous amount of uncertainty due to the COVID-19 pandemic, and the limitations on normal activities in retail stores due to the pandemic could potentially shift consumer behavior leading to higher vacancy rates.

Housing

In Fiscal 2021, the real estate market has remained strong despite the COVID-19. Conditions caused by the pandemic have led to changes in consumer preferences, increased savings and lower interest rates which in turn have caused higher demand for housing. This has also had a major impact on house prices. The total residential units sold in the City as reported by the Bright MLS increased by 29.4% in Fiscal 2021 from Fiscal 2020. The average sales price of residential properties sold in the City increased in Fiscal 2021 by \$42,737 or 22.9% compared to Fiscal 2020 to average \$229,213.

In Fiscal 2021, the City processed 26,779 transactions subject to the Recordation and Transfer taxes, representing an estimated increase of 26.9% from Fiscal 2020 (transactions during the months of April through June 2020 were not properly accounted due to restrictions for on-site personnel in City facilities.) It is estimated that 10,432 of the transactions processed in Fiscal 2021 correspond to refinanced properties, representing an increase of more than 6,400 or 164.7% of the refinancing transactions processed between July 2019 and March 2020. Prior the onset of COVID-19, refinancing activity was increasing and this behavior has not changed. It is expected that this trend will continue as historically low interest rates remain.

Port of Baltimore

With the expansion of the Panama Canal in 2016 allowing deeper and wider lanes for larger ships to pass through, Baltimore and other Atlantic coastal ports now receive larger cargo-carriers, often from the Far East, that previously were limited to the Pacific Coast. Indeed, Baltimore is one of only four Eastern U.S. ports with a 50-foot (15.2 meters) shipping channel and a 50-foot container berth, allowing it to accommodate some of the largest container ships in the world.

Due to the continued impact of COVID-19 and disruptions in global supply chains the Port was operating at decreased

general cargo tonnage for the first half of Fiscal 2021 by 0.8% from 2020; however, Port activity recovered during the second half of Fiscal 2021 leading to an increase of 12.0% for a total general cargo tonnage increase of 5.3% to 11.0 million tons in Fiscal 2021. As of July 2021, Port activity has continued to remain strong with double-digit increases compared to July 2020 for autos/light trucks (+28.5%), roll on/roll off farm and construction equipment (+18.9%), forest products (+240.0%).

The Port of Baltimore ranks first among the nation's ports for volume of autos and light trucks, roll on/roll off heavy farm and construction machinery, and imported gypsum. It ranks 11th among major U.S. ports for cargo handled and ninth for total cargo value. The Port is responsible for nearly \$3.3 billion in personal wages and salary and more than \$395 million in State and local tax revenues as per the latest release of the "The Economic Impact Of The Port Of Baltimore in Maryland (2017)".

Tourism and Travel Industries

Since March 2020 and the onset of the COVID-19 pandemic, the tourism and travel industries have continued to experience severe disruptions. To stop the spread of the virus most activities were halted as governmental guidelines were released focusing on protecting the health of the population through promotion of social distancing measures. This led to temporary and permanent business closures, especially in the retail, tourism, and hospitality sectors. These measures were eased during the latter part of Fiscal 2021, with capacity limits lifted and group, social and sports gatherings reinstated, but the industries face an uphill climb to reach pre COVID-19 levels of activity.

Baltimore Convention Center (BCC). In Fiscal 2021, the BCC held no events as it served as a COVID-19 field hospital, testing site and vaccination facility since April 2020. Through its operations as a field hospital during the fiscal year, the BCC generated \$3.5 million in revenues in Fiscal 2021, \$4.9 million or 57.9% lower than the \$8.4 million generated in Fiscal 2020. The facility is expected to continue to operate as a field hospital, testing, and vaccination site through October 1, 2021. Recovery from COVID-19 and the termination of the field hospital contract will allow rebooking of events and enable the BCC to restart operations as a revenue generating facility for the City and as a promoter of economic activity for the surrounding economy.

Hospitality. In March 2020, COVID-19 wreaked havoc on the hospitality industry affecting both room demand and occupancy rate. Hotel activity has been slow to rebound in Fiscal 2021 and occupancy rates have averaged 35.3% during the fiscal year, whereas prior to COVID-19 occupancy rates averaged 61.3%. Available room inventory has gradually increased throughout Fiscal 2021 from 8,672 rooms in July 2020 to 9,936 in June 2021. The initial impact from COVID-19 caused room inventory to decline to 7,159 in June 2020. Although, there has been a gradual increase, inventory is still experiencing an 8.3% decline from the March 2020 level of 10,841. After declining by \$22.4 between Fiscal 2020 and 2021, Average Daily Room rates experienced improvements towards the end of Fiscal 2021, with the Average Daily Rate increasing from \$98.6 through the first three quarters to \$123.8, or an increase of 25.6%, in the fourth quarter of Fiscal 2021.

Baltimore Washington International Thurgood Marshall Airport (BWI.) During calendar year 2019, nearly 27.0 million passengers flew in or out of BWI airport, ranking it as the 22nd busiest airport in the United States. As a result of COVID-19 the travel and airline industry experienced a massive disruption. Passengers at BWI declined a staggering 58.5% during calendar year 2020 to 11.2 million; However, the industry has rebounded in calendar year 2021, and in June 2021 there was over 1.8 million passengers, or a 150.2% increase from the 724,000 in June 2020.

Port of Baltimore. In calendar year 2020, the Port of Baltimore's cruise terminal was closed beginning on March 2020 coinciding with the federal Centers for Disease Control (CDC) putting in place a No Sail Order that began on March 14, 2020. This order expired on October 30, 2020; however, the first cruises set to sail out of the Port of did not resume until late September 2021 for three cruise lines: Carnival, Royal Caribbean, and American Cruise Lines. The Port of Baltimore's ranks sixth in East Coast ports, eleventh in US ports, and twentieth in world ports and it is estimated that cruise-related Port activity generates about \$90 million in business revenue and more than 500 jobs. During 2019, more than the 224,000 passengers sailed out of the Cruise Maryland Terminal.

Commercial Real Estate Development

Segments of the Baltimore City commercial real estate market are currently in flux due to the COVID-19 pandemic. Commercial real estate has experienced several behaviors throughout most of Fiscal 2020 as reflected in their occupancy rates; however, the pandemic has caused many companies to completely shift to working from home, triggering changes in the market that could cause a decline in commercial real estate development throughout the City in the near future.

This shift can be seen by the sudden uptick in office vacancy rates experienced in the first quarter of calendar year 2021. The office market experienced negative overall net absorption of space. The office space in the Downtown had a 10.4% vacancy rate during the first quarter of calendar year 2020, but has increased to 15.8% during the first quarter of 2021, representing the highest office vacancy rate that the City has experienced in the last five years.

Unlike the office market, the vacancy rate for retail spaces continued to hold steady throughout the year. As of the first quarter for calendar year 2021 the Downtown retail vacancy rate was 5.1%, only 0.2 percentage points over the 4.9% of the previous year, and down 0.4 percentage points from the previous quarter's 5.5%, suggesting that COVID-19 has not had a significant impact on the retail market to date.

Although, the City's industrial market has recently experienced negative net absorption, low vacancy rates indicate strong demand within the City. As of the first quarter for calendar year 2021, the citywide industrial vacancy rate was 5.1%, which is a slight decline of 0.1 percentage points over the prior year. The average quarterly vacancy rate for Fiscal 2021 was 5.3%.

FINANCIAL ACCOMPLISHMENTS

Seven years into the current Ten-Year Financial Plan, the City has reduced the baseline deficit through Fiscal 2022 from \$745 million to \$434 million – by 41.7% or \$311 million. Since Fiscal 2013 Baltimore has implemented numerous reforms aimed at achieving long-term fiscal sustainability. Some of these include lowering the effective property tax rate by 8.8%, increasing current revenue (PAYGO) capital spending to \$50 million, and streamlining the workforce by reducing the number of General Fund positions by 2.6%. As a result of strategic reforms, combined pension and OPEB unfunded liabilities shrank from \$3.2 billion in Fiscal 2011 to \$2.7 billion in Fiscal 2018, a reduction of 18.2% or \$600 million.

TEN-YEAR FINANCIAL PLAN

On February 20, 2013, the City released Change to Grow: A Ten-Year Financial Plan for Baltimore. This was the original iteration of the City's Ten-Year Plan, and the first of its kind. The Plan calls for comprehensive reforms to close what was then a projected \$745 million structural budget deficit, increase the City's tax competitiveness, accelerate infrastructure investment, and reduce the City's long-term pension and health care liabilities.

Implementation of the Ten-Year Plan began in Fiscal 2013 with two key initiatives: 20 Cents by 2020 – a program to reduce the effective property tax rate for owner-occupied properties – and health benefit changes for employees that were projected to save the City \$20 million annually.

In Fiscal 2014, the City implemented Ten-Year Plan initiatives to further reduce the fiscal gap, including pension changes for current and future employees, a new schedule for firefighters, a revenue package, a State-mandated stormwater fee, a reduction to the real property tax rate and the discontinuation of retiree pharmacy benefits.

The Fiscal 2015 budget reflected the implementation of more Ten-Year Plan initiatives, including reducing workers' compensation payments, increasing parking revenues, reducing the size of the City's workforce and the City's fleet. In addition to targeted savings initiatives, the City made several investments; these include increasing the contribution to the budget stabilization reserve, increasing PAYGO capital funding, increasing general obligation debt authority, and implementing a new pay schedule for professional employees to help with recruitment and retention.

In the Fiscal 2016 budget, key initiatives included an additional \$9 million PAYGO capital contribution, beyond the \$8 million baseline, and the elimination of 280 General Fund positions. In Fiscal 2016, the City also negotiated a new Memorandum of Understanding with 14 non-profit institutions who will contribute a collective \$6 million annually for ten years beginning in Fiscal 2017.

In Fiscal 2017, the City continued to work towards implementing cost-savings initiatives identified under the Ten-Year Plan. While the initiatives implemented through Fiscal 2016 had a meaningful impact on the original projected shortfall, a significant structural budget gap remained. To continue addressing this long-term challenge, the Fiscal 2017 adopted budget contains further cost-saving investments emphasizing blight elimination, street repaving, recreation center expansion, and information technology upgrades.

In Fiscal 2018 the budget contained additional initiatives to improve the efficiency of government, further reduce the property tax rate for homeowners, make much-needed infrastructure investments, and reduce the City's long-term liabilities. In Fiscal 2018, the City contributed \$9 million beyond the \$8 million baseline in PAYGO capital funding, plus

\$12 million of additional funding for operating and capital projects to comply with the Department of Justice consent decree for Police Department reforms. The Fiscal 2018 budget also transferred 54 positions out of the General Fund.

The Fiscal 2019 budget reflected baseline costs and unforeseen challenges that grew at a faster pace than projected revenue. The adopted budget added 162 General Fund positions including 100 sworn Police Department positions. However, cost-savings relating to personnel were also achieved, as total unfunded liabilities declined. The City also remained committed to the 20 Cents by 2020 program, further reducing the effective property tax rate by 2.6 cents. This budget dedicated \$8.3 million above baseline for a total of \$25.3 million in PAYGO capital funding.

During Fiscal 2019, the City insured its strong fiscal footing by competitively awarding a contract to Ernst and Young (EY) for the Ten-Year Plan refresh, which is expected to provide an assessment of infrastructure requirements, new savings and revenue options, and a comprehensive look at the City's overall tax policy. The City and EY have since worked together designing strategies for further changes to health care benefits, reforms for the Fire and Police pension plans for new hires, launching an employee wellness program, and building reserves to prepare for the next recession. We expect this Ten-Year Financial Plan to continue to serve as a guide for policymakers on how to best keep Baltimore on sustainable financial footing.

HIGHLIGHTS OF THE FISCAL YEAR 2021 ADOPTED BUDGET

The Fiscal 2022 Board of Estimates Recommended Budget Plan reflects the priorities of Mayor Brandon M. Scott. The budget plan maintains core City services, leverages federal aid to respond to the COVID-19 pandemic, and targets new investments to make the City safer, cleaner, and more efficient. The Recommended Plan totals \$4.33 billion, including \$3.84 billion for operating expenses and \$487.6 million for capital investment. The General Fund budget totals \$2.01 billion, a 4.4% increase from the Fiscal 2021 Adopted Budget.

Budget Context

The Fiscal 2022 Recommended Budget Plan was developed in the context of an uncertain economic environment due to the continuing COVID-19 pandemic. In the Fiscal 2021 budget, the City sharply wrote down General Fund revenue sources that are dependent upon visitor business activity, such as parking revenue, Hotel Tax, and Convention Center income. These revenue sources reached historic lows during Fiscal 2021 and the Fiscal 2022 budget includes only a modest recovery to these sources. The City's two primary General Fund revenue sources, Property Tax and Income Tax, have also been negatively impacted by the pandemic. Commercial property assessments for Group 3 grew only 0.9% over the last three years, due to low demand for real estate in the retail, hotel, and restaurant sectors. In addition, the Maryland RELIEF Act, which exempts unemployment benefits from State and local taxes, is likely to negatively affect City income tax in Fiscal 2022.

Federal aid has provided a lifeline for the City and should allow for a robust and continuing response to COVID-19 in Fiscal 2022. The City was awarded \$103.6 million of direct aid from the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020. The remaining \$24.5 million of that aid unspent as of the end of Fiscal 2021 will be budgeted in Fiscal 2022 for continuing expenses such as cleaning costs, personal protective equipment (PPE) purchases, and to support City personnel dedicated to responding to the pandemic. Federal Emergency Management Agency (FEMA) reimbursement is expected for certain eligible programs such as mass vaccination, sheltering, and feeding, which will allow for the continuation of those programs into Fiscal 2022.

American Rescue Plan

Through the State and Local Fiscal Recovery Fund, the American Rescue Plan (ARP) Act of 2021, will provide \$670.3 million to the City of Baltimore to respond to the COVID-19 public health emergency and its negative economic impacts. ARP funding for projects that respond to the public health emergency or its negative economic impacts will be available through an online application process. Funding will be available to support projects for City agencies and organizations external to the City. ARP funds must be fully spent by December 31, 2024.

The City's robust response to the COVID-19 public health emergency has put a strain on resources. ARP funds will be used to support essential front-line employees, shore up the City's financial health, modernize City government, and deliver resources and projects that builds public trust and facilitates neighborhood-level change. The City received its first disbursement of American Rescue Plan Act funds in the spring of 2021. Another disbursement will be received within 1 year from the first disbursement.

The City will reserve some ARP funds to stabilize the City's financial outlook over the next three years. At the urging of many State and local governments, the ARP bill provides more flexibility on using Federal aid to backfill lost revenue. This flexibility means that the City can preserve core services while we plan for a longer-term economic recovery.

Budget Plan

The Fiscal 2022 Recommended Budget Plan is built around the priority areas of Mayor Scott: Prioritizing Our Youth, Building Public Safety, Clean and Healthy Communities, Equitable Neighborhood Development, and Responsible Stewardship of City Resources. Collectively, these investments will begin to rebuild the public's trust in local government to make progress on the key issues facing Baltimore.

Prioritizing Our Youth

The Recommended Budget Plan includes \$487.6 million across all funding sources. Key highlights include:

- Total support for City Schools in Fiscal 2022 is \$360.3 million. City funding supports Maintenance of Effort payments, the 21st Century Schools program, debt service and capital funding for school renovations and upgrades, retiree benefits, school health services, and crossing guards.
- The recommended budget continues to support the Mayor's Office of Children and Family Success with \$22.3 million in funding. The Office oversees the City's Head Start program, the Community Action Partnership (CAP) Centers, and the African-American Male Engagement program.
- The budget includes State funding of \$1 million for YouthWorks and \$3.5 million for the local management board for the Children and Youth Fund. These additional funds are provided by the State's Community Safety and Strengthening Act, which passed the Maryland General Assembly in 2019.

Building Public Safety

The Recommended Budget Plan includes \$1.05 billion across all funding sources. Key highlights include:

- The City will increase its monthly 911 fee by \$0.25 per phone line to support the growing cost of 911 services as part of the Next Generation 911 (NG911) effort. NG911 is a state-of-the-art public safety technology that will improve 911 service through secure call networks, better call routing capabilities, and the integration of call and geo-location data for use by emergency responders.
- The Office of Emergency Management will use \$500,000 of remaining CARES Act funds to purchase additional PPE, such as masks, gloves, disinfectant, and hand sanitizer. The equipment will help to keep both City employees and residents safe during the continuing COVID-19 pandemic.
- The newly-formed Mayor's Office of Neighborhood Safety and Engagement will leverage a private investment of over \$850,000 to kick-start the Group Violence Reduction Strategy (GVRS). The GVRS Strategy is an evidence-based approach designed to curtail violent crime, expand opportunities for high-risk populations, and build better relationships between police officers and the communities they serve.

Clean and Healthy Communities

The Recommended Budget Plan includes \$1.2 billion across all funding sources. Key highlights include:

- The Baltimore City Health Department will manage vaccination sites across the City, including mobile vaccination, to continue the mass vaccination effort underway both locally and nationwide. Fiscal 2022 costs are budgeted at \$10 million through December and are expected to be fully reimbursable with FEMA funds.
- The City will continue to manage an isolation site at the Lord Baltimore Hotel in an effort to control the spread of COVID-19. The Fiscal 2022 budget includes \$7.4 million for this work through December 2021 and will continue as long as FEMA reimbursement is available.

- The Department of Public Works (DPW) will begin distributing recycling cans for every eligible home in Baltimore. The \$8.3 million program will be made possible by a private grant and an interest-free loan, with ongoing maintenance and debt service costs to be paid from the Stormwater Enterprise Fund.
- DPW will also continue supporting a 12-month pilot Sewage Onsite Support (SOS) Cleanup Program (begun in Fiscal 2021) which provides professional cleaning, disinfection, and disposal services through 311. The \$2.5 million program is funded by the Wastewater Utility Fund.
- The City will refund DPW's graffiti removal program which was defunded as a part of the City's Fiscal 2021 savings initiative in response to COVID-19.
- The Department of Housing and Community Development (DHCD) will leverage additional General Funds to enable access of up to \$2 million of State weatherization resources. DHCD expects this funding to facilitate an additional 500 home weatherization projects.

Equitable Neighborhood Development

The Recommended Budget Plan includes \$130.4 million across all funding sources. Key highlights include:

- The Mayor's Office of Children and Family Success will continue a rental relief and eviction prevention program to assist tenants that have fallen behind on payments during COVID-19. The program is supported by \$31.2 million of aid from a variety of federal, State, and local sources from funds awarded in Fiscal 2021.
- The Mayor's Office of Employment Development (MOED) will serve 30,000 residents and continue refining strategies to help residents get living wage jobs, with \$5.8 million in grant funding. A standardized "access points" intake process will launch at career centers, in order to evaluate residents' specific needs and direct them to relevant services.
- The City will provide Visit Baltimore a one-time loan of \$6.7 million to stabilize their budget in the wake of COVID-19. The funds will be used to jump-start a post-COVID tourism recovery strategy, and will be paid back over five years as Hotel Tax revenue recovers.
- The Charm City Circulator will continue operating at current service levels with the support of a Federal Transit Authority grant from the CARES Act. The funds will support ongoing operating costs to combat the loss of dedicated Parking Tax revenues that were the primary source of funding for the Circulator.

Responsible Stewardship of City Resources

The Recommended Budget Plan includes \$220.9 million across all funding sources. Key highlights include:

- The Baltimore City Information and Technology (BCIT) budget includes \$14.5 million for Phase 2 of the Enterprise Resource Planning (ERP) system. The project will replace and integrate the City's core financial, payroll, and human resources systems, with the goal of reducing manual data entry and improving access to real-time financial information within one single platform.
- BCIT will be awarded an Innovation Fund loan of \$200,000 to invest in an automated online messaging system for 311 service requests. The technology, similar to those used by online services and retailers, will provide real-time assistance to customers on frequently asked questions, which will reduce call volume pressure on the 311 Call Center.
- Finance will add one dedicated attorney to lead the new Corporate Tax Compliance Unit, which will examine self-reported taxes that are most susceptible to under-reporting and abuse. One Finance position will also be added to ensure compliance with the audit requirements that have arisen from federal and State COVID-19 funding.
- The Board of Elections will continue to monitor pending State legislation that aims to institutionalize mail-in voting options. The November 2020 election improved voter access and lowered costs; higher mailing and security costs were offset by lower personnel and training costs due to fewer in-person voting sites.

- The capital budget includes \$15 million of one-time resources for the Department of General Services and the Department of Transportation in anticipation of the sale of three City-owned properties. The expected sales are the culmination of an internal workgroup, which has focused on generating real estate value from City assets.

Fiscal Risks

Like many state and local governments, the City's financial outlook has changed dramatically in the wake of the COVID-19 pandemic. The pandemic has directly exposed some new risks in the City's financial profile, for example:

Parking Revenues: Historically, the General Fund has netted approximately \$36 million annually from parking-related revenues such as Parking Tax, garage income, parking meter revenue, and fines and penalties after operating expenses of the Parking Authority of Baltimore City and debt service payments for City-owned garages. Some of this revenue is dependent upon downtown commuters who pay for parking in either City-owned or private garages. If work-from-home options remain available to employees, many of these commuters are unlikely to return to downtown parking garages, which could lead to a permanent reduction in garage income and Parking Tax revenues.

Commercial Real Estate Values: In Fiscal 2022, commercial property assessments grew only 0.9% on a triennial basis, compared to an average of 12.4% over the last five assessment cycles. This stagnant growth is the result of recent write-downs in value for commercial properties that have been especially vulnerable during COVID-19 in the hotel, retail, and restaurant sectors. The Fiscal 2022 assessment was for Group 3 properties, which are in the southern third of the City. Downtown properties, which are most vulnerable to COVID-19 related impacts, are in Group 1 and are due to be re-assessed in Fiscal 2023.

Convention Center Hotel: The City's Convention Center Hotel (Hilton) was financed with \$300 million of tax-exempt bonds in 2006. The repayment of debt was expected to be covered by three revenue sources: hotel operational revenue, the Hotel Tax, and Property Tax revenue generated by the Convention Center Hotel itself. The hotel has been closed during Fiscal 2021 due to COVID-19, resulting in a shortfall of resources required to make debt service payments. Per the original bond agreement, the City is required to divert up to \$7 million of General Fund Hotel Tax revenue to fill the gap if necessary, and the Fiscal 2022 budget includes this full \$7 million requirement. This requirement is likely to remain in the budget until the hotel industry and Convention Center recover, diverting General Fund resources away from other pressing priorities.

In addition to the challenges of recovering from the COVID-19 economic disruption, the City still has some significant fiscal risks that pre-date the pandemic:

Kirwan Education Costs: In 2020, the Maryland General Assembly passed the Blueprint for Maryland's Future legislation, more commonly referred to as Kirwan, which would require additional State and local contributions to school districts. The bill was vetoed by the Governor, but the General Assembly overrode the veto in the 2021 session. The City's new local contribution will begin in Fiscal 2023. Per the fiscal note drafted by the Maryland Department of Legislative Services for fiscal analysis of the bill, the City's contribution to City Schools for operating costs will increase by \$63 million compared to the current law and grow to a \$161.5 million annual increase by Fiscal 2030, totaling nearly \$1 billion in additional City resources over the next decade.

Police Legal Liability: The City is increasingly facing claims for decades-old accusations against the City that led to wrongful imprisonments. The City also has begun to settle claims related to the misconduct from the Gun Trace Task Force (GTTF).

Fire and Police Pension: In May 2019, a judgment was reached in the Baltimore Circuit Court for Baltimore City on the long-standing litigation between the City and Fire and Police employees over pension reforms that were enacted in 2010. The judge upheld the City's modification that extended the years of service required to earn a pension from 20 to 25 years. However, the judge also ruled that the City unfairly withdrew benefits from already-retired employees and that those retirees are entitled to seek damages for lost benefits from the City.

ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellent in Financial Reporting to the City of Baltimore, Maryland, for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020.

To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements.

The preparation of this annual report could not have been accomplished without the efficient and dedicated services of the entire staff of the Bureau of Accounting and Payroll Services of the Department of Finance. We wish to express our appreciation to all members of the Bureau who assisted and contributed to its preparation. We are also grateful to the City's independent public accountants, SB & Company, LLC, and the City Auditor for the professional assistance and advice they provided during the course of their audit. Finally, we would like to thank the members of the Board of Estimates and the City Council for their interest and support in planning and conducting the financial affairs of the City in a responsible and professional manner.

Respectfully submitted,

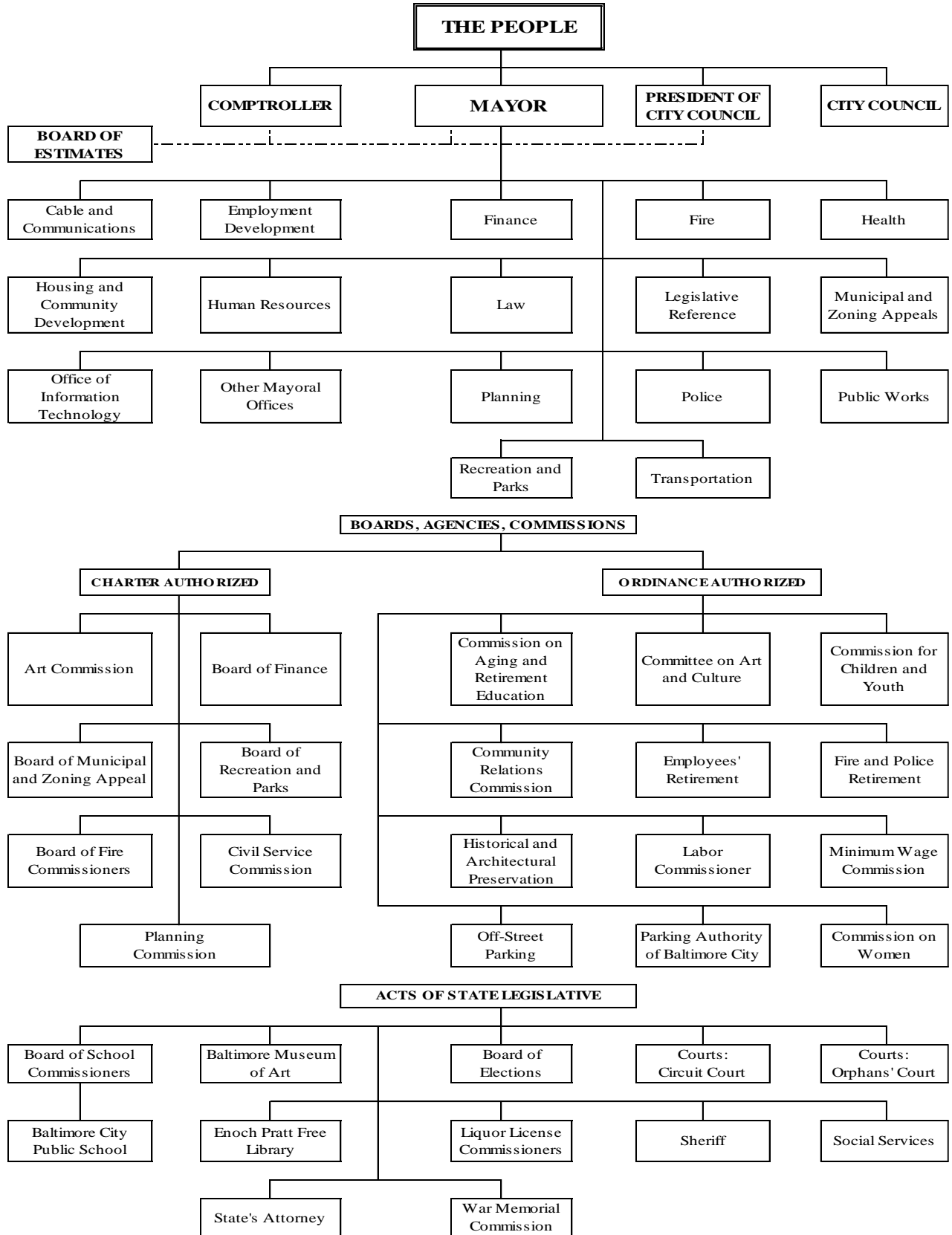


Brandon M. Scott
Mayor



Henry J. Raymond
Chief Financial Officer

MUNICIPAL ORGANIZATION CHART





Government Finance Officers Association

Certificate of
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in Financial
Reporting

Presented to

City of Baltimore
Maryland

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION



- **Report of Independent Public Accountants**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Notes to the Basic Financial Statements**
- **Required Supplementary Information**
- **Combining and Individual Fund Statements and Schedules**

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Mayor, City Council, and Board of Estimates
City of Baltimore, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, combining statement of fiduciary net position – Pension and OPEB Trust Funds, and the combining statement of changes in fiduciary net position – Pension and OPEB Trust Funds of the City of Baltimore, Maryland (the City) as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Employees’ Retirement System, the Elected Officials Retirement System, and the Fire and Police Employees’ Retirement System. These funds represent 87% of the total assets, 86% of the net position, and 87% of the additions of the Pension and OPEB Trust Funds. We also did not audit the Baltimore City Public School System (School System) and Baltimore Hotel Corporation, which are both discretely presented component units. The financial statements of Baltimore City Public School System, Baltimore Hotel Corporation and certain of the Pension and OPEB Trust Funds were audited by other auditors whose reports have been furnished to us. Our opinions, insofar as they relate to the amounts included for the Baltimore City Public School System, Baltimore Hotel Corporation and certain Pension and OPEB Trust Funds are based on the reports of the other auditors except for the matter discussed in “Other Matters” below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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

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



Opinions

In our opinion based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, the combining statement of fiduciary net position- Pension and OPEB Trust Funds, and the combining statement of changes in fiduciary net position- Pension and OPEB Trust Funds of the City, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balance – Budget and Actual- Budgetary Basis – General Fund, Schedule of the City's Proportionate Share of Net Pension Liability: Employees' Retirement System Plan, Schedule of Employer Contributions: Employees Retirement System Plan, Schedule of the City's Proportionate Share of Net Pension Liability: Maryland State Retirement and Pension System – ERPS, Schedule of Employer Contributions: Maryland State Retirement and Pension System-ERPS, Schedule of the City's Proportionate Share of Net Pension Liability: Maryland State Retirement and Pension System – LEOPS, Schedule of Employer Contributions: Maryland State Retirement and Pension System – LEOPS, Schedule of Changes in Net Pension Liability (Assets) and Related Ratios: Fire and Police Employees' Retirement System - Single Employer Plan, Schedule of Changes in Net Pension Liability (Assets) and Related Ratios: Elected Officials' Retirement System - Single Employer Plan; Schedule of Employer Contributions – Single Employer Plans, Schedule of Changes in the Net OPEB Liability and Related Ratios – OPEB Plan; Schedule of the City's Proportionate Share of Net OPEB Liability, Schedule of Employer Contributions – Total OPEB Plan; and Notes to the Required Supplementary Information 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.



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

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

Adjustments to Discretely Presented Component Unit Financial Statements Audited by Other Auditors

As part of our audit of the City's 2021 financial statements, we also audited the adjustments described in Note 20 that were applied to adjust the financial statements of the Baltimore City Public School System (the School System), a discretely presented component unit of the City, as of and for the year ended June 30, 2021, including the restatement of certain 2021 financial statements' beginning balances in the accompanying financial statements. 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 2021 financial statements of the School System other than with respect to the adjustments, and accordingly, we do not express an opinion or any other form of assurance on the 2021 financial statements of the School System as a whole.

Owings Mills, Maryland
January 27, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the City of Baltimore's (City) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$3.5 billion (net position). This amount includes \$806.3 million (restricted net position) and is net of an unrestricted deficit of \$3.4 billion. During the fiscal year, the City's total net position increased by \$315.3 million.

As of June 30, 2021, the City's governmental funds reported combined ending fund balances of \$921.9 million. At the close of the fiscal year, the unassigned fund balance for the general fund was \$152.9 million.

The City's governmental total long term general obligation debt increased by \$138.3 million, during fiscal year 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

Governmental Accounting Standards Board Statement No. 34 requires the utilization of dual focus financial reporting. The purpose of this overview is to provide the reader with an introduction to the City's basic financial statements prepared under these reporting requirements.

The City's basic financial statements comprise three components:

- (1) Government-wide financial statements,
- (2) Fund financial statements, and
- (3) Notes to the basic financial statements.

The report also contains required and other supplementary information including notes to the Required Supplementary Information in addition to the basic financial statements themselves.

Measurement focus refers to what is measured and reported in a fund's operating statement while basis of accounting determines when a transaction or event is recognized in these funds. Under the accrual basis of accounting, most transactions are recorded when they occur, regardless of when cash is received or disbursed. Under the modified accrual basis of accounting, revenues and other financial resources are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized when the fund liability is incurred with certain exceptions.

Financial Report Layout and Structure

The total economic resources focus is intended to determine if a fund is better or worse off economically as a result of events and transactions of the period. This focus utilizes the accrual basis of accounting to record events and transactions that improve (revenues or gains) or diminish (expenses or losses) a fund's economic position. It is the focus used by businesses. Until the advent of GASB 34, this focus was utilized by the public sector only to report on its business (self-supporting) activities.

The current financial resources focus is intended to determine if there are more or less resources that can be spent in the near future as a result of events and transactions of the period. This focus utilizes the modified accrual basis of accounting to record increases (revenues or other financing sources) or decreases (expenditures and other financing uses) in a fund's spendable resources. For most state and local governments, this focus is their legally mandated accounting method and with the incorporation of encumbrances (spending commitments), the one utilized to determine adherence to budgetary requirements.

Layout and Structure of the City of Baltimore Annual Comprehensive Financial Report

A C C F R	Introductory Section				
	Financial Section				
	Management's Discussion and Analysis				
		Government-wide Statements	Fund Statements		
			Governmental Funds	Proprietary Funds	Fiduciary Funds
	View	Broad overview similar to a private sector business	Grouping of related activities used by state and local governments to ensure and demonstrate compliance with finance-related legal requirements		
	TYPES OF FINANCIAL STATEMENTS	Statement of Net Position	Balance Sheet	Statement of Net Position	Statement of Fiduciary Net Position
			Statements of Revenues, Expenditures, and Changes in Fund Balances	Statement of Revenues, Expenses, and Changes in Net Position	Statement of Changes in Fiduciary Net Position
		Statement of Activities		Statement of Cash Flows	
		Full accrual basis for revenues and expenses, includes all assets and liabilities. Economic resource focus	Modified accrual basis for revenues and expenses. Financial resource measurement focus	Full accrual basis for revenues and expenses, includes all assets and liabilities, using an Economic resource focus	Accrual basis-agency funds do not have measurement focus
		Notes to the Basic Financial Statements			
		Required Supplementary Information			
	Combining and Individual Fund Statements and Schedules				
	Statistical Section				

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business. This section contains the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of the City’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as, revenues pertaining to uncollected taxes and expenses pertaining to earned, but unused, vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety and regulation, conservation of health, social services, education, public library, recreation and culture, highway and streets, sanitation and waste removal, public service, economic development, and interest expenses. The business-type activities of the City include water, sewer and stormwater utilities, parking facilities and several other fees supported activities.

The government-wide financial statements include, not only the City itself (known as the primary government), but also the legally separate activities of the Baltimore City Public School System and the Baltimore Hotel Corporation. Summary financial information for these component units are reported separately from the financial information presented for the primary government itself. The Baltimore City Public School System prepared its own financial statements, which are also prepared in conformity with governmental accounting and audited. The Baltimore Hotel Corporation prepared its own financial statements in conformity with not for profit accounting and audited.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts which are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, i.e., most of the City's basic services are reported in governmental funds. These statements, however, focus on: (1) how cash and other financial assets can readily be converted to available resources and (2) the balance left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs. 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 City's near term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several major governmental funds (general, grants revenue, and capital projects). 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 these major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements as presented in supplementary information herein.

Proprietary funds

Proprietary funds are generally used to account for services for which the City charges customers -- either outside customers, or internal units or departments of the City. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service fund are charges for customer services including: water, sewer, stormwater, parking fees, commercial and industrial rents, printing services, vehicle maintenance fees, telecommunication, central post office fees, energy conservation and building maintenance. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary funds provide the same type of information as shown in the government-wide financial statements.

The City maintains the following two types of proprietary funds:

- *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds are used to account for the operation of the City's business-type activities and include water, sewer and stormwater, utilities, and parking facilities, all of which are considered to be major funds of the City, and several other non-major fee supported activities.
- *Internal Service funds* are used to report activities that provide supplies and service for certain City programs and activities. The City uses internal service funds to account for its fleet of vehicles, printing and mail services, telecommunications services, energy conservation and building maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds

Fiduciary funds are used to report net position held in a trust or agency capacity for others. These resources cannot be used to support the City’s own programs and are not reflected in the government-wide financial statements. The City’s fiduciary funds are comprised of pension trust, OPEB trust and custodial funds.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information such as the general fund budgetary basis financial statement, the Retirement System’s changes in net pension liability and investment return ratios, and the City’s progress in funding its other postemployment benefits obligation.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Primary Government)

The City’s financial statements were prepared in conformity with the reporting model required by Governmental Accounting Standards Board Statement Basic Financial Statements – and Management’s Discussion and Analysis (MD&A) – for State and Local Governments. The report includes prior fiscal year results for the purpose of providing comparative information for the MD&A.

CITY OF BALTIMORE
Net Position
For fiscal year 2021 and 2020
 (Expressed in Thousands)

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 1,999,221	\$ 1,732,924	\$ 1,517,800	\$ 1,227,466	\$ 3,517,021	\$ 2,960,390
Capital assets, net	3,178,262	3,236,090	6,012,714	5,815,180	9,190,976	9,051,270
Total assets	5,177,483	4,969,014	7,530,514	7,042,646	12,707,997	12,011,660
Deferred outflows of resources	691,235	532,393	197,256	134,108	888,491	666,501
Total assets and deferred outflows of resources	5,868,718	5,501,407	7,727,770	7,176,754	13,596,488	12,678,161
Long-term liabilities outstanding	1,892,961	1,738,565	2,991,198	2,735,251	4,884,159	4,473,816
Other liabilities	4,151,792	4,198,650	506,652	523,314	4,658,444	4,721,964
Total liabilities	6,044,753	5,937,215	3,497,850	3,258,565	9,542,603	9,195,780
Deferred inflows of resources	470,017	240,300	47,833	21,367	517,850	261,667
Total liabilities and deferred inflows of resources	6,514,770	6,177,515	3,545,683	3,279,932	10,060,453	9,457,447
Net position:						
Net investment in capital assets	2,561,824	2,628,359	3,554,754	3,475,643	6,116,578	6,104,002
Restricted	548,492	533,780	257,759	184,072	806,251	717,852
Unrestricted	(3,756,368)	(3,838,247)	369,574	237,107	(3,386,794)	(3,601,140)
Total net position	\$ (646,052)	\$ (676,108)	\$ 4,182,087	\$ 3,896,822	\$ 3,536,035	\$ 3,220,714

Analysis of Net Position

As noted earlier, net position may serve as a useful indicator of the City’s financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3.5 billion at the close of fiscal year 2021. The City’s net position includes its investment of \$6.1 billion in capital assets (e.g., land, buildings, and equipment); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities. An additional portion of the City’s net position, \$806.3 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit in unrestricted net position of \$3.4 billion.

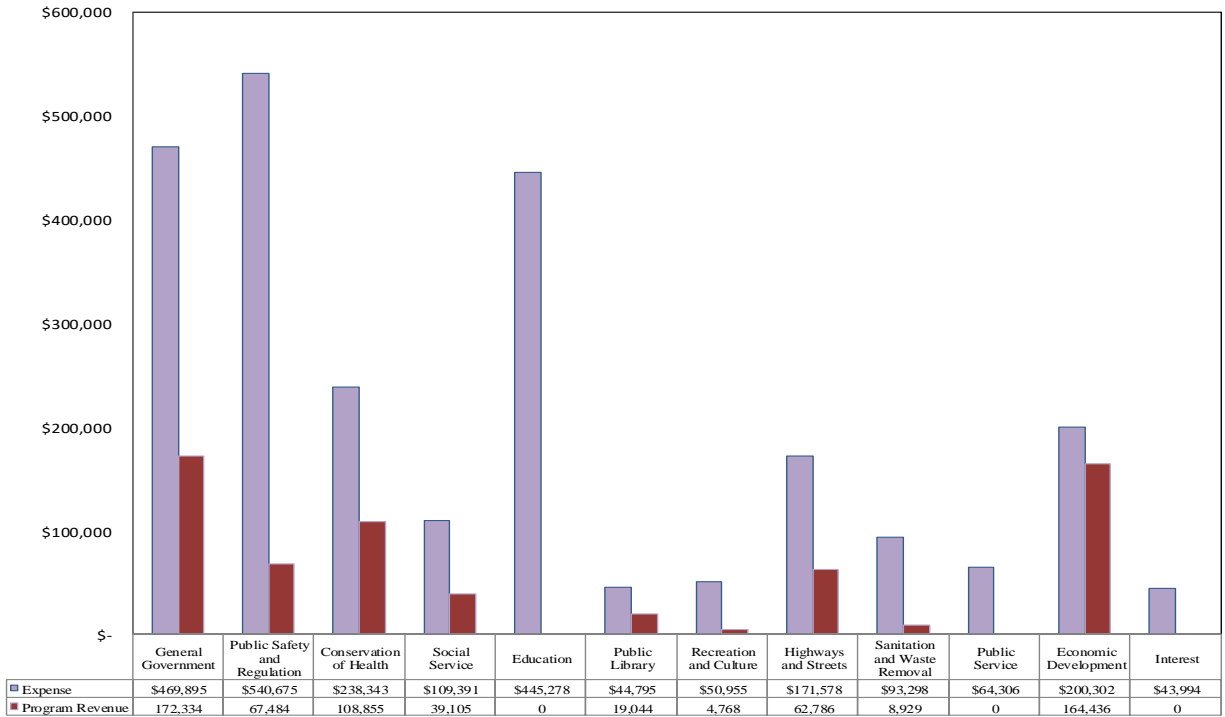
CITY OF BALTIMORE
Changes in Net Position
For the fiscal years 2021 and 2020
(Expressed in Thousands)

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 106,621	\$ 119,799	\$ 640,242	\$ 623,786	\$ 746,863	\$ 743,585
Operating grants and contributions	471,637	378,546			471,637	378,546
Capital grants and contributions	69,483	151,510	195,057	162,602	264,540	314,112
General revenues:						
Property taxes	977,299	882,332			977,299	882,332
Income taxes	410,712	396,540			410,712	396,540
State shared revenue	155,527	163,417			155,527	163,417
Transfer and recordation tax	105,255	78,320			105,255	78,320
Electric and gas tax	42,625	22,954			42,625	22,954
Telecommunications tax	28,731	36,145			28,731	36,145
Admission	1,571	5,939			1,571	5,939
Other	109,229	161,358		9,853	109,229	171,211
Total revenues	2,478,690	2,396,860	835,299	796,241	3,313,989	3,193,101
Expenses:						
General government	469,895	400,893			469,895	400,893
Public safety and regulation	540,675	929,667			540,675	929,667
Conservation of health	238,343	153,361			238,343	153,361
Social services	109,391	96,066			109,391	96,066
Education	445,278	556,361			445,278	556,361
Public library	44,795	43,288			44,795	43,288
Recreation and culture	50,955	70,023			50,955	70,023
Highways and streets	171,578	171,571			171,578	171,571
Sanitation and waste removal	93,298	88,140			93,298	88,140
Public service	64,306	59,833			64,306	59,833
Economic development	200,302	148,659			200,302	148,659
Interest	43,994	57,496			43,994	57,496
Water			193,828	202,211	193,828	202,211
Wastewater			272,330	276,754	272,330	276,754
Stormwater			24,515	27,206	24,515	27,206
Parking			20,808	15,145	20,808	15,145
Nonmajor proprietary			14,377	11,577	14,377	11,577
Total expenses	2,472,810	2,775,358	525,858	532,893	2,998,668	3,308,251
Decrease in net assets before transfer	5,880	(378,498)	309,441	263,348	315,321	(115,150)
Transfer:						
Transfer in (out)	24,176	56,482	(24,176)	(56,482)		
Change in net position	30,056	(322,016)	285,265	206,866	315,321	(115,150)
Net position - beginning, as restated	(676,108)	(354,092)	3,896,822	3,689,956	3,220,714	3,335,864
Net position - ending	\$ (646,052)	\$ (676,108)	\$ 4,182,087	\$ 3,896,822	\$ 3,536,035	\$ 3,220,714

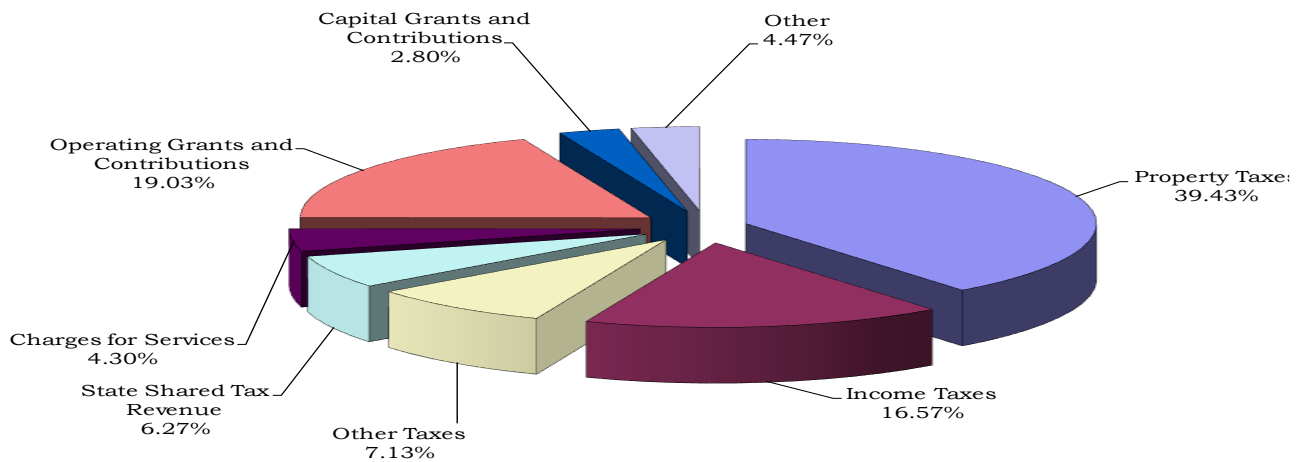
Analysis of Changes in Net Position

The overall increase in the City’s net position amounted to \$315.3 million during fiscal year 2021. This change is explained in the government and business-type activities discussion below.

Expenses and Program Revenues – Governmental Activities (expressed in thousands)



Revenues By Source – Governmental Activities



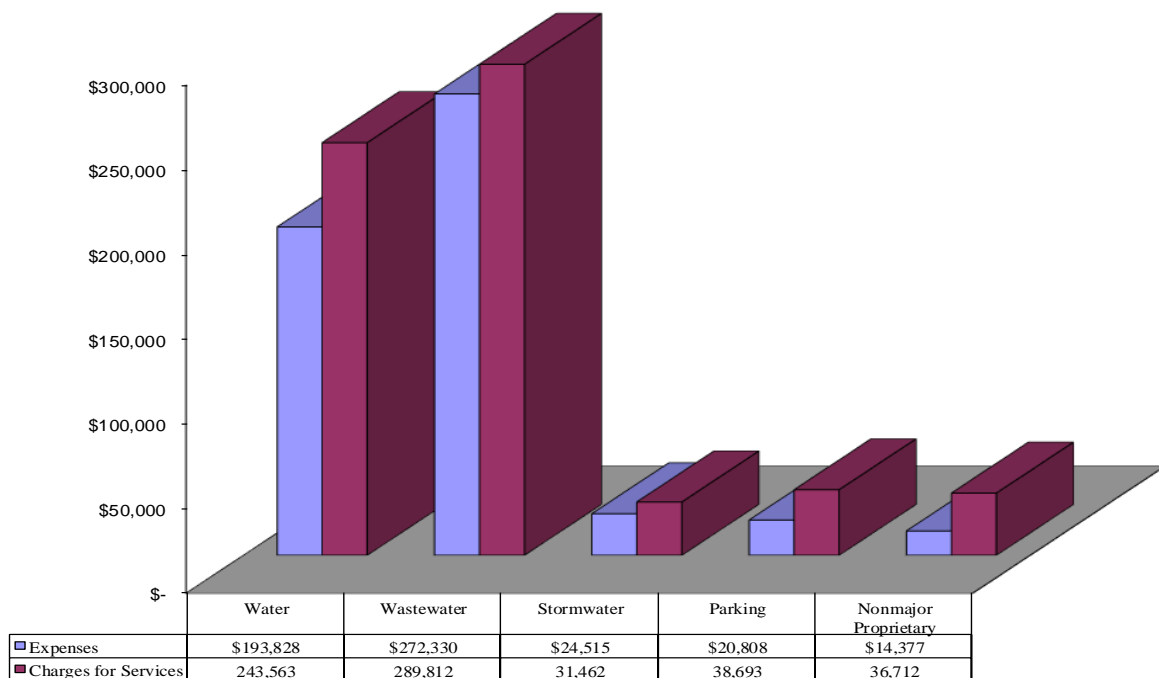
Governmental Activities

During the current fiscal year, expense related to governmental activities amounted to \$2.5 billion; this is less than revenues by \$6 thousand, before transfers in of \$24.2 thousand. Total revenue of \$2.5 billion is comprised of program revenues totaling \$648 million, which is 26.1% of total revenue. Program revenues are the principal source of funding for the City’s general government, health, and economic development activities. Other major activities including public safety and regulation, as well as the highways and streets program, are primarily supported by general revenues. A more detailed analysis of the governmental activities is discussed in the “Financial Analysis of the City’s Funds” section.

During fiscal year 2021, governmental revenues increased by \$81.8 million.

Governmental expenses decreased by \$302.6 million during fiscal year 2021. This decrease is primarily attributable to a \$409.4 million reduction in OPEB expense, offset by higher governmental expenditures. Favorable health premium rates negotiated for retirees caused the reduction in OPEB expense.

Expenses and Program Revenues – Business-type Activities (expressed in thousands)



Business-type Activities

Business-type activities are presented after adjustments to reflect the consolidation of internal service fund activities related to enterprise funds. Charges for services represent the principal revenue source for the City’s business-type activities. During the current fiscal year, revenue from business-type activities totaled \$835.3 million. Expenses for these activities totaled \$525.9 million, income earned of \$309.4 million and net transfer out of \$24.2 million which resulted in an increase in net position of \$285.3 million.

Operating revenues increased by \$46.7 million in fiscal year 2021 in the Water, Wastewater and Stormwater Utility Funds. Capital assets increased by \$197.5 million in the business-type activities primarily as a result of the utilities funds’ effort to build environmentally sound facilities.

The City implemented a new Water and Stormwater billing system during fiscal year 2017. As with all new system implementations, process improvements continue to be developed. At year end, the City estimate billings to account for full year of revenue.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, an unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year. Types of major governmental funds reported by the City include the general fund, grants revenue fund, and capital projects fund. Data from the remaining governmental funds are combined into a single, aggregated presentation as other nonmajor funds.

CITY OF BALTIMORE
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Years 2021 and 2020
(Expressed in Thousands)

	2021	2020	Variance Amount
Revenues:			
General fund:			
Property taxes	\$ 976,886	\$ 950,661	\$ 26,225
Income taxes	410,712	396,540	14,172
Other local - taxes	181,081	143,507	37,574
Total local taxes	<u>1,568,679</u>	<u>1,490,708</u>	<u>77,971</u>
Licenses and permits	31,702	34,042	(2,340)
Interest, rentals, and other investment income	13,834	32,027	(18,193)
Federal grants	85,039	16,719	68,320
State grants	107,204	107,973	(769)
Other	223,344	239,159	(15,815)
Total revenues-general fund	<u>2,029,802</u>	<u>1,920,628</u>	<u>109,174</u>
Other governmental funds:			
Grants revenue fund	268,121	236,726	31,395
Capital projects fund	81,726	167,792	(86,066)
Other funds	56,737	66,619	(9,882)
Total revenues other governmental funds	<u>406,584</u>	<u>471,137</u>	<u>(64,553)</u>
Total revenues all governmental funds	<u>2,436,386</u>	<u>2,391,765</u>	<u>44,621</u>
Expenditures:			
General fund:			
General government	415,463	259,968	155,495
Public safety and regulation	810,793	799,401	11,392
Conservation of health	132,450	37,785	94,665
Social services	65,812	56,519	9,293
Education	304,669	288,912	15,757
Public library	24,794	27,886	(3,092)
Recreation and culture	51,558	51,897	(339)
Highways and streets	107,305	99,702	7,603
Sanitation and waste removal	94,402	81,719	12,683
Public service	51,149	49,689	1,460
Economic development	50,473	63,843	(13,370)
Debt service	102,802	123,596	(20,794)
Total expenditures - general fund	<u>2,211,670</u>	<u>1,940,917</u>	<u>270,753</u>
Other governmental funds:			
Grants revenue fund	293,820	273,949	19,871
Capital projects fund	153,872	258,800	(104,928)
Other funds	56,757	41,958	14,799
Total expenditures other governmental funds	<u>504,449</u>	<u>574,707</u>	<u>(70,258)</u>
Total expenditures all governmental funds	<u>2,716,119</u>	<u>2,515,624</u>	<u>200,495</u>
Excess of expenditures over revenue	<u>(279,733)</u>	<u>(123,859)</u>	<u>(155,874)</u>
Other financing sources:			
Transfers in	55,134	216,848	(161,714)
Transfers out	(30,958)	(158,966)	128,008
Proceeds from bond issuances	137,485	47,209	90,276
Refunding of bonds		(36,720)	36,720
Capital Projects Fund:			
Refunding of obligation bonds	8,224	5,976	2,248
Premium on general obligation bonds	70,440	65,803	4,637
Face value of funding and refunding general obligation bonds	(14,597)	(22,243)	7,646
Total other financing sources	<u>225,728</u>	<u>117,907</u>	<u>107,821</u>
Net changes in fund balances	<u>(54,005)</u>	<u>(5,952)</u>	<u>(48,053)</u>
Fund balances - beginning	975,905	981,857	(5,952)
Fund balances - ending	<u>\$ 921,900</u>	<u>\$ 975,905</u>	<u>\$ (54,005)</u>

Revenues for governmental functions overall totaled approximately \$2.4 billion in the fiscal year ended June 30, 2021, which represents an increase of 1.9% from the fiscal year ended June 30, 2020. Expenditures for governmental functions, totaling \$2.7 billion, increased by approximately 8.0% from the fiscal year ended June 30, 2020. In the fiscal year ended June 30, 2021, expenditures for governmental functions exceeded revenue by \$279.7 million.

The General Fund is the chief operating fund of the City. Revenue in the General Fund increased by \$109.2 million as compared to fiscal year 2020. The total expenditures for the General Fund increased by \$270.8 million, or 14.1%, compared to fiscal year 2020.

At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$152.9 million, while total fund balance was \$768.6 million. The fund balance in the City’s General Fund decreased by \$40.1 million during the fiscal year, which was caused by a financing source of \$141.8 million (primarily bond issuance) offset by expenditures exceeding revenue by \$181.9 million. The Capital Fund has an assigned and restricted fund balance of \$94.0 million, a decrease of \$15.5 million over prior year. This decrease was primarily caused by higher expenditures in the capital fund.

The Grants Revenue Fund is used to account for the spending of various Federal, State, and private grants and special purpose funds. Most of these grants are funded on an expenditure reimbursement basis. Should any portion of the grants receivable be determined uncollectable, the balance may be written off against the General Fund. The Grants Revenue Fund had an assigned fund balance of \$0 million, a decrease of \$0 million over prior year. The General Fund transferred \$25.7 million to the Grants Revenue Fund, of which \$22.5 million was to absorb the overall grant fund deficit and \$3.2 million was related to normal operations.

Proprietary Funds

The City’s business-type activities prior to allocation of internal service fund activities are comprised of the funds listed below. The nonmajor funds include the Conduit Fund.

(Expressed in Thousands)

	Water, Wastewater and Stormwater Utility Funds		Parking Facility Fund		Nonmajor Other Funds	
	2021	2020	2021	2020	2021	2020
Operating revenues	\$ 564,837	\$ 518,103	\$ 38,693	\$ 69,697	\$ 36,712	\$ 35,986
Operating expenses	400,712	446,990	8,941	9,634	13,393	11,812
Operating income (loss)	164,125	71,113	29,752	60,063	23,319	24,174
Non operating revenues (expenses), capital contribution, and transfers	109,568	117,758	(36,043)	(36,043)	(840)	367
Change in net position	\$ 273,693	\$ 188,871	\$ (6,291)	\$ (1,930)	\$ 22,479	\$ 24,541

As discussed in the Business-type activities section, the Water and Wastewater Utilities Fund experienced operating revenue increases in fiscal year 2021. These increases are attributable to rate increases implemented in fiscal year 2021.

General Fund budgetary highlights

CITY OF BALTIMORE
Schedule of Revenues, Expenditures and Encumbrances
and Changes in Fund Balance - Budget and Actual
Budgetary Basis - General Fund
For the Year Ended June 30, 2021

(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with	Variance with
				Original Budget Positive (Negative)	Final Budget Positive (Negative)
Total revenues	\$ 1,878,220	\$ 1,878,220	\$ 2,027,386	\$ 149,166	\$ 149,166
Expenditures and encumbrances:					
General government.....	387,385	420,237	314,231	73,154	106,006
Public safety and regulation.....	816,809	838,562	795,453	21,356	43,109
Conservation of health.....	63,399	110,153	79,434	(16,035)	30,719
Social services.....	3,386	3,386	3,655	(269)	(269)
Education.....	298,724	302,724	304,530	(5,806)	(1,806)
Public library.....	28,620	28,620	22,146	6,474	6,474
Recreation and culture.....	53,659	53,659	48,129	5,530	5,530
Highways and streets.....	147,211	147,211	121,101	26,110	26,110
Sanitation and waste removal.....	89,705	91,936	87,836	1,869	4,100
Public service.....	41,288	50,287	36,866	4,422	13,421
Economic development.....	74,648	78,948	69,985	4,663	8,963
Total expenditures and encumbrances.....	2,004,834	2,125,723	1,883,366	\$ 121,468	\$ 242,357
Excess (deficiency) of revenue over expenditures and encumbrances.....	(126,614)	(247,503)	144,020		
Other Financing uses:					
Transfers in.....	22,282	22,282	27,310		
Transfers out.....	(100,482)	(100,482)	(23,035)		
Total other financing uses.....	(78,200)	(78,200)	4,275		
Net changes in fund balances.....	(204,814)	(325,703)	148,295		
Fund balances --- beginning	981,729	981,729	981,729		
Fund balances --- ending.....	\$ 776,915	\$ 656,026	\$ 1,130,024		

The City's final budget differs from the original budget in that it contains carry-forward appropriations for various programs and projects, and supplemental appropriations approved after adoption, and during the fiscal year. During fiscal year 2021, supplemental appropriations totaling \$178.7 million were approved for the general fund, all of which were approved from prior year surplus or from unexpected increases in revenues sources. Actual expenditures for the year were less than the original budget by \$121.5 million, but were \$242.4 million lower than adjusted appropriations. This amount was primarily related to the governmental activities: lower than budgeted costs for general government operations amounted to \$106.0 million; lower than budgeted costs for public safety and regulation amounted to \$43.1 million; lower than budgeted costs for conservation of health to \$30.7 million; lower than budgeted costs for highways and streets to \$26.1 million; lower than budgeted costs for public service amounted to \$13.4 million; and lower than budgeted costs for economic development amounted to \$9.0 million

On a budgetary basis, revenues for fiscal year 2021 totaled \$2.0 billion and expenditures and transfers totaled \$1.9 billion. The excess of expenditures and transfers over revenues resulted in a budgetary basis fund balance at June 30, 2021 of \$1,130 billion, an increase of \$148.3 million.

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2021, amounted to \$9.2 billion (net of accumulated depreciation). Capital assets include land, buildings and improvements, machinery and equipment, park facilities, roads, streets, bridges, and library books. The total increase in the City's net capital assets for the current fiscal year was increase 1.54% (-1.79% decrease for governmental activities and a 3.4% increase for business-type activities) as shown in the table below.

Capital Assets, Net of Depreciation For the Fiscal Years 2021 and 2020 (Expressed in Thousands)

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Land and other	\$ 362,320	\$ 369,916	\$ 36,920	\$ 36,920	\$ 399,240	\$ 406,836
Building and improvements	953,374	958,293	3,539,113	2,572,727	4,492,487	3,531,020
Equipment	102,181	127,364	162,344	170,895	264,525	298,259
Infrastructure	1,462,952	1,531,784	1,740,989	1,661,082	3,203,941	3,192,866
Library books	14,255	15,852			14,255	15,852
Construction in progress	283,180	232,881	533,348	1,373,556	816,528	1,606,437
Total	\$ 3,178,262	\$ 3,236,090	\$ 6,012,714	\$ 5,815,180	\$ 9,190,976	\$ 9,051,270

See note number 5 on capital assets.

Debt Administration

As of June 30, 2021, the City had total long-term obligations outstanding of \$4.4 billion. Of this amount, \$596.2 million was general obligation bonds backed by the full faith and credit of the City, \$344.3 million was revenue bonds for governmental activity at the Convention Center, the Convention Center Hotel, and transportation bonds, and \$2.8 billion was revenue bonds related to commercial business activity. The remainder includes revenue bonds and other obligations of City business and governmental activities.

During fiscal year 2021, the City sold \$837.4 million in revenue bonds.

The ratio of net general obligation bonded debt to taxable valuation and the amount of bonded debt per capita are useful indicators of the City's debt position for management, citizens, and investors. A comparison of these indicators follows:

	FY 2021	FY 2020
Net general bonded debt (expressed in thousands)	\$ 599,984	\$ 484,187
Ratio of net general bonded debt to net assessed value	1.37%	1.13%

See note number 7 on long-term obligations.

As of June 30, 2021, the City had \$600.0 million in authorized, outstanding property tax-supported general obligation bonds. There are an additional \$467.1 million in bonds that are authorized, but unissued.

Economic Factors and Next Year's Budget and Rates

The fiscal year 2022 budget submitted by the Board of Estimates to the Baltimore City Council proposed total appropriations of \$4,331,049,000 of which \$1,992,751,000 were for General Fund operations and Pay-As-You-Go (PAYGO) capital. The City Council, after deliberations pursuant to Charter requirements and powers, made no reductions to the total General Fund or other fund appropriations. The property tax rates on real property and personal property remained at \$2.248 and \$5.62 per \$100 of assessed valuation, respectively. The locally imposed and State mandated income tax rate was 3.2%. The Ordinance of Estimates was adopted by the City Council and signed by the Mayor on June 9, 2021.

Fiscal 2021 Budget – Economic Factors

Fiscal 2021 experienced one of the most challenging periods in modern history. The World economy paused, rearranged and has been gradually reactivating itself since the onset of COVID-19. Even though there is some consensus for a faster than anticipated economic recovery, the economy is still at partial motion with many industries experiencing disruptions that may take many years to reach pre-COVID-19 levels.

In review of the major economic, social and operational events that affected the Fiscal 2021 Budget, the following are the major areas that were positively or negatively impacted during the last year, and how they will influence the financial future of the City.

Remote Communication

One of the most notorious changes that the economy and society in general experienced as a consequence of COVID-19 was the unexpected and probably accelerated transition to remote social iterations and teleworking. It is still unclear if this form of operations will continue in its current form on the long-term, but it has certainly changed the perception and dynamics of socialization and workplace environment moving forward. According to the Bureau of Labor Statistics, 31.0% of the establishments offered teleworking, which in both ends helped employers to continue operations and employees to retain jobs. Teleworking and remote communication not only enabled the continuity of the economy in a unique form, but also allowed the education, health and other service based systems and related industries to continue operations.

Federal Aid

The inflow of federal assistance to the economy during the last year played an important role in offsetting the adverse effects of the pandemic, and prevented the economy from falling into a deeper slowdown. The details of the three federal aid programs (Coronavirus Aid, Relief, and Economic Security Act (CARES), Consolidated Appropriations Act and the American Rescue Plan (ARP)) is discussed in detail in other section of this publication.

Residential Real Estate

In Fiscal 2021, the real estate market has remained strong despite the COVID-19. Conditions caused by the pandemic have led to changes in consumer preferences which combined with lower interest rates have caused higher demand for housing. This has also had a major impact on house prices. The total residential units sold in the City as reported by the Bright MLS increased by 29.4% in Fiscal 2021 from Fiscal 2020. The average sales price of residential properties sold in the City increased in Fiscal 2021 by \$42,737 or 22.9% compared to Fiscal 2020 to average \$229,213.

The favorable conditions in the City's residential real estate market are also shown in the collection of key revenue sources. The average yield per transaction subject to transfer taxes was 17.4% higher than the same period last year, which explains the \$52.9 million in transfer taxes collected in Fiscal 2021, \$12.5 million or 30.9% higher than Fiscal 2020. Similarly, with the continued help of low interest rates, transactions subject to recordation tax reached in Fiscal 2021 another record level with 29,779 transactions processed, generating \$44.5 million in revenues, \$7.2 million or 19.3% higher than last year. It is uncertain if this pace of activity will continue. But it will help to offset some of the weakness on the commercial side of the market.

Retail Sales in the City

The City's economic activity as measured by the value and amount of sales generated in the City has been impacted because of changing consumer behavior during COVID-19. In Fiscal 2021, the City placed as the sixth largest county in generation of the Maryland Sales and Use tax with 5.3% of the States total; however, its participation has declined by 1.2 percentage points from 6.5% in Fiscal 2020.

Employment

The City's labor market experienced instability during the last year due to COVID-19. Prior to the pandemic, the City registered the lowest unemployment rate since 1990 at 4.4% in the last quarter of 2019 and 4.8% during the first quarter of 2020. However, as social distancing, lockdown, and travel restrictions were implemented many of the jobs in the service sectors, and those that were not able to be retained by teleworking alternatives, were drastically reduced. Between the first and second quarter of 2020, the total number of jobs located in the City were reduced by 4.7%, which is equivalent to more than 17,600 positions. The vast majority of these jobs, 57.6% or more than 10,200 positions, corresponded to jobs in the

Leisure and Hospitality sector. Between these two quarters, jobs occupied by City residents declined by more than 28,300 or 10.2%, while the number of unemployed residents increased by 121.3% from 14,113 in the first quarter to 31,237 unemployed residents in the second quarter of 2020 for an increase in the unemployment rate from 4.8% to 11.2%.

Tourism and Hospitality

The sectors most severely impacted by the pandemic are the tourism and hospitality sectors. Many travel and recreational activities were paused since the beginning of the pandemic. As of February 2021, the BWI Airport reported a reduction of 62.9% or 8.5 million fewer visitor compared to last year. The City's Convention Center facility stopped hosting events and it was converted to a site hospital. Professional sports were temporarily suspended, but when reopened accepted very few fans for games. Admission to art venues and life entertainment were prohibited and many hotels in the City were closed to the public or used as preventive and treatment care accommodations for COVID-19 patients. The inventory of taxable hotel rooms was reduced by 17.3% from the annual average of 10,717 to 8,862 rooms as of January 2020 and 2021 respectively. Additionally, prior the pandemic, the City was averaging an annual 64.2% occupancy rate which has been reduced to 28.4% since March 2020.

Risks

Even with the optimistic momentum building up for economic recovery, there are two major areas of risks for the City's sustainable financial health: commercial real estate and parking related activities.

Commercial Real Estate

Commercial properties represent 37.1% of the City's property tax base, and accounts for than \$347 million in annual real property tax revenues. As a result of COVID-19, many companies implemented work from home policies while many retailers were forced to temporarily or permanently close doors, vacating an important inventory of office and retail space throughout the City, but especially in the Downtown area where real estate is predominantly leased. According to Newmark Research, the City's office market registered a 14.2% vacancy rate in office space during the first quarter of Fiscal 2021, 1.2% higher than the first quarter of 2020. The reduced need for working space has caused leases to be prematurely terminated, not renewed or discounted, which directly impacted the rental income of commercial real estate owners.

There are two direct threats to City tax revenues from commercial real estate: First, it could take up to three consecutive years for the City to realize continued reassessment declines as a result of income losses that commercial real estate owners experienced in 2020 and 2021. Second, even if the economy is fully reactivated, the need for leased working space may never reach back to pre-pandemic levels as businesses and workers may have achieved desired productivity levels at lower mutual costs with continued work from home strategies.

Parking Related Activities

The shutdown of the lodging and hospitality sectors, as well as restrictions on social and recreational activities, led to less demand for general parking.

Prior to the pandemic, the City was already experiencing a negative trend on most of its parking related revenue sources such as parking tax, garage income, parking fines and metered parking. This reduction responded to the growing availability of alternative ways of transportation that required no need for parking. All these revenue sources were further reduced at the arrival of COVID-19.

Even though the expectation is that demand for parking will eventually mimic the recovery path of the economy, the active risk is that an important portion of this demand will never come back. This scenario would especially play out from all individuals and businesses that may continue operating under work from home practices and will revenues related to contracted parking.

Request for information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Director of Finance at the following address:

Room 469, City Hall
100 N. Holliday Street
Baltimore, Maryland 21202

CITY OF BALTIMORE
Statement of Net Position
June 30, 2021
(Expressed in Thousands)

	Primary Government			Component Units	
	Governmental	Business-type	Total	Baltimore City	Baltimore
	Activities	Activities		Public School	Hotel
Assets and deferred outflows of resources:					
Assets:					
Cash and cash equivalents	\$ 871,249	\$ 869,781	\$ 1,741,030	\$ 255,030	\$ 1,824
Investments	499,137		499,137	254,757	26,406
Property taxes receivable, net	15,993		15,993		
Service receivable, net		188,051	188,051		
Other receivables, net	90,076	1,472	91,548	2,258	503
Due from other governments	136,071	482,645	618,716	112,371	
Internal balances	46,643	(46,643)		34,334	
Due from primary government					279
Inventories, at cost	9,627	10,133	19,760	1,661	81
Notes and mortgages receivable, net	263,278	12,361	275,639		
Other assets	59,201		59,201	367	2,967
Net pension asset	7,946		7,946		
Capital assets being depreciated, net of accumulated depreciation	2,532,762	5,442,446	7,975,208	1,071,775	171,163
Capital assets not being depreciated	645,500	570,268	1,215,768	194,194	
Total assets	5,177,483	7,530,514	12,707,997	1,926,747	203,223
Deferred outflow of resources:					
Deferred amortization on early extinguishment of debt		117,735	117,735		
Deferred loss on bond refunding	3,932	12,814	16,746		
Deferred outflows related to pension	530,742	40,266	571,008	45,883	
Deferred outflows related to OPEB	156,082	16,558	172,640	47,488	
Interest rate swaps	479	9,883	10,362		
Total deferred outflows of resources	691,235	197,256	888,491	93,371	
Total assets and deferred outflows of resources	5,868,718	7,727,770	13,596,488	2,020,118	203,223
Liabilities and deferred inflows of resources:					
Liabilities:					
Accounts payable and accrued liabilities	368,997	179,521	548,518	256,992	6,559
Accrued interest payable	12,023	44,599	56,622		4,378
Unearned revenue	409,096		409,096	4,322	1,893
Notes payable					287,330
Due to other governments		9,058	9,058		
Deposits subject to refund	35,444		35,444		4,407
Estimated claims in progress:					
Due within one year	91,462		91,462		
Due in more than one year	309,556		309,556		
Revenue bond payable, net:					
Due within one year	16,350	86,749	103,099		
Due in more than one year	339,372	2,951,854	3,291,226		
Derivative instrument liability	475	24,919	25,394		
Long term debt payable:					
Due within one year	61,755	514	62,269	13,373	
Due in more than one year	948,982	3,281	952,263	37,743	
Capital leases payable:					
Due within one year	27,549	117	27,666	2,841	
Due in more than one year	122,232	320	122,552		
Compensated absences:					
Due within one year	42,846	5,288	48,134	6,969	
Due in more than one year	144,179	10,824	155,003	56,382	
Landfill closure due in more than one year	28,165		28,165		
Other liabilities due in more than one year:					
Net pension liability	2,019,905	144,738	2,164,643	152,519	
Net OPEB liability	496,801	31,068	527,869	16,384	
Other liabilities	569,564	5,000	574,564	62,657	
Total liabilities	6,044,753	3,497,850	9,542,603	610,182	304,567
Deferred inflows of resources:					
Deferred inflows related to pension	17,759		17,759	4,229	
Deferred inflows related to OPEB	399,660	47,833	447,493	167,839	
Deferred inflow for service concession arrangement	52,598		52,598		
Total deferred inflows of resources	470,017	47,833	517,850	172,068	
Total liabilities and deferred inflows of resources	6,514,770	3,545,683	10,060,453	782,250	304,567
Net position:					
Net investment in capital assets	2,561,824	3,554,754	6,116,578	1,212,012	
Restricted for:					
Construction	7,558		7,558	64,500	
Debt service, sanitation, and capital leases	500,618	257,759	758,377		
Perpetual care:					
Expendable	11,615		11,615		
Nonexpendable	28,701		28,701		
Unrestricted (deficits)	(3,756,368)	369,574	(3,386,794)	(38,644)	14,823
Total net position	\$ (646,052)	\$ 4,182,087	\$ 3,536,035	\$ 1,237,868	\$ (101,344)

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

CITY OF BALTIMORE
Statement of Activities
For the Year Ended June 30, 2021
(Expressed In Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units		
					Governmental Activities	Business-type Activities	Total	Baltimore City Public School System	Baltimore Hotel Corporation
Primary Government:									
Governmental activities:									
General government	\$ 469,895	\$ 39,239	\$ 133,095		\$ (297,561)		\$ (297,561)		
Public safety and regulation	540,675	43,627	23,857		(473,191)		(473,191)		
Conservation of health	238,343	1,743	107,112		(129,488)		(129,488)		
Social services	109,391		39,105		(70,286)		(70,286)		
Education	445,278				(445,278)		(445,278)		
Public library	44,795		18,423	\$ 621	(25,751)		(25,751)		
Recreation and culture	50,955	17	3,979	772	(46,187)		(46,187)		
Highways and streets	171,578	293		62,493	(108,792)		(108,792)		
Sanitation and waste removal	93,298	8,929			(84,369)		(84,369)		
Public service	64,306				(64,306)		(64,306)		
Economic development	200,302	12,773	146,066	5,597	(35,866)		(35,866)		
Interest	43,994				(43,994)		(43,994)		
Total governmental activities	2,472,810	106,621	471,637	69,483	(1,825,069)		(1,825,069)		
Business-type activities:									
Water	193,828	243,563		107,183		\$ 156,918	156,918		
Wastewater	272,330	289,812		82,666		100,148	100,148		
Stormwater	24,515	31,462		5,208		12,155	12,155		
Parking	20,808	38,693				17,885	17,885		
Nonmajor proprietary	14,377	36,712				22,335	22,335		
Total business-type activities	525,858	640,242		195,057		309,441	309,441		
Total primary government	\$ 2,998,668	\$ 746,863	\$ 471,637	\$ 264,540	(1,825,069)	309,441	(1,515,628)		
Component units:									
Baltimore City Public School System	\$ 1,420,240		\$ 271,112	\$ 58,945				\$ (1,090,183)	
Baltimore Hotel Corporation	40,852	20,340							\$ (20,512)
General revenues:									
Property taxes					977,299		977,299		
Income taxes					410,712		410,712		
Transfer and recordation tax					105,255		105,255		
Electric and gas tax					42,625		42,625		
Telecommunications tax					28,731		28,731		
Admission tax					1,571		1,571		
Other local taxes					31,736		31,736		
State shared tax revenues					155,527		155,527		
State, federal, and city grants								1,207,922	
Unrestricted investment income					16,598		16,598		127
Miscellaneous					60,895		60,895		27
Transfers					24,176	(24,176)		134,829	
Total general revenues and transfers					1,855,125	(24,176)	1,830,949	1,342,778	127
Changes in net position					30,056	285,265	315,321	252,595	(20,385)
Net position -- beginning, as restated					(676,108)	3,896,822	3,220,714	985,273	(80,959)
Net position -- ending					\$ (646,052)	\$ 4,182,087	\$ 3,536,035	\$ 1,237,868	\$ (101,344)

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

CITY OF BALTIMORE
Balance Sheet
Governmental Funds
June 30, 2021
(Expressed In Thousands)

	General Fund	Grants Revenue Fund	Capital Projects Fund	Nonmajor Funds	Total
Assets:					
Cash and cash equivalents	\$ 320,162	\$ 332,139	\$ 92,210	\$ 43,726	\$ 788,237
Investments	473,658		14,065	11,414	499,137
Property taxes receivable, net	15,993				15,993
Other receivables, net	89,078			998	90,076
Due from other governments	106,549	12,502	11,126	5,894	136,071
Due from other funds	49,277	12,485	1,585		63,347
Notes and mortgages receivable, net	263,278				263,278
Inventories, at cost	1,479				1,479
Other assets	28,908				28,908
Total assets	<u>\$ 1,348,382</u>	<u>\$ 357,126</u>	<u>\$ 118,986</u>	<u>\$ 62,032</u>	<u>\$ 1,886,526</u>
Liabilities, deferred inflows of resources and fund balances (deficits):					
Liabilities :					
Accounts payable and accrued liabilities	\$ 303,657	\$ 27,290	\$ 11,828	\$ 2,678	\$ 345,453
Retainages payable			13,194		13,194
Estimated liability for claims in progress	91,462				91,462
Due to other funds	14,072				14,072
Deposits subject to refund	35,444				35,444
Unearned revenue	79,260	329,836			409,096
Total liabilities	<u>523,895</u>	<u>357,126</u>	<u>25,022</u>	<u>2,678</u>	<u>908,721</u>
Deferred inflows of resources:					
Unavailable property taxes	14,689				14,689
Unavailable income taxes and other	41,216				41,216
Total deferred inflows of resources	<u>55,905</u>				<u>55,905</u>
Total liabilities and deferred inflows of resources	<u>579,800</u>	<u>357,126</u>	<u>25,022</u>	<u>2,678</u>	<u>964,626</u>
Fund balances:					
Nonspendable	2,051				2,051
Restricted	433,047		7,558	40,316	480,921
Assigned	180,620		86,406	19,038	286,064
Unassigned	152,864				152,864
Total fund balances	<u>768,582</u>		<u>93,964</u>	<u>59,354</u>	<u>921,900</u>
Total liabilities and fund balances	<u>\$ 1,348,382</u>	<u>\$ 357,126</u>	<u>\$ 118,986</u>	<u>\$ 62,032</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	3,082,333
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	726,850
Internal service funds are used by management to charge the cost of fleet management, energy conservation, mailing, communications, printing, building maintenance, and risk management to individual funds. Some of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	37,327
Unavailable revenue is not due and payable in the current period and, therefore, is not reported in the funds	55,905
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	(5,470,367)
Net position of governmental activities	<u>\$ (646,052)</u>

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

CITY OF BALTIMORE
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
Governmental Funds
For the Year Ended June 30, 2021
(Expressed in Thousands)

	General Fund	Grants Revenue Fund	Capital Projects Fund	Nonmajor Funds	Total
Revenues:					
Taxes -- local	\$ 1,568,679			\$ 28,836	\$ 1,597,515
State shared revenue	141,732			13,795	155,527
Licenses and permits	31,702				31,702
Fines and forfeitures	35,484				35,484
Interest, rentals and other investment income	13,834		\$ 212	1,433	15,479
Federal grants	85,039	\$ 113,692	64,836	11,273	274,840
State grants	107,204	99,709	4,647		211,560
Other grants		54,720			54,720
Charges for services	39,435				39,435
Miscellaneous	6,693		12,031		18,724
Other revenue				1,400	1,400
Total revenues	2,029,802	268,121	81,726	56,737	2,436,386
Expenditures:					
Current:					
General government	415,463	40,130		20,650	476,243
Public safety and regulation	810,793	34,315		2,054	847,162
Conservation of health	132,450	107,507			239,957
Social services	65,812	40,918			106,730
Education	304,669			19,862	324,531
Public library	24,794	11,562		2	36,358
Recreation and culture	51,558	3,040		566	55,164
Highways and streets	107,305	104			107,409
Sanitation and waste removal	94,402			584	94,986
Public service	51,149	8,031			59,180
Economic development	50,473	48,213	30,645	13,039	142,370
Debt service:					
Principal	55,403				55,403
Interest	47,399				47,399
Capital outlay			123,227		123,227
Total expenditures	2,211,670	293,820	153,872	56,757	2,716,119
Deficiency of revenues under expenditures	(181,868)	(25,699)	(72,146)	(20)	(279,733)
Other financing sources (uses):					
Transfers in	27,310	25,699	500	1,625	55,134
Transfers out	(23,035)		(7,923)		(30,958)
Bond issuance	137,485				137,485
Premium on general obligation bonds			8,224		8,224
Face value of general obligation bonds			70,440		70,440
Transfer to Escrow			(14,597)		(14,597)
Total other financing all uses	141,760	25,699	56,644	1,625	225,728
Net changes in fund balance	(40,108)		(15,502)	1,605	(54,005)
Fund balances -- beginning	808,690		109,466	57,749	975,905
Fund balances -- ending	\$ 768,582	\$	\$ 93,964	\$ 59,354	\$ 921,900

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

CITY OF BALTIMORE
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances (Deficits) of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2021
(Expressed in Thousands)

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balance -- total governmental funds	\$ (54,005)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year	(25,838)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	42,304
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	148,279
The net effect of the expenses for recording the City's pension liability from employment retirement plans are not reported as expenditures in governmental funds	(54,600)
The net income of some activities of internal service funds is reported with governmental activities	(26,084)
Changes in net position of governmental activities	\$ 30,056

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

CITY OF BALTIMORE
Statement of Net Position
Proprietary Funds
June 30, 2021
(Expressed in Thousands)

	Enterprise Funds					Total	Internal Service Funds
	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund	Parking Facilities Fund	Nonmajor Funds		
Assets and deferred outflows of resources:							
Current assets:							
Cash and cash equivalents	\$ 125,323	\$ 176,171	\$ 50,121	\$ 13,723		\$ 365,338	\$ 15,441
Accounts receivable, net:							
Service billings	61,811	118,442	7,798			188,051	
Other	1,030	363		79		1,472	2,624
Due from other governments	55,650	210,775	724			267,149	
Inventories	9,215	421	497			10,133	8,148
Restricted assets:							
Cash and cash equivalents	48,651	70,922	3,725			123,298	
Notes and mortgages receivable				1,942		1,942	
Total current assets	301,680	577,094	62,865	15,744		957,383	26,213
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	130,690	152,807	46,421	15,940	\$ 35,287	381,145	67,571
Due from other governments	105,953	95,965	13,578			215,496	
Notes and mortgages receivable				10,419		10,419	
Capital assets, net of accumulated depreciation	1,719,898	3,227,106	258,806	66,806	169,830	5,442,446	95,929
Capital assets not being depreciated	255,933	241,962	25,466	15,613	31,294	570,268	
Total noncurrent assets	2,212,474	3,717,840	344,271	108,778	236,411	6,619,774	163,500
Total assets	2,514,154	4,294,934	407,136	124,522	236,411	7,577,157	189,713
Deferred outflows of resources							
Deferred amortization on early extinguishment of debt	64,869	52,866				117,735	
Deferred loss on bond refunding				12,814		12,814	
Deferred outflows related to pension	18,944	17,393	2,652		1,277	40,266	
Deferred outflows related to OPEB	7,740	7,101	1,402		315	16,558	
Interest rate swaps				9,883		9,883	
Total deferred outflows of resources	91,553	77,360	4,054	22,697	1,592	197,256	
Total assets and deferred outflows of resources	2,605,707	4,372,294	411,190	147,219	238,003	7,774,413	189,713
Liabilities and deferred inflows of resources:							
Current liabilities:							
Accounts payable and accrued liabilities	11,040	17,819	180	2,660	276	31,975	11,158
Accrued interest payable	20,470	19,200	1,204	3,725		44,599	
Due to other funds					36,580	36,580	12,695
Due to other governments		9,058				9,058	
Compensated absences	2,333	2,487	380		88	5,288	1,077
Other liabilities					5,000	5,000	
Accounts payable from restricted assets	32,789	101,830	3,797		9,130	147,546	
Leases payable		117				117	21,396
Revenue bonds payable	28,181	51,722	2,521	4,325		86,749	
General long-term debt payable			514			514	
Total current liabilities	94,813	202,233	8,596	10,710	51,074	367,426	46,326
Noncurrent liabilities:							
Leases payable		320				320	94,028
Revenue bonds payable, net	1,265,530	1,539,557	79,827	66,940		2,951,854	
Derivative instrument liability	1,553			23,366		24,919	
Compensated absences	4,850	4,760	771		443	10,824	1,969
General long-term debt payable			3,281			3,281	
Net pension liability	68,096	62,519	9,534		4,589	144,738	
Net OPEB liability	14,291	13,831	2,257		689	31,068	
Total noncurrent liabilities	1,354,320	1,620,987	95,670	90,306	5,721	3,167,004	95,997
Total liabilities	1,449,133	1,823,220	104,266	101,016	56,795	3,534,430	142,323
Deferred inflows of resources:							
Deferred inflows related OPEB	21,702	20,370	3,467		2,294	47,833	
Total deferred inflows of resources	21,702	20,370	3,467		2,294	47,833	
Total liabilities and deferred inflows of resources	1,470,835	1,843,590	107,733	101,016	59,089	3,582,263	142,323
Net position:							
Net investment in capital assets	881,891	2,187,099	263,668	20,971	201,125	3,554,754	(19,562)
Restricted for:							
Debt service	158,722	77,882	5,215	15,940		257,759	
Unrestricted (deficit)	94,259	263,723	34,574	9,292	(22,211)	379,637	66,952
Total net position	\$ 1,134,872	\$ 2,528,704	\$ 303,457	\$ 46,203	\$ 178,914	4,192,150	\$ 47,390
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds						(10,063)	
Net position of business-type activities						\$ 4,182,087	

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

CITY OF BALTIMORE
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021
(Expressed In Thousands)

	Enterprise Funds						Internal Service Funds
	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund	Parking Facilities Fund	Nonmajor Funds	Total	
Operating revenues:							
Charges for sales and services							\$ 110,707
Water, sewer and stormwater service	\$ 243,563	\$ 289,469	\$ 31,175			\$ 564,207	
Rents and fees		343	287	\$ 38,693	\$ 36,712	76,035	
Total operating revenues	243,563	289,812	31,462	38,693	36,712	640,242	110,707
Operating expenses:							
Salaries and wages	37,062	46,655	8,281		4,391	96,389	19,450
Other personnel costs	25,978	28,830	4,620		3,296	62,724	8,683
Contractual services and other	35,826	59,410	6,255	6,416	2,656	110,563	45,745
Materials and supplies	7,743	15,104	171		120	23,138	12,159
Minor equipment	720	1,032	69		383	2,204	7,346
Postage and delivery services							431
Depreciation	39,166	78,286	5,467	2,525	2,547	127,991	35,990
Other		37				37	
Total operating expenses	146,495	229,354	24,863	8,941	13,393	423,046	129,804
Operating income (loss)	97,068	60,458	6,599	29,752	23,319	217,196	(19,097)
Nonoperating revenues (expenses):							
Loss on sale of assets							(1,790)
Other				(15)	(840)	(855)	
Issuance costs	(447)	(312)				(759)	
Interest income	748	376	24			1,148	
Interest expense	(45,998)	(40,486)	(2,750)	(11,852)		(101,086)	
Total nonoperating expenses, net	(45,697)	(40,422)	(2,726)	(11,867)	(840)	(101,552)	(1,790)
Income before capital contributions and transfers	51,371	20,036	3,873	17,885	22,479	115,644	(20,887)
Capital contributions	107,183	82,666	8,564			198,413	
Transfers out				(24,176)		(24,176)	
Changes in net position	158,554	102,702	12,437	(6,291)	22,479	289,881	(20,887)
Total net position - beginning	976,318	2,426,002	291,020	52,494	156,435	3,902,269	68,277
Total net position - ending	\$ 1,134,872	\$ 2,528,704	\$ 303,457	\$ 46,203	\$ 178,914	4,192,150	\$ 47,390
Adjustment to reflect the consolidation of internal service activities related to enterprise funds						(10,063)	
Net position of business-type activities						\$ 4,182,087	

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

CITY OF BALTIMORE
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Proprietary Funds
to the Statement of Activities
For the Year Ended June 30, 2021
 (Expressed in Thousands)

Amounts reported for business-type activities in the statement of activities are different because:

Net change in fund balance -- total proprietary funds.....	\$	289,881
The net expense of some activities of internal service funds is reported with business-type activities		4,616
Change in net position of business-type activities	\$	285,265

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

CITY OF BALTIMORE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021
(Expressed in Thousands)

	Enterprise Funds						Internal Service Funds
	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund	Parking Facilities Fund	Nonmajor Funds	Total	
Cash flows from operating activities:							
Receipts from customers	\$ 217,478	\$ 252,879	\$ 31,769	\$ 40,247	\$ 36,712	\$ 579,085	\$ 121,282
Payments to employees	(57,234)	(67,975)	(11,649)		(6,477)	(143,335)	(29,577)
Payments to suppliers	(44,492)	(79,728)	(6,895)	(6,580)	(3,046)	(140,741)	(64,480)
Net cash provided by operating activities	115,752	105,176	13,225	33,667	27,189	295,009	27,225
Cash flows from noncapital financing activities:							
Transfers out				(24,176)		(24,176)	
Net cash (used) by noncapital financing activities				(24,176)		(24,176)	
Cash flows from capital and related financing activities:							
Proceeds from revenue bonds	469,207	358,620	9,546			837,373	
Principal paid on revenue bonds	(26,939)	(26,409)	(1,097)	(17,575)		(72,020)	
Principal paid on State water quality loans	(1,079)	(18,787)	(1,427)			(21,293)	
Principal paid on general long-term debt	(267,440)	(229,170)	(480)			(497,090)	
Interest paid	(60,892)	(75,930)	(3,020)	(10,316)		(150,158)	
Acquisition and construction of capital assets	(139,807)	(136,057)	(13,569)	(408)	(27,318)	(317,159)	(15,907)
Capital lease payments, net		(106)				(106)	3,315
Capital contributions (distribution) received	41,546	40,941	(831)		(840)	80,816	
Issuance costs	(447)	(312)				(759)	
Net cash (used) by capital and related financing activities	14,149	(87,210)	(10,878)	(28,299)	(28,158)	(140,396)	(12,592)
Cash flows from investing activities:							
Mortgages receivable principal received				19,122		19,122	
Interest received	747	376	24	2		1,149	
Net cash provided by investing activities	747	376	24	19,124		20,271	
Net increase (decrease) in cash and cash equivalents	130,648	18,342	2,371	316	(969)	150,708	14,633
Cash and cash equivalents, beginning of year	174,016	381,558	97,896	29,347	36,256	719,073	68,378
Cash and cash equivalents, end of year	\$ 304,664	\$ 399,900	\$ 100,267	\$ 29,663	\$ 35,287	\$ 869,781	\$ 69,365
Reconciliation of operating income to net cash provided by operating activities:							
Operating income (loss)	\$ 97,068	\$ 60,458	\$ 6,599	\$ 29,752	\$ 23,319	\$ 217,196	\$ (19,097)
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation expense	39,166	78,286	5,467	2,525	2,547	127,991	35,990
Effect of changes in non cash operating assets and liabilities:							
Accounts receivables	(26,085)	(36,933)	307	1,554		(61,157)	(502)
Inventories	908	(137)	(29)			742	91
Deferred outflows - pension	(5,675)	(5,642)	441		(463)	(11,339)	
Deferred outflows - OPEB	3,601	3,402	(694)		457	6,766	
Accounts payable and accrued liabilities	(2,909)	(6,490)	(594)	(164)	(57)	(10,214)	442
Compensated absences	(268)	215	181		86	214	(39)
Due (from) other funds		787				787	10,986
Deferred inflows - pension	(140)	(124)	(19)		(9)	(292)	
Deferred inflows - OPEB	12,021	11,357	1,856		1,523	26,757	
Pension liability - current period	6,230	7,732	942		794	15,698	
OPEB liability					(1,008)	(1,008)	
Other liabilities	(8,165)	(7,735)	(1,232)			(17,132)	(646)
Total adjustments	18,684	44,718	6,626	3,915	3,870	77,813	46,322
Net cash provided by operating activities	\$ 115,752	\$ 105,176	\$ 13,225	\$ 33,667	\$ 27,189	\$ 295,009	\$ 27,225
Noncash activity from capital and related financing activities:							
New capital leases							\$ 24,450
Acquisition and construction of capital assets financed by debt	\$ (9,727)	\$ 2,366	\$ 1,587			\$ (5,774)	
Total noncash activity from capital and related financing activities	\$ (9,727)	\$ 2,366	\$ 1,587	\$	\$	\$ (5,774)	\$ 24,450

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

CITY OF BALTIMORE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021
(Expressed In Thousands)

	Pension/OPEB Trust Funds
Assets:	
Cash and cash equivalents	\$ 273,573
Investments:	
Stocks	3,783,236
Bonds	1,029,435
Real Estate	561,356
Private equity and hedge fund	697,670
Securities lending collateral	82,212
Accounts receivable, net:	
Forward foreign contracts	40,585
Other assets	48,569
Total assets	<u>6,516,636</u>
Liabilities:	
Obligations under securities lending program	82,212
Forward foreign contracts	46,394
Accounts payable	56,237
Pension benefits payable	8
Total liabilities	<u>184,851</u>
Net position:	
Net position restricted for pensions	5,465,510
Net position restricted for OPEB	866,275
Net position restricted for pension and OPEB	<u>\$ 6,331,785</u>

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

CITY OF BALTIMORE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year Ended June 30, 2021
(Expressed In Thousands)

	Pension/OPEB Funds Total
<hr/>	
Additions:	
Contributions:	
Employer	\$ 363,827
Employee	97,056
Total contributions	460,883
Investment income:	
Net appreciation in fair value of investments	1,205,784
Securities lending income	505
Interest and dividend income	224,493
Total investment income	1,430,782
Less: investment expense	38,882
Net investment income	1,391,900
Total additions	1,852,783
Deductions:	
Retirement benefits	410,218
Health benefits	125,002
Death benefits	1,656
Administrative expenses	9,359
Other	21,082
Total deductions	567,317
Changes in net position	1,285,466
Net position restricted for pensions and OPEB - beginning of the year	5,046,319
Net position restricted for pensions and OPEB - end of year	\$ 6,331,785

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

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CITY OF BALTIMORE
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CITY OF BALTIMORE

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies

A. REPORTING ENTITY

The City of Baltimore (City) was incorporated under the laws of the State of Maryland in 1797 and operates under an elected Mayor-Council form of government. As required by accounting principles generally accepted in the United States for governmental entities (GAAP), the accompanying financial statements present the City and its component units, entities, for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the City.

Blended Component Unit

The Baltimore Industrial Development Authority (IDA), an entity legally separate from the City, finances capital construction projects, which solely benefit the City. The IDA is administered by a Board appointed by the Mayor and is financially accountable to the City. This component unit is so intertwined with the City that it is, in substance, the same as the City and, therefore, is blended and reported as if it is part of the City. Beginning in fiscal year 2020, the IDA is reported as part of the General Fund.

Discretely Presented Component Units

The Baltimore City Public School System (BCPSS) is responsible for elementary and secondary education within the City's jurisdiction. The BCPSS receives significant funding from the City and is a financial burden to the City. The City is also required to pay certain benefits to its employees. However, the BCPSS is legally separate from the City since it has the authority and responsibility for all its system functions and the Governor of the State of Maryland appoints a majority of its nine member board. The City, however, approves the BCPSS annual budget. The City adjusted the financial results of the BCPSS to record the net pension liability attributable to BCPSS employees that participate in the Employees' Retirement System of the City of Baltimore (ERS) and the net other post employment liability (OPEB) which are detailed in Note 20. Complete financial statements for BCPSS may be obtained from the Chief Financial Officer, Baltimore City Public School System, 200 East North Avenue, Baltimore, Maryland 21202.

The Baltimore Hotel Corporation (BHC) was incorporated on October 14, 2005 as a nonprofit non-stock corporation, and is wholly owned by the City. BHC is financially accountable to the City. The BHC assists the Mayor and City Council of Baltimore on enhancing the economic development in the City by operating a downtown convention center headquarters hotel and parking structure. The City has pledged certain site-specific occupancy tax revenue to pay shortfalls in hotel operating revenues and is responsible for operating deficits.

Complete financial statements for BHC for the year ended December 31, 2020 may be obtained from the Chief Financial Officer, Baltimore City, 469 City Hall, 100 N. Holliday St., Baltimore, Maryland 21202.

Related Organizations

There are other governmental entities that provide services within the City of Baltimore. While the City is responsible for appointing the board members of these entities, the City's accountability for these organizations does not extend beyond making appointments. The City's basic financial statements do not reflect the operations of the:

Baltimore City Foundation
Lexington Market
Visit Baltimore, Inc.
Baltimore Community Lending
City of Baltimore Development Corporation
Special Benefits Taxing Districts
Neighborhood Impact Investment Fund

Live Baltimore Home Center
Healthcare Access Maryland
Royal Farms Arena – SMG
Family League of Baltimore City, Inc.
Hippodrome Foundation
Community Media of Baltimore City, Inc.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

In addition, the Housing Authority of Baltimore City (HABC) is considered a related organization. The HABC is a separate legal entity and is governed by a Commission of five citizens with staggered terms appointed by the Mayor. The Commission establishes the operating policies of the HABC, which was implemented under the direction of an Executive Director appointed by the Commission. The HABC develops, maintains, and manages low-rent housing and administers housing assistance payment programs primarily for the citizenry's benefit and not that of the primary government. These activities are subsidized by the U. S. Department of Housing and Urban Development and other grantors. Consequently, the primary government is not able to exert influence over or to impose a burden relationship upon the HABC. This organization is not financially accountable to the City and maintains its own separate accounting systems.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Basis of Presentation

Government-wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund service provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental and business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been eliminated for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Net position (the amount by which assets and deferred outflows exceed liabilities and deferred inflows) are reported on the Statement of Net Position in three components:

- Net investment in capital assets - the total amount of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds and other debt that are related to the acquisition or construction of those assets;
- Restricted - for amounts when constraints placed on the net position are either externally imposed, or are imposed by constitutional provisions or enabling legislation; and
- Unrestricted - the total net position which does not fit the two preceding categories.

When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted assets first with unrestricted resources utilized as needed.

Fund Financial Statements. The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as non-operating expenses.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The City reports the following major governmental funds:

General Fund. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Grants Revenue Fund. This fund accounts for revenues derived from governmental grants and other revenue sources that are restricted by law or administrative action to expenditures for specific purposes.

Capital Projects Fund. The proceeds of general obligation bond issues, State construction loans, governmental and other grants, and revenues from other sources appropriated for capital improvements, acquisitions and related programs are accounted for in this fund, except for those accounted for in the proprietary fund types. Although not required to disclose this fund as a major fund per GASB34, management has opted to disclose the Capital Projects Funds as a major fund due to its importance in the financial statements.

The City also reports nonmajor governmental funds which are classified as Special Revenue Funds and Permanent Funds.

The City reports the following major and non major enterprise funds:

Water Utility Fund. This fund accounts for the operation, maintenance, and development of the City's water supply system.

Wastewater Utility Fund. This fund accounts for the operation, maintenance, and development of the City's sewerage system.

Stormwater Utility Fund. This fund accounts for the operation, maintenance, and development of the City's Stormwater system and infrastructure. This fund is a non-major for fiscal year 2021, however the City elected to show as a major.

Parking Facilities Fund. This fund accounts for the operation, maintenance, and development of the City-owned offstreet parking facilities.

Although not required to report the Stormwater Utility Fund and the Parking Facilities Fund as major enterprise funds per GASB 34, management has opted to disclose these funds separately.

Conduit Fund. This fund accounts for the operation, maintenance, and development of the City's conduit infrastructure. This fund is non-major fund.

The City reports the following other fund types:

Internal Service Funds. These funds account for mobile equipment, reproduction and printing, municipal post office, municipal telephone exchange, municipal communications, energy conservation, building maintenance and hardware and software replacement, which provided goods and services to other departments on a cost-reimbursement basis.

Fiduciary Funds. These funds account for assets and activities when a government unit is functioning either as a trustee or an agent of another party, transactions related to assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governments. The fiduciary funds include the following:

Pension Trust Funds. These funds account for the receipt, investment and distribution of retirement contributions made for the benefit of police officers, firefighters, elected officials and other City employees.

Other Postemployment Benefits Trust Fund. This fund accounts for the receipt, investment and distribution of retiree health and life insurance benefits.

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements with the exception of custodial funds, which have no measurement focus, are reported using the economic resources measurement focus and are reported on the accrual basis of accounting. Revenues are

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

recorded when earned and expenses recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end, except for grant and entitlement revenues which have a 90 day availability period. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of the grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general fund revenues.

C. ASSETS, LIABILITIES, AND EQUITY

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, as well as short-term investments with a maturity date within three months of the date acquired by the City.

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the City for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2021, based on market prices. The individual funds' portions of the pool's fair value are presented as "Cash and Cash Equivalents." Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund. The City does not invest any portion of its cash in derivative investments.

Receivables and Payables

All property tax receivables are shown net of an allowance for uncollectibles.

Mortgage receivables reported in governmental fund and government-wide financial statements, and notes receivable reported in proprietary fund statements consist of loans that are generally not expected or scheduled to be collected in the subsequent year.

Unbilled water and wastewater user charges are estimated and accrued at year-end.

Inventories

Inventories are valued at cost using the moving average method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art, and similar items are recorded at acquisition value. Infrastructure assets acquired prior to July 1, 2001 are

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

reported at estimated historical cost using deflated replacement cost. Infrastructure assets, such as streets, highways, bridges, sidewalks, street lighting, traffic poles and signals, and storm sewers are required to be capitalized under GAAP. Capitalization thresholds are: \$50,000 for buildings, improvements and infrastructure; and \$10,000 for equipment, with the exception of vehicles which has a \$5,000 threshold. Library books are capitalized as a collection based on total purchases. Donated capital assets, such as works of art, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	25-80
Buildings	50
Building improvements	20-50
Equipment	2-25
Library books	10
Mobile Equipment	5-10

Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual sick, vacation, and personal leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Payments made to terminated employees for accumulated leave are charged as expenditures/expenses, primarily in the General Fund, Special Revenue Funds, and Proprietary Funds, when paid.

Estimated Liability for Claims in Process

The liability for claims in process represents estimates for all personal injury, workers' compensation, unemployment, property damage, and medical claims as of June 30, 2021. This liability, which includes estimates for known and incurred but not reported claims, is based upon an actuarial valuation of the City's claim payment history discounted at a rate of 3.0%, for all claims except medical, for which claims are not discounted.

Property Tax and Property Tax Calendar

The City levies an annual tax for the fiscal year beginning July 1 and ending June 30, on real and personal property located in the City, due and payable each July 1 (lien date), based on assessed values as of the previous January 1. These assessed values are established by the State of Maryland Department of Assessments and Taxation at various rates of estimated market value. A discount of 1/2% is allowed for payments made in July. Unpaid property taxes are considered in arrears on October 1, and penalty and interest of 2% is assessed each month. Real property subject to tax liens is sold at public auction in May in instances where the taxes have remained delinquent since the preceding October 1.

The City is responsible for the assessment, collection, and apportionment of property taxes. The City levies an annual tax for the fiscal year ending June 30, due and payable each July 1, based on assessed values as of the previous January 1.

State law requires that all real property be reassessed every three years, and further provides that the amount of any increase over previous established market values be phased in over a three-year period. To accomplish the triennial assessment requirement, approximately one-third of all real property is reviewed annually. The City Council, effective with the fiscal year beginning July 1, 1991, enacted a 104% homestead tax credit program which will protect home owners from increases in assessments that are greater than 4% in any one year. The assessed value of real property in Baltimore City for fiscal year 2021 was \$35,938,000,000 which was approximately 86.9% of the estimated market value.

The tax rate in Baltimore City for real property taxes for fiscal year 2021 was \$2.248 per \$100 of assessed value. Pursuant to State Law, the personal property tax and tax rate applied to operating property of public utilities is 2.5 times the real property rate or \$5.62 per \$100 of assessed value. Current collections were 97.0% of the total tax levy.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

As of June 30, 2021, the City had property taxes receivable of \$15,993,000, net of an allowance for uncollectible accounts of \$14,393,000.

Gains and Losses on Early Extinguishment of Debt from Refundings

Gains and losses on the early extinguishment of debt from refundings are amortized over the shorter of the life of the new or old debt.

Sick, Vacation and Personal Leave

Employees earn one day of sick leave for each completed month of service, and there is no limitation on the number of sick days that employees can accumulate. A portion of unused sick leave earned annually during each twelve-month base period may be converted to cash at a maximum of three days, computed on an attendance formula. Upon retirement with pension benefits, or termination of employment after completion of twenty or more years of service without pension benefits, employees receive one day's pay for every four sick days accumulated and unused at the date of separation; under any other conditions of separation, unused sick leave is forfeited.

Employees earn vacation leave for each completed month of service and can accumulate a maximum of 45 days. Police officers earn vacation leave for each completed month of service and can accumulate a maximum of 125 days. Vacation leave balances can either be taken through time off or carried until paid at termination or retirement. Four personal leave days are granted for usage only on the fiscal year starting July 1st, and expire on June 30th of the same fiscal year.

The City accrues for all salary-related items in the government-wide and proprietary fund types in the fund financial statements for which they are liable to make a payment directly and incrementally associated with payments made for compensated absences on termination or retirement. The City includes its share of social security and Medicare payments made on behalf of the employees in the accrual for sick, vacation and personal leave pay.

The Baltimore City Public School System's employees are granted sick, vacation and personal leave in varying amounts based on length of service and bargaining unit. A limited number of sick, vacation and personal leave days may be carried forward from year to year and upon retirement with pension benefits or separation of employment with twenty years of service, employees are paid accumulated sick, vacation and personal leave days at appropriate formula and rates. The unpaid vested sick, vacation and personal leave days have been reported as vested compensated absences.

Restricted Assets

The proceeds of the Water Utility Fund, Wastewater Utility Fund, Stormwater Utility Fund, Parking Facilities Fund, and Nonmajor Funds revenue bonds and Federal and State grants, and restricted accounts receivable are restricted for the purpose of the construction of water, sewer, stormwater, and parking facilities.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until the future period. At June 30, 2021, the City recognized unamortized losses on early extinguishments of debt, refunding, pension and OPEB activity, and interest rate swaps as deferred outflows of resources in the government-wide statement of net position and the proprietary funds statement of net position.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2021, the City recognized deferred inflows of resources in the governmental funds for property taxes, income taxes, other prepaid taxes and notes receivables. Additionally, the City recognized deferred inflows of resources in the government-wide statement of net position for pension and OPEB.

Fund Balance

The City classifies its fund balance into the following categories:

- Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in spendable form such as inventories, prepaid amounts, long-term portions of loans and notes receivable and activities that are legally or contractually required to remain intact such as principal balance in a permanent fund.
- Restricted fund balance has constraints placed upon the use of the resources either by external creditors, grantors, contributors or imposed by law through a constitutional provision or enabling legislation.
- Committed fund balance can be used only for specific purposes pursuant to constraints imposed by the formal vote of Board of Estimates, the City's highest level decision making authority. Amounts in this category may be redeployed for other purposes with the formal vote of the City's Board of Estimates. Committed amounts cannot be used for any other purpose unless the City removes or changes the specific use by taking the same type of action it used to previously commit the amounts.
- Assigned fund balance includes amounts that are constrained by the City to be used for specific purposes but are neither restricted nor committed for which the City has a stated intended use as established by the Board of Estimates. The Board of Estimates has delegated the authority to assign amounts for a specific purpose to the City's Director of Finance. These are resources where the constraints/restrictions are less binding than that for committed funds. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed.
- Unassigned fund balance is the residual amount of the general fund not included in the four categories described above. The general fund is the only positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for the specific purpose exceed the amounts restricted, committed or assigned to those purposes, negative unassigned fund balance may be reported.

The Board of Estimates is required to take formal action before funds can be committed for a specific purpose. Formal action of the Board of Estimates is also required before committed funds can be rescinded or modified. The City's general spending prioritization policy is to consider restricted resources to have been used first, followed by committed, assigned, and unassigned amounts when expenditures have been incurred for which resources in more than one classification could be used.

Nonspendable fund balance

Long Term Assets - This portion of fund balance represents those long-term assets that are not available for appropriation and expenditure.

Inventory - This portion of fund balance represents amounts not available for appropriation or expenditure because the underlying asset (inventory) is not an available resource for appropriation or expenditure.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

Permanent Fund – This portion of fund balance represents amounts for which the City is legally or contractually required to maintain intact.

Restricted fund balance

Landfill closure and development – This portion of fund balance has been set aside to fund the cost of future landfill development and closure cost as required by federal regulation.

Debt Service – This portion of the fund balance represents the amounts needed to service future debt payments.

Assigned fund balance

Encumbrances – This portion of fund balance represents approved contracts for which the City has completed the procurement process and the Board of Estimates has approved the contract.

Requisitions – This portion of fund balance is set aside by the Director of Finance to fund various non-lapsing transactions which have not completed the procurement process at year end.

Subsequent years' expenditures - This portion of fund balance represents the amount to finance certain non-recurring policy initiatives and other expenditures included in the fiscal year 2021 budget.

Unassigned fund balance

Budget stabilization reserve - The City of Baltimore's budget stabilization reserve (reserve) was established by resolution of the Board of Estimates for the purpose of providing a budget defense to stabilize a post-adopted City budget that has been impacted by an uncorrectable shortfall in budgeted revenues and/or unanticipated and uncorrectable emergency expenses, for the sole purpose of avoiding a budget deficit. The Board of Estimates in determining to use the reserve would first need to acknowledge that all reasonable efforts had been made in controlling expenses, and secondly, the City's unreserved fund balance had been exhausted. The reserve under no circumstances can be used as a revenue source to balance a planning year budget. The Board of Estimates determines the amount of annual funding for the reserve. The resolution requires that reserves be maintained on any June 30th at a minimum level of 8% of the value of the general fund's operating budget of the subsequent year. Whenever funds are drawn from the reserve, a Board of Estimates approved reserve replenishment plan must be established and must specify a timetable for full restoration of the reserve not to exceed five years.

Interfund Transactions

The City has three types of transactions among funds:

Statutory transfers - Legally required transfers that are reported when incurred as "Transfers in" by the recipient fund and as "Transfers out" by the disbursing fund.

Transfers of Expenditures (Reimbursements) - Reimbursement of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Interfund payments - Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and as expenditures or expenses of the disbursing fund.

Uses of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

D. NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD PRONOUNCEMENTS

In fiscal year 2021, the City adopted Governmental Accounting Standards Board Statement No. 93, “Replacement of Interbank Offered Rates” and Statement No. 97, “*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*” and Statement No.98, “ The Annual Comprehensive Financial Report”. The implementation of these standards did not have a significant impact on the City’s presentation.

The City will be required to adopt the following Governmental Accounting Standards Board (GASB) pronouncements:

GASB Statement No. 87

In June 2017, the GASB issued Statement No. 87, “*Leases*”. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The City is required to adopt GASB No. 87 for its fiscal year 2022 financial statements.

GASB Statement No. 89

In June 2018, the GASB issued Statement No. 89, “*Accounting for Interest Cost Incurred before the End of a Construction Period*”. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement supersedes all interest cost that previously was accounted for in accordance with Statement No. 62. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The City is required to adopt GASB No. 89 for its fiscal year 2022 financial statements.

GASB Statement No. 91

In May 2019, the GASB issued Statement No. 91, “*Conduit Debt Obligations*”. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City is required to adopt GASB No. 91 for its fiscal year 2023 financial statements.

GASB Statement No. 92

In January 2020, the GASB issued Statement No. 92, “*Omnibus 2020*”. The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The City is required to adopt GASB No. 92 requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; all other requirements for its fiscal year 2022 financial statements.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, “*Replacement of Interbank Offered Rates*”. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The City is required to adopt GASB No. 93 requirements related to the removal of LIBOR as an appropriate benchmark interest rate for fiscal year 2022 financial statements; all other requirements for its fiscal year 2021 financial statements.

GASB Statement No. 94

In March 2020, the GASB issued Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*”. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The City is required to adopt GASB No. 94 for its fiscal year 2023 financial statements.

GASB Statement No. 96

In May 2020, the GASB issued Statement No. 96, “*Subscription-Based Information Technology Arrangements*”. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The City is required to adopt GASB No. 96 for its fiscal year 2023 financial statements.

GASB Statement No. 97

In June 2020, the GASB issued Statement No. 97, “*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*”. The objective of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The City is required to adopt GASB No. 97 for its fiscal year 2022 financial statements, as follows: The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are required for its fiscal year 2020 financial statements. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are required for its fiscal year 2022 financial statements. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are required for its fiscal year 2022 financial statements.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

2. Reconciliation of Government-wide and Fund Financial Statements

A summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and the net position for governmental activities as shown on the government-wide statement of net position is presented on the face of the governmental funds balance sheets. The asset and liability elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and accrual basis of accounting.

A summary reconciliation of the difference between net changes in fund balance as reflected on the governmental funds statement of revenues, expenditures, and changes in fund balances and changes in net position for governmental activities as shown on the government-wide statement of activities is presented in an accompanying schedule to the governmental funds statement of revenues, expenditures, and changes in fund balances. The revenues and expense elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and accrual basis of accounting.

A summary reconciliation of the difference between total net position as reflected on the proprietary funds statement of net position and the net position for business-type activities as shown on the government-wide statement of net position is presented on the face of the proprietary funds statement of net position. The asset element which comprises the reconciliation difference stems from the allocation of internal service fund balance to the business-type activities on the government-wide statement of net position.

A summary reconciliation of the difference between net changes in net position as reflected on the proprietary funds statement of revenues, expenses and changes in net position and changes in net position for business activities as shown on the government-wide statement of activities is presented on the face of the proprietary funds statement of net position. The expense element, which comprises the reconciliation difference, stems from the allocation of internal service funds deficit to the business-type activities on the government-wide statement of activities.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Explanation of differences between the governmental fund balance sheet and the government-wide statement of net position
(amount expressed in thousands):

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds:	
Capital assets	\$ 6,334,565
Less accumulated depreciation	(3,252,232)
Total	\$ 3,082,333
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Net pension asset	\$ 7,946
Other asset	27,669
Deferred loss on bond refundings	3,932
Deferred outflow of resources (pension).....	530,742
Deferred outflow of resources (OPEB).....	156,082
Interest rate swaps	479
Total	\$ 726,850
Internal Service funds are used by management to charge the cost of fleet management, mailing, communications, printing energy conservation and building maintenance to individual funds. Some assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	
	\$ 37,327
Deferred revenue is not due and payable in the current period, and therefore, is not reported in the funds	
	\$ 55,905
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accounts payable	\$ 20,934
Accrued interest payable	(12,023)
Long-term bonds	(1,010,737)
Revenue bonds	(355,722)
Capital leases	(34,357)
Compensated absences and other	(183,979)
Estimated claims in progress	(309,556)
Landfill closure liability	(28,165)
Derivative instrument liability	(475)
Net pension liability	(2,019,905)
Net OPEB liability	(496,801)
Other liabilities	(569,564)
Deferred inflow of resources (pension).....	(17,759)
Deferred inflow of resources (service concession arrangement).....	(52,598)
Deferred inflow of resources (OPEB).....	(399,660)
Total	\$ (5,470,367)

Explanation of differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities (amount expressed in thousands):

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	\$ 85,685
Capital leases	10,744
Depreciation	(122,267)
Total	\$ (25,838)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Service concession agreement	1,119
Interest revenue related to entity-wide debt	12,895
Revenues not received for several months after the fiscal year end are not considered as available revenues in the governmental funds	28,290
Total	\$ 42,304
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Debt service principal	(124,075)
Debt service interest (capital leases, GO bonds, and accrued interest)	(4,819)
Claims liability	(1,402)
Landfill closure liability	(1,132)
Compensated absences	(28,231)
Miscellaneous other liability	(101,474)
Changes in net OPEB liability.....	409,412
Total	\$ 148,279
The net effect of the expenses for recording the City's pension liability from employee retirement plans are not reported as expenditures in the governmental funds	
	\$ (54,600)
The net income of some activities of internal service funds is reported with governmental activities:	
Internal service funds net expenses attributed to governmental activities	\$ (26,084)

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

3. Deposits and Investments

A. SUMMARY OF DEPOSIT AND INVESTMENT BALANCES

The following is a reconciliation of the City's deposit and investment balances at June 30, 2021 (expressed in thousands):

	Government-wide Statements of Net Position	Fiduciary Funds Statement of Net Position Total	Total
Cash and cash equivalents	\$ 1,169,016	\$ 273,573	\$ 1,442,589
Investments	499,137	6,243,063	6,742,200
Restricted cash and cash equivalents	572,014		572,014
Total	\$ 2,240,167	\$ 6,516,636	\$ 8,756,803

B. CASH DEPOSITS

As of June 30, 2021, the carrying amount of the City's bank deposits was \$135,700,000 and the respective bank balances totaled \$140,272,000. All of the City's cash deposits are either insured through the Federal Depository Insurance Corporation, or collateralized by securities held in the name of the City, by the City's agent.

As of June 30, 2021, BCPSS and BHC had demand deposits with carrying values of \$9,800,000 and \$2,019,000, respectively.

C. INVESTMENTS

Primary Government

For other than pension funds, BCPSS and BHC, the City is authorized by State Law to invest in direct or indirect obligations of the United States Government, repurchase agreements that are secured by direct or indirect obligations of the United States Government, certificate of deposit, commercial paper with highest letter and numerical rating, mutual funds registered with the Securities and Exchange Commission and the Maryland Local Government Investment Pool. The City's investment policy limits the percentage of certain types of securities with the exception of obligations for which the United States Government has pledged its full faith and credit. For investments held by the City in trust and/or to secure certain debt obligations, the City complies with the terms of the trust agreements. The City's Board of Finance has formally adopted the above policies and reviews and approves all securities transactions.

Investments are reported at fair value, except that investments with maturities of less than one year from purchase date are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at the current exchange rates. Real estate holdings are valued based on current appraisals. Leveling disclosures for the investments are included in a table on the following page.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

This primary government's investments at June 30, 2021, are presented below. All investments are presented by investment type, and debt securities are presented by maturity (expressed in thousands):

Investment Type	Fair Value	Investment Maturities (In Months)		
		Less Than 6	6 to 12	Greater Than 12
Debt Securities:				
U.S. Agencies	\$ 410,573	\$ 405,573	\$ 5,000	
Repurchase agreements	220,000	220,000		
Money market mutual funds	1,421,263	1,421,263		
Commercial paper	36,838	1,787	21,585	\$ 13,466
	2,088,674	\$ 2,048,623	\$ 26,585	\$ 13,466
Other investments:				
Equity mutual funds	14,123			
	2,102,797			
Less: cash equivalents	1,603,660			
Total investments	\$ 499,137			

Investments and Valuation - The City categorizes its investments using the fair value measurements identified in 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 and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Investment Type	Fair Value	Investment Levels		
		Level 1	Level 2	Level 3
Debt Securities:				
U.S. Agencies	\$ 410,573	\$ 410,573		
Repurchase agreements	220,000	220,000		
Equity mutual funds	14,123	14,123		
Money market mutual funds	1,421,263	1,421,263		
Commercial paper	36,838	36,838		
	2,102,797	\$ 2,102,797		
Less: cash equivalents	1,603,660			
Total investments	\$ 499,137			

Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 - Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Interest rate risk—Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of investment.

The City limits its interest rate risk in accordance with the City's Board of Finance policy by maintaining a minimum of 20 percent of the City's investments in funds in liquid investments to include United States Government securities, overnight repurchase agreements, and the Maryland Local Government Investment Pool, and by limiting the par value of the portfolio invested for a period greater than one year at or below \$100 million.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

The Maryland Local Government Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company but maintains a policy to operate in a manner consistent with SEC Rule 2a7 of the Investment Company Act of 1940.

Credit risk of debt securities—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

The City Board of Finance limits City investments to only the highest rated investments in the categories discussed above. The City’s rated debt investments as of June 30, 2021 were rated by a nationally recognized statistical rating agency and are presented below using the Moody’s rating scale (expressed in thousands):

Investment Type	Fair Value	Quality Ratings	
		Aaa-AA+	A 1-P1
Debt Securities:			
U.S. Agencies	\$ 176,996	\$ 176,996	
Money market mutual funds	1,421,263	1,421,263	
Commercial paper	36,838		\$ 36,838
Total investments	\$ 1,635,097	\$ 1,598,259	\$ 36,838

Concentration of credit risk—Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The City has not adopted a formal policy on the concentration of credit risk.

The City had the following debt security investments at June 30, 2021, that were more than five percent of total investments (expressed in thousands):

Investment	Fair Value	Percentage of Portfolio
Cantor Repurchase Agreement	\$ 220,000	10.46%

Retirement Systems

The City’s three Retirement Systems (Systems or System) are authorized by the Baltimore City Code to make investments in accordance with the guidelines and limitations set forth in the Code. The Board of Trustees of each system accomplishes the daily management of the investments through an external investment advisor, who acts as a fiduciary for each system, and through external investment managers. The Board of Trustees for each system invests the assets of the system using the “prudent person standard”, which allows the Board to consider the probable safety of investments, avoid speculative investments, and invest as people of prudence, discretion, and intelligence would in a similar situation. The Boards of Trustees have adopted an investment policy and guidelines for each system to formally document their investment objectives and responsibilities. Leveling tables as required by GASB 72 are available in the separately issued statements for the Systems.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The invested assets of the retirement systems at June 30, 2021 are as follows (expressed in thousands):

Investment Type	Carrying Value			Total
	Employees' Retirement System	Elected Officials' Retirement System	Fire and Police Employees' Retirement System	
Debt Securities:				
U.S. Treasury notes and bonds	\$ 17,107		\$ 80,644	\$ 97,751
U.S. Government agency bonds			20,610	20,610
Corporate bonds	75,369	\$ 6,961	92,797	175,127
Commingled fixed income fund	239,115		213,661	452,776
U.S. Quasi and Foreign Government	38,115			38,115
Mutual funds	81,827	421	163,358	245,606
Total debt securities	451,533	7,382	571,070	1,029,985
Other:				
Domestic equities	666,144	10,649	502,234	1,179,027
International equities	379,537	6,325	630,381	1,016,243
Defensive equities	101,563	2,907		104,470
Dynamic US equity fund.....			154,040	154,040
Hedge funds	39,598		200,138	239,736
Commingled equity fund			446,414	446,414
Private equity funds	234,980		401,691	636,671
Private energy funds			95,841	95,841
Real estate	241,012	3,894	240,647	485,553
Total other	1,662,834	23,775	2,671,386	4,357,995
Total investments	2,114,367	31,157	3,242,456	5,387,980
Less: Cash and cash equivalents	81,827	421	163,358	245,606
Total net investment	\$ 2,032,540	\$ 30,736	\$ 3,079,098	\$ 5,142,374

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

The Fire and Police Employee's Retirement System's Board of Trustees has adopted a policy that the external managers demonstrate sensitivity to currency risk. The foreign currency exposure of the Fire and Police Employee's Retirement System may be hedged back to the U.S. dollar using forward foreign exchange contracts. From 0% to 100% of the foreign currency exposure of the portfolio may be hedged. Cross-hedging to currencies other than the U.S. dollar may reach 25% of the total portfolio. Currency speculation is not permitted.

The Employees' Retirement Systems Board of Trustees has not adopted a formal policy to limit foreign currency risk.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

The foreign currency risk for each system at June 30, 2021 is presented on the following table (expressed in thousands):

Currency	Employees' Retirement System	Fire and Police Employees' Retirement System	Total
Euro Currency Unit	\$ 64,094	\$ 198,631	\$ 262,725
Australian Dollar	14,867	3,062	17,929
Brazil Real	4,324	4,477	8,801
British Pound Sterling		77,796	77,796
Canadian Dollar	15,687	11,414	27,101
Chinese Yuan Renminbi	625		625
Danish Krone	1,428	15,119	16,547
Hong Kong Dollar	18,751	42,411	61,162
Indonesian Rupian	626	3,707	4,333
Israeli Shekel	217		217
Japanese Yen	39,894	55,088	94,982
Mexican Peso	740		740
New Taiwan Dollar	2,915	6,640	9,555
New Zealand Dollar	430		430
Norwegian Krone	2,474	2,273	4,747
Polish Zloty	1,188	1,010	2,198
Pound Sterling	37,382		37,382
Russian Ruble	143		143
Singapore Dollar	6,556		6,556
South African CommRand	294		294
South Korean Won	5,961	4,636	10,597
Swedish Krona	4,749	22,632	27,381
Swiss Franc	13,543	56,375	69,918
Thai Baht	216	487	703
UAE Dirham	221		221
Total Foreign Currency	\$ 237,325	\$ 505,758	\$ 743,083

Interest rate risk – The Fire and Police Employee’s Retirement System Board of Trustees uses the Option Adjusted Duration as a measure of interest rate sensitivity for bonds. Duration is a measure of the approximate sensitivity of a bond’s value to interest rate changes. The Fire and Police Employees’ Retirement System Board of Trustees’ fixed income interest rate policy states that the effective duration of a portfolio may not exceed 120% of the effective duration of the underlying Bloomberg Barclay’s U.S. Aggregate Bond Index.

Both the Employees’ Retirement System and the Elected Officials’ Retirement System have selected the duration method to disclose the debt securities exposure to changes in interest rates. However, both plans have not adopted a formal policy to limit interest rate risk.

Credit Risk – The Boards of Trustees of the City’s three retirement systems have not adopted a formal policy to limit credit risk.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

The credit rating and duration of investments at June 30, 2021, were as follows (expressed in thousands):

Asset Type	Duration	Carrying Value	AAA thru A	BBB thru B	CCC thru C	Not Rated
<i>Employees' Retirement System:</i>						
U.S. Treasury notes and bonds	9.06	\$ 17,107	\$ 17,107			
Emerging market bond CIT-Class B	7.68	88,925	6,225	\$ 72,919	\$ 5,335	\$ 4,446
US Quasi and Foreign government	3.77	38,115	21,971	4,310		11,834
Corporate bonds	4.92	75,370	23,289	35,179	93	16,809
Bank loan fund	0.27	76,513		67,186	5,065	4,262
MCM Lehman aggregate bond index	6.59	73,676	62,809	10,867		
Total debt securities		\$ 369,706	\$ 131,401	\$ 190,461	\$ 10,493	\$ 37,351
<i>Elected Officials' Retirement System:</i>						
Aggregate bond index fund	6.58	\$ 3,783	\$ 3,783			
US Senior loan fund	0.34	1,956	1,956			
Core Plus bond fund	6.36	1,222	1,222			
Total debt securities		\$ 6,961	\$ 6,961			
<i>Fire and Police Employees' Retirement System:</i>						
U.S. Treasury notes and bonds	3.98	\$ 80,644	\$ 80,644			
U.S. Government agency bonds	4.95	20,610	19,041			\$ 1,569
Barclay aggregate index	6.59	30,851	30,851			
NHIT agency mbs trust	4.69	27,734	27,734			
Corporate bonds	3.56	92,797	22,787	\$ 56,718		13,292
Emerging market debt fund	3.07	29,033		29,033		
MCM TIPS	7.72	119,937	119,937			
Senior floating rate fund	N/A	6,106		6,106		
Total debt securities		\$ 407,712	\$ 300,994	\$ 91,857		\$ 14,861

The City's Retirement Systems have entered into a Securities Lending Authorization Agreement with BNY Mellon Bank (the Custodian) authorizing them to lend its available securities. All individual securities which are readily marketable and which are not restricted due to an outstanding short option are eligible for loan at the discretion of the custodian bank. The investment manager may lend securities held in custody of commingled funds if authorized in a manager's contract with the Retirement Systems.

Collateral received in exchange for securities loaned is collected in an escrow account for the Retirement Systems' benefit for the duration of the loan. At no time do the Retirement Systems lose custody of either the security or the collateral. Collateral in exchange for the principal lent may be in the form of cash, or securities issued or guaranteed by the U.S. government, or its agencies or instrumentalities. The minimum levels of collateral are set at 102% of the market value of domestic securities loaned, including all accrued income, and 105% of the market value of international securities loaned, including all accrued income. If the market value of the collateral falls below 100% of the loaned securities, additional collateral is deposited to adjust up to the appropriate minimum level of collateral. All collateral amounts are adjusted to market daily. The City's Retirement Systems do not have the right to sell or pledge securities received as collateral without borrower default.

As of June 30, 2021, the Retirement Systems had no credit risk exposure to borrowers because the amounts they owed borrowers exceeded the amounts the borrowers owed the Retirement Systems. The market value of securities on loan at June 30, 2021, was \$234,924,000, and the market value of the collateral received for those securities on loan was \$254,739,000 which included collateral received in cash in the amount of \$82,606,000. The Retirement Systems did not impose any restrictions during the fiscal year on the amount of loans the custodian made on their behalf. The terms of the Securities Lending Authorization Agreement require that the custodian indemnify the retirement systems against: (1) the failure to demand adequate and appropriate collateral from a borrower as and when required pursuant hereto; (2) the failure to comply with the investment guidelines in connection with the investment and reinvestment of cash collateral; (3) the failure to obtain and perfect a security interest or rights equivalent thereto in and to the collateral; or (4) the failure to make a reasoned determination of the creditworthiness of any borrower. There were no such failures by any borrowers during the fiscal year. Moreover, there were no losses during the fiscal year resulting from default of the borrowers or the custodian.

Substantially all securities loans can be terminated on demand either by the custodian or by the borrower, although generally the average term of these loans is one week. Cash collateral is invested in the custodian's short-term investment pool. The short-term investment pool guidelines specify that a minimum of 20% of the invested cash collateral is to be available each business day and the dollar-weighted average maturity of holding must not exceed 90 days.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Other Postemployment Benefits Fund

The City's Other Postemployment Benefits Trust Fund (OPEB Trust Fund) is authorized by the Baltimore City Code to make investments in accordance with the guidelines and limitations set forth in the code. The Baltimore City Director of Finance was made Trustee of the Trust and, under a Memorandum of Understanding between the Director of Finance and the Board of Trustees of the Employees' Retirement System (Board), the Board is charged with administration of the Trust and investment of its assets. As part of its responsibility, the Board has adopted investment policies and guidelines, which formally document its investment objectives and responsibilities.

The investment assets of the OPEB Trust Fund at June 30, 2021, are as follows (expressed in thousands):

Investment Type	Fair Value	Investment Maturities (In Months)	
		Less than 6	Greater than 12
Cash and cash equivalents	\$ 27,967	\$ 27,967	
U.S. Treasury obligations	19,248		\$ 19,248
U.S. Government agencies	12,773		12,773
Corporate bonds	123,214		123,214
Subtotal	183,202	\$ 27,967	\$ 155,235
Real estate	76,790		
Stocks	607,477		
Total investments	867,469		
Less: cash and cash equivalents	27,967		
Total net investments	\$ 839,502		

The OPEB Trust Fund categorized their 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 and given the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active; and model derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Instruments that are measured at fair value using the net asset value per share (or its equivalent) as practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The table on the following page shows the fair value leveling on the investments for the OPEB Trust Fund (amounts expressed in thousands).

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt Securities classified in Level 1 and Level 2 are valued using a bid evaluation, mid evaluation, last trade or official close. Mid evaluations are when a bid and ask evaluation are both present. Last trade is the most recent trade price of a security at market close time. Official close is the closing price as defined by the exchange.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Investment by fair value level	Base Amount	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	\$ 19,248	\$ 19,248		
U.S. Government agency bonds	12,774		\$ 12,774	
Corporate bonds	27,988		27,988	
Total debt securities at fair value level	<u>60,010</u>	<u>19,248</u>	<u>\$ 40,762</u>	
Equity securities				
Domestic equities	141,488	141,488		
International equities	25,420	25,420		
Total equity securities at fair value level	<u>166,908</u>	<u>\$ 166,908</u>		
Total investments by fair value level	<u>226,918</u>			
Investments measured at the net asset value (NAV)				
Commingled fixed income	76,790			
Domestic equities	144,893			
Defensive equities	41,741			
International equities	177,358			
Real estate	95,225			
Hedge funds	47,414			
Private equities	29,163			
Total investments measured at the NAV	<u>612,584</u>			
Total net investments	<u>\$ 839,502</u>			

The valuation method for investments measured at the Net Asset Value (NAV) per share, or equivalent, is presented in the table below (expressed in thousands):

Investment Measured at the Net Asset Value (NAV)	Base Annual	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled fixed income.....	\$ 76,790		Daily, weekly & monthly	0 - 30 days (1)
Domestic equities.....	144,893		Daily, weekly & monthly	0 - 30 days (2)
International equities.....	177,358		Daily, weekly & monthly	0 - 30 days (3)
Defensive equities.....	41,741		Quarterly	0 - 30 days (4)
Hedge funds.....	47,414		Quarterly	90-100 days (5)
Real estate.....	95,225		Quarterly	90-100 days (6)
Private equities.....	29,163		Not eligible	N/A (7)
Total investments measured at the NAV	<u>\$ 612,584</u>	<u>\$ -</u>		

(1) Commingled fixed income investment is in two mutual funds. One seeks to provide a high level of current income, consistent with preservation of capital by investing at least 80% of its net assets in adjustable-rate senior loans; while the second one actively tracks the performance of an index.

(2) Domestic Equity investments is in funds that seek long-term capital appreciation by investing at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of large capitalization companies. Such large cap companies are those with total market capitalizations of \$5 billion or more at the time of purchase.

(3) International equity investments are in both managed funds and direct investments. Investment in managed funds are in securities where rigorous dividend discount analysis is used to identify value in terms of long term flow of income as well as in funds which employs strategies that seeks to outperform the MSCI World index (half-hedged) while maintaining a similar level of market risk over the long term. The direct investment is focused on protection in a down market while performing a rigorous fundamental analysis by assessing competitive framework, scrutinizing financials, analyzing business environment and evaluating management.

(4) Defensive equity investment is in a fund that seek long-term growth of capital. The fund employs a strategy of writing collateralized put options on the S&P 500 Index. The collateral generally consists of short duration, high quality fixed income positions with a focus on U.S. Treasuries.

(5) Hedge Funds investment is in a fund that seeks to deliver stable returns uncorrelated to traditional asset classes in a liquid and cost efficient structure. It also seeks to offer exposure to multiple Alternative Risk Premia by investing long/short across asset classe in developed markets.

(6) Real estate investments is in a core real estate fund. The investment style is based on strategies and tactics that are designed to take advantage of barrier and rotational market dynamics.

(7) The System's private equity investments are with 9 managers, invested in Diversified, Venture Capital, Distressed Debt, Buyouts, International and Special Situations strategies. These investments are considered illiquid as redemptions are restricted over the life of the investment.

Interest Rate and Credit Risk—The Board has not adopted a formal policy to limit interest rate and credit risk.

Bonds held by the OPEB Trust Fund have ratings from AA1 to AA2.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

Baltimore City Public School System

The BCPSS, through the office of the Chief Financial Officer, pursues a cash management and investment program to achieve the maximum financial return on available funds. Depending on the projected cash needs of the BCPSS, excess funds may be invested on a short, intermediate or long-term basis at the best obtainable rates. Investments are generally in direct or indirect obligations of the U.S. Government and are fully collateralized.

The BCPSS is authorized by State law to invest in direct or indirect obligations of the U.S. Government, repurchase agreements and related mutual funds. The BCPSS's investments at June 30, 2021, are presented below. All investments are presented by investment type (expressed in thousands):

Investment Type	Fair Value	Investment Maturities (In Months)			Max. allowed per Investment Policy
		Less than 3	3 to 12	Percent	
Money market funds	\$ 61,195	\$ 61,195		12.0%	100.0%
Commercial paper	21,996	11,899	\$ 10,097	4.3%	5.0
Fixed income	632	632		0.1%	100.0
Equity funds	542	542		0.1%	100.0
U.S. Government agencies	227,871	83,764	144,107	44.7%	100.0
U.S. Treasury obligations	197,551	96,998	100,553	38.8%	100.0
Total invested funds	509,787	\$ 255,030	\$ 254,757	100.0%	
Less: cash equivalents	255,030				
Total net investments	\$ 254,757				

Investments and Valuation - BCPSS categorizes its investments using the fair value measurements identified in 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 and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 - Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Transactions are recorded on the trade date, realized gains and losses are determined using the identified cost method. Any change in net unrealized gain or loss from the preceding period is reported in the statement of revenues, expenses and changes in net position. Dividends are recorded on the ex-dividend date. Interest is recorded on the accrual basis. Following is a description of the valuation methodologies used for assets measured at fair value.

BCPSS investments are comprised of money market funds, fixed income securities, commercial paper and U.S. government securities and are valued at their Fair Value (FVs) or amortized cost.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique.

Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are value using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

CITY OF BALTIMORE
Notes to Basic Financial Statements

(Continued)

City Schools had the following recurring fair value measurements as of June 30, 2021:

	Level 1	Level 2	Level 3	Balance June 30, 2020
Investments by fair value level:				
Debt Securities:				
Equity Funds	\$ 542			\$ 542
US Government Obligations		\$ 227,871		227,871
US Treasury Obligations		197,550		197,550
Total Debt Securities	542	425,421		425,963
Equity Securities:				
Fixed Income	632			632
Commercial Paper		21,997		21,997
Total Equity Securities	632	21,997		22,629
Total Investment by fair value level	<u>\$ 1,174</u>	<u>\$ 447,418</u>		448,592
Investments carried at amortized cost:				
Deposits				(1,754)
Money Market Mutual Funds				62,949
Total Investments at amortized cost				61,195
Total Investments				<u>\$ 509,787</u>

Investment Ratings - Ratings apply to all Money Market funds, Checking, Commercial Paper, and U.S. Government Agencies (expressed in thousands):

Moody	Percent	Fair Value	S&P	Percent	Fair Value
AAA	83.4%	\$ 426,501	AAA	0.0%	\$ 1,081
Aaa	0.0		AA+	84.0	425,420
P-1	4.3	21,997	A-1+	2.0	9,299
Not rated	12.3	63,043	A-1	2.0	12,698
	<u>100.0%</u>	<u>\$ 511,541</u>	Not rated	12.0	63,043
				<u>100.0%</u>	<u>\$ 511,541</u>

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of investments. The BCPSS limits its interest rate risk in accordance with their policy by maintaining a minimum of 20% of the BCPSS’s investment in funds in liquid investments which include U.S. Government Securities and Money Market Mutual Funds.

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

As stated above, the BCPSS limits investments to highly rated investments in the categories discussed above.

Cash and cash equivalents include Money Market deposits and other types of investments.

Baltimore Hotel Corporation

The Baltimore Hotel Corporation (BHC) pursues a cash management and investment program to achieve the maximum financial return on available funds. Investments consist of private debt obligations and money market funds with varying maturity dates. Certain portions of the investments are used to fund operating activities of the entity and other portions are used for debt repayment. These investments are stated at market value. Additional disclosures required by GASB 74 are available in the separately issued BHC financial statements.

The BHC has no formal policy for limiting risk associated with these investments. The City of Baltimore Department of Finance directs the selection of investment funds. At year-end, BHC held investments in the amount of \$26,406,000 consisting of repurchase agreements with various financial institutions and government money market funds.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

4. Receivables, net

Receivable at year-end of the City's major individual governmental funds, enterprise funds, and nonmajor and other funds (including internal service and fiduciary funds) were as follows (expressed in thousands):

Receivables	General Fund	Grants Revenue Fund	Capital Projects Fund	Enterprise Fund	Non-major and Other Funds	Total
Property taxes	\$ 15,993					\$ 15,993
Service billings				\$ 188,051		188,051
Due from other governments	106,549	\$ 12,502	\$ 11,126	482,645	\$ 5,894	618,716
Notes and mortgages receivable	263,278			12,361		275,639
Other	89,078			1,472	3,622	94,172
Total	\$ 474,898	\$ 12,502	\$ 11,126	\$ 684,529	\$ 9,516	\$ 1,192,571

Unavailable property taxes include prepaid property taxes. Service billings are reported net of an allowance for doubtful accounts of \$187,606,000. Bad debt expense for fiscal year 2021 was \$47,691,000.

Adjustments unrelated to consumption that resulted in reductions to income on Water, Wastewater, and Stormwater Utility Fund customer accounts were recorded in the Water Utility Fund.

5. Capital Assets

Capital assets activities for the year ended June 30, 2021, were as follows (expressed in thousands):

Governmental Activities Capital Assets:

Class	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 248,215			\$ 248,215
Other	121,701	\$ 717	\$ 8,313	114,105
Construction in progress	232,881	92,019	41,720	283,180
Total capital assets, not being depreciated	602,797	92,736	50,033	645,500
Capital assets, being depreciated				
Building and improvements	2,322,963	35,856		2,358,819
Equipment	479,838	18,181	6,967	491,052
Infrastructure	3,052,278	5,255		3,057,533
Library books	34,430	1,564	2,820	33,174
Total capital assets, being depreciated	5,889,509	60,856	9,787	5,940,578
Less: accumulated depreciation for:				
Building and improvements	1,364,670	40,775		1,405,445
Equipment	352,474	40,211	3,814	388,871
Infrastructure	1,520,494	74,087		1,594,581
Library books	18,578	3,161	2,820	18,919
Total accumulated depreciation	3,256,216	158,234	6,634	3,407,816
Total capital assets, being depreciated, net	2,633,293	(97,378)	3,153	2,532,762
Governmental activities capital assets, net	\$ 3,236,090	\$ (4,642)	\$ 53,186	\$ 3,178,262

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Business-type Activities Capital Assets:

Class	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021
<i>Capital assets, not being depreciated:</i>				
Land	\$ 36,920			\$ 36,920
Construction in progress	1,373,556	\$ 373,473	\$ 1,213,681	533,348
Total capital assets, not being depreciated	1,410,476	373,473	1,213,681	570,268
<i>Capital assets, being depreciated</i>				
Building and improvements	3,889,417	1,045,794		4,935,211
Equipment	307,247	3,409	4,070	306,586
Infrastructure	1,957,887	116,530		2,074,417
Total capital assets, being depreciated	6,154,551	1,165,733	4,070	7,316,214
<i>Less: accumulated depreciation for:</i>				
Building and improvements	1,316,690	79,408		1,396,098
Equipment	136,352	11,960	4,070	144,242
Infrastructure	296,805	36,623		333,428
Total accumulated depreciation	1,749,847	127,991	4,070	1,873,768
Total capital assets, being depreciated, net	4,404,704	1,037,742	-	5,442,446
Business-type activities capital assets, net	\$ 5,815,180	\$ 1,411,215	\$ 1,213,681	\$ 6,012,714

Depreciation expense was charged to functions/programs of the City for the fiscal year ended June 30, 2021 (expressed in thousands):

<i>Governmental activities</i>	
General government	\$ 11,038
Public safety and regulation	6,889
Conservation of health	354
Education	14,923
Public library	6,085
Recreation and parks	9,096
Highways and streets	68,636
Sanitation and waste removal	1,836
Public service	2,563
Economic development	824
Internal service funds	35,990
Total	\$ 158,234

<i>Business-type activities:</i>	
Water	\$ 39,166
Wastewater	78,286
Stormwater	5,467
Parking	2,525
Conduits	2,547
Total	\$ 127,991

As of June 30, 2021, the outstanding commitments relating to projects of the City of Baltimore amounted to approximately \$135,240,000 for governmental activities and \$602,232,000 for business-type activities.

In July 2018, The City entered into a lease agreement with Maryland Economic Development Corporation (MEDCO) to lease three parking garages terminating at the earlier of the 50th anniversary of closing or the date on which the MEDCO Parking Facilities Revenue Bonds Series 2018 bonds (MEDCO Bonds) are fully repaid. The lease requires MEDCO to operate the three parking garages in a first class manner and to adopt, operate, and maintain the facilities in accordance with City operating standards and a long term capital plan. In exchange, MEDCO made an initial rent payment of \$55,955,000 and annually, MEDCO shall pay to the City of Baltimore rent in the amount of a distributable portion of the Surplus Fund, as defined in the trust indenture. In accordance with GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", the arrangement between MEDCO and the City of Baltimore qualifies as a service concession arrangement. In the Statement of Net Position under governmental activities, \$52,598,000 is reflected as a deferred inflow of resources (initial rent payment of \$55,955,000 less \$3,357,000 recognized as revenue). The parking garages are continuing to be depreciated and are reflected in the above governmental activities capital asset table.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

6. Interfund Balances and Activity

A. BALANCE DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at June 30, 2021, were as follows (expressed in thousands):

Fund	Interfund	
	Receivable	Payable
General	\$ 49,277	\$ 14,072
Grants revenue	12,485	
Capital projects	1,585	
Proprietary		36,580
Internal service		12,695
Totals	\$ 63,347	\$ 63,347

The Interfund balances are primarily the result of the City's policy not to reflect cash deficits in its individual funds. Also, as of June 30, 2021, certain transactions between funds had not been completed.

B. TRANSFERS TO/FROM OTHER FUNDS

Transfers to/from other funds at June 30, 2021, were as follows (expressed in thousands):

Fund	General	Capital Projects	Parking	Total Transfer To
General		\$ 6,298	\$ 21,012	\$ 27,310
Grants revenues	\$ 22,535		3,164	25,699
Capital projects	500			500
Nonmajor governmental		1,625		1,625
Total transfers from	\$ 23,035	\$ 7,923	\$ 24,176	\$ 55,134

Transfers were primarily to the General Fund to provide funds for debt service and to transfer excess revenue from the Proprietary Funds to the General Fund.

C. DEFICITS

The following funds had a deficit fund balance/net position at June 30, 2021, (expressed in thousands):

Internal service funds:	
Municipal communication	(3,316)
Reproduction and printing	(644)

Deficits in the above funds are temporary and are not expected to continue. They should be eliminated in the future periods.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

7. Long-term Obligations

A. LONG-TERM OBLIGATION ACTIVITY

The City does not have a debt limit; however, the Constitution of Maryland requires a three-step procedure for the creation of debt:

- Act of the General Assembly of Maryland or resolution of the majority of Baltimore City delegates
- Ordinance of the Mayor and City Council
- Ratification by the voters of Baltimore City

Changes in long-term obligations for the year ended June 30, 2021, are as follows (expressed in thousands):

	June 30, 2020	New Debt Issued	Debt Retired	June 30, 2021	Due Within One Year
GOVERNMENTAL ACTIVITIES*					
<i>General Obligation Bonds:</i>					
Highways	\$ 1,017		\$ 218	\$ 799	\$ 233
Health	1,292	\$ 38	222	1,108	187
Public safety	1,552	39	211	1,380	225
Off-street parking	4,569		1,137	3,432	1,585
Recreation and parks	32,362	1,320	2,489	31,193	2,514
Public buildings and facilities	115,376	24,392	7,429	132,339	8,092
School	177,446	16,468	16,596	177,318	17,774
Urban renewal	252,708	28,183	34,273	246,618	23,351
Unallocated	2,732		730	2,002	750
Total general obligation bonds	589,054	70,440	63,305	596,189	54,711
<i>Special Obligation Bonds</i>					
Special Obligation Bonds	204,193	137,485	3,432	338,246	4,021
<i>Long-term financing with the Federal Government:</i>					
Federal economic development loans	13,919		2,901	11,018	3,023
Total Governmental Activities	\$ 807,166	\$ 207,925	\$ 69,638	\$ 945,453	\$ 61,755
BUSINESS-TYPE ACTIVITIES					
<i>General Obligation Bonds:</i>					
Stormwater	\$ 4,275		\$ 480	\$ 3,795	\$ 514
Total Business-Type Activities	\$ 4,275		\$ 480	\$ 3,795	\$ 514
COMPONENT UNIT - BALTIMORE CITY PUBLIC					
SCHOOL SYSTEM					
<i>Bonds:</i>					
Schools	\$ 64,165		\$ 13,049	\$ 51,116	\$ 13,373

*Included in the Statement of Net Position for Governmental Activities is a remaining unamortized premium of \$65,284,000

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

Fixed Rate General Obligation Bonds

On June 23, 2021, the City issued general obligation bonds, Series 2021-A and 2021-B in the amounts of \$47,340,000 and \$23,100,000, respectively, and totaling \$70,440,000. Of this amount, \$56,205,000 were issued for various capital project, and \$14,235,000 were refunding bonds that current refunded certain outstanding maturities totaling \$14,235,000. Interest on the bonds is due each April 15th and October 15th, and mature between 2022 and 2041 depending on the particular series.

The Series 2021-B general obligation refunding bonds issuance reduced total debt service by approximately \$3,084,000 to obtain an economic gain approximately \$2,850,000. This amount was used to reduce the City's future debt service costs.

Variable Rate General Obligation Bonds

As of June 30, 2021, the City had \$11,500,000 of taxable variable rate demand Consolidated Public Improvement Bonds 2003 Series D outstanding, to construct various capital projects throughout the City. The bonds mature on October 15, 2022.

The bonds bear interest at a variable rate that is reset by the Remarketing Agent on a weekly basis. Under terms of the remarketing agreement, the City at its option may change the bond rate to a monthly or long-term rate at any time until maturity upon notification of bondholders.

In conjunction with the bonds, State Street Bank and Trust Company issued an irrevocable letter of credit with a current value of \$11,746,000 in favor of the City and Manufacturers and Traders Trust Company as Tender Agent. The agreement expires October 15, 2022. The existing Agreement permits the fiscal agent to draw certain amounts to pay the principal portion and related accrued interest on the bonds tendered for purchase and not remarketed.

The interest rate on draws made under this agreement includes a base rate defined as the greater of prime rate plus 1.00%, federal funds rate plus 2.00% or 8.5%. The City is required to pay the Bank's fee throughout the term of the Agreement equal to 0.65% per annum of the average daily amount of the available commitment. During fiscal year 2021, the City made no draws under the Agreement, and there were no amounts drawn against the Agreement outstanding at June 30, 2021.

Compensated Absences

Compensated absences as of June 30, 2021, totaled \$187,025,000 for governmental activities and \$16,113,000 for business-type activities, of which \$42,846,000 and \$5,288,000, respectively, were due within one year. For the Baltimore City Public School System, compensated absences and early retirement incentive plan amounts totaled \$63,351,000.

Changes in compensated absences during fiscal year 2021, are as follows (expressed in thousands):

	Governmental Activities	Business-type Activities	Total
Balance, June 30, 2020	\$ 159,974	\$ 15,901	\$ 175,875
Leave earned	69,897	5,499	75,396
Leave used	(42,846)	(5,288)	(48,134)
Balance, June 30, 2021	\$ 187,025	\$ 16,112	\$ 203,137
Due in one year	\$ 42,846	\$ 5,288	\$ 48,134

Parking Facilities Fund Revenue Sharing Agreement

The Parking Facilities Fund entered into two revenues sharing arrangements with the State of Maryland in 2001 and 2003 for the development of two parking garages. In exchange for a \$9,000,000 investment from the State, the City agreed to share 5% interest annually on the investment, payable to the State when the garages began to generate positive cash flow. In fiscal year 2021, the Parking Facilities Fund reflected \$450,000 of interest expense and paid \$562,000 of interest as part of this agreement.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

B. DEBT SERVICE REQUIREMENTS

Debt service requirements on long-term debt at June 30, 2021, are as follows (expressed in thousands):

Governmental Activities							
Fiscal Year	General Obligation Bonds			Long-Term Financing with Federal Government		Special Obligation Bonds	
	Principal	Interest	Interest	Principal	Interest	Principal	Interest
			Rate Swap Net(a)				
2022	\$ 54,711	\$ 23,429	\$ 421	\$ 3,023	\$ 249	\$ 4,021	\$ 15,667
2023	59,584	21,157	144	2,329	180	4,575	15,498
2024	37,701	18,841		2,410	119	5,138	15,238
2025	39,510	17,035		2,252	58	7,118	14,954
2026-2030	182,383	58,910		1,004	14	47,568	69,041
2031-2035	126,430	25,896				63,683	55,834
2036-2040	84,899	6,853				85,999	38,320
2041-2045	10,971	194				60,389	18,362
2046-2050						48,715	7,035
2051-2055						11,040	216
Totals	\$ 596,189	\$ 172,315	\$ 565	\$ 11,018	\$ 620	\$ 338,246	\$ 250,165

(a) Interest Rate Swap Net payments represent estimated additional interest payable to counterparties for additional interest resulting from swap agreements. The additional payments were computed using rates as of June 30, 2021, assuming current interest rates remain the same for the remaining term of the swap. As rates vary, variable rate bond interest payments and net swap payments will vary.

Business-type Activities			
Fiscal Year	General Obligation Bonds		
	Principal	Interest	
2022	\$ 514	\$ 154	
2023	541	128	
2024	219	110	
2025	230	99	
2026-2030	738	396	
2031-2035	851	240	
2036-2040	697	63	
2041-2045	5		
Totals	\$ 3,795	\$ 1,190	

A summary of general obligation bonds outstanding and bond anticipation notes outstanding, and bonds authorized but unissued (expressed in thousands) at June 30, 2021, are as follows:

Purpose	Due Dates	Outstanding		Authorized But Unissued
		Interest Rates	Amount	Amount
Fire, police, and public protection	2018 to 2035	1.0% to 5.0%	\$ 1,380	\$ 19
Off-street parking	2018 to 2026	1.0% to 5.0%	3,432	345
Recreation and parks	2018 to 2035	1.0% to 6.0%	31,193	8,586
Public buildings and facilities	2018 to 2035	1.0% to 5.0%	132,339	166,069
Schools	2018 to 2035	1.0% to 5.8%	177,318	127,481
Urban renewal and development	2018 to 2035	1.0% to 6.0%	246,618	140,469
Highways	2018 to 2026	1.0% to 5.0%	799	21
Finance				20,000
Health	2018 to 2032	1.0% to 6.0%	1,108	4,071
Stormwater	2018 to 2026	1.0% to 5.5%	3,795	
Unallocated	2018 to 2026	1.0% to 5.0%	2,002	
Totals			\$ 599,984	\$ 467,061

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

Baltimore City Public School System (BCPSS) Bonds

BCPSS has issued the City Schools Qualified School Construction Bonds Series 2009 (the Series 2009 Construction Bonds) in the amount of \$50,800,000, maturing through the year ending June 30, 2025. The net proceeds of Series 2009 Construction Bonds were used to fund various capital improvements to existing schools within BCPSS.

As BCPSS enters into capital project contracts with one or more contractors, funds are to be drawn from the Series 2009 Construction Bonds escrow account to fund capital expenditures. The interest rates on the bonds include a Tax Credit rate of 5.90% and an interest rate of 1.25%, and interest is payable quarterly on March 15, June 15, September 15, and December 15 of each year. Principal sinking fund payment started on December 15, 2014. As of June 30, 2021, the outstanding balance of the Series 2009 Construction Bonds is \$22,721,000.

In January 2011, BCPSS issued the City Schools Qualified School Construction Bonds Series 2011 in the amount of \$60,825,000, maturing through the year ending June 30, 2026. The net proceeds of the Series 2011 Bonds were used to fund various capital improvements to existing schools within BCPSS.

As BCPSS enters into capital project contracts with one or more contractors, funds are drawn from the Series 2011 Bonds escrow account to fund capital expenditures. The interest rates on the Bonds is 5.692% and interest is payable semi-annually on June 15 and December 15 of each year. As of June 30, 2021, the outstanding balance on the Series 2011 Bonds is \$28,395,000.

Future minimum bond payments are as follows at fiscal year ending June 30, 2021 (expressed in thousands):

Fiscal Year	Principal	Interest	Total
2022	\$ 13,373	\$ 4,097	\$ 17,470
2023	16,156	4,097	20,253
2024	15,372	4,097	19,469
2025	6,038	3,780	9,818
2026	177	1,731	1,908
Totals	\$ 51,116	\$ 17,802	\$ 68,918

C. CAPITAL LEASES

Primary Government

The City has entered into various conditional purchase agreements to construct and purchase certain facilities and equipment to be used by municipal agencies. These conditional purchase agreements do not constitute a pledge of the full faith and credit or taxing power of the City and are subject to termination if sufficient funds are not appropriated by the City Council. Since termination of these agreements is not foreseen, the agreements have been capitalized. During fiscal year 2021, the City's capital lease obligations for governmental activities decreased by \$7,429,000 (which is net of new leases in the amount of \$24,450,000 and lease principal payments in the amount of \$31,879,000) from the fiscal year 2020 total of \$157,210,000. During fiscal year 2021, the City's capital lease obligations for business-type activities decreased by \$106,000 for lease principal payments.

	Governmental Activities	Business-type Activities	Total
Balance June 30, 2020	\$ 157,210	\$ 543	\$ 157,753
Lease payments	(31,879)	(106)	(31,985)
New leases	24,450		24,450
Balance June 30, 2021	\$ 149,781	\$ 437	\$ 150,218
Due in one year	\$ 27,549	\$ 117	\$ 27,666

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Future minimum lease payments at June 30, 2021, are as follows (expressed in thousands):

Fiscal Year	Governmental Fund	Business-type Activities		Total
		Enterprise Fund	Internal Service Fund	
2022	\$ 7,386	\$ 130	\$ 24,396	\$ 31,912
2023	6,121	137	23,542	29,800
2024	5,401	141	20,468	26,010
2025	3,887	57	16,986	20,930
2026	3,925		13,535	17,460
2027-2031	9,910		27,586	37,496
2032-2036	3,943			3,943
Total minimum lease payments	40,573	465	126,513	167,551
Less: interest	(6,216)	(28)	(11,089)	(17,333)
Present value minimum lease payments	\$ 34,357	\$ 437	\$ 115,424	\$ 150,218

The following is a schedule of leased property under capital leases by major class at June 30, 2021 (expressed in thousands):

Classes of Property	Governmental Activities	Business-type Activities		Total
		Enterprise Fund	Internal Service Fund	
Buildings	\$ 193,620			\$ 193,620
Equipment	270,740	\$ 3,187	\$ 218,744	492,671
Total	\$ 464,360	\$ 3,187	\$ 218,744	\$ 686,291

Amortization of assets recorded under capital leases is included in depreciation expense.

Baltimore City Public School System (BCPSS)

In November 2011, BCPSS entered into leases with two financial institutions to refinance the 2006 Energy Lease. The 2011 Refunding Lease-Key Government Finance, Inc. in the amount of \$22,341,000 (at an interest rate of 2.755% for 11 years) and the 2011 Refunding Lease-M&T in the amount of \$24,217,000 (at an interest rate of 2.582% for 11 years) refunded \$22,300,000 in 2006 leases. BCPSS had no gains or losses as a result of these refinanced leases. As of June 30, 2021, the outstanding balances on the 1st Niagara and M&T Refunding Leases were \$277,000 and \$2,564,000, respectively.

Future minimum lease payments as of June 30, 2021 are as follow (expressed in thousands):

Fiscal Year	Capital Leases
	Principal
2022	\$ 2,878
Total minimum lease payments	2,878
Less: deferred interest	(37)
Present value minimum lease payments	\$ 2,841

The following is a schedule of leased property under BCPSS capital leases by major class at June 30, 2021 (expressed in thousands):

Classes of Property	
Buildings	\$ 62,146
Equipment	3,926
Total	\$ 66,072

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

8. Revenue Bonds

Water, Wastewater and Stormwater Revenue Bonds

The City has issued revenue bonds, the proceeds of which were used to provide funds for capital improvements to Water, Wastewater and Stormwater facilities. Assets with a carrying value of \$241,819,000 at June 30, 2021, and revenues of the Water, Wastewater, and Stormwater Funds are pledged as collateral for the bonds. Bonds outstanding as of June 30, 2021 consist of (expressed in thousands):

	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund
Term bonds series 1994-A with interest at 5.00%, payable semiannually, due July 1, 2022		\$ 2,285	
Term bonds series 1994-A with interest at 5.00%, payable semiannually, due July 1, 2024	\$ 3,300		
Serial bonds series 2001-A maturing in annual installments through February 1, 2022, with interest rate at 2.30%, payable semiannually		632	
Serial bonds series, 2003-B maturing in annual installments from \$70,797 to \$73,094 through February 1, 2031, with interest rate at 0.40%, payable semiannually	686		
Serial bonds series, 2003-B maturing in annual installments from \$287,000 to \$328,000 through February 1, 2023, with interest rate at 0.40%, payable semiannually		615	
Serial bonds series, 2004-A maturing in annual installments from \$210,347 to \$218,042 through February 1, 2032, with interest rate at 0.40%, payable semiannually	2,330		
Serial bonds series 2004A maturing in annual installments through February 1, 2022, with interest at 0.40%, payable semiannually			\$ 340
Serial bonds series, 2004-B maturing in annual installments from \$900,000 to \$972,000 through February 1, 2022, with interest rate at 0.45%, payable semiannually		547	
Serial bonds series, 2004-C maturing in annual installments from \$893,000 to \$907,000 through February 1, 2024, with interest rate at 0.25%, payable semiannually		2,712	
Serial bonds series, 2005-A maturing in annual installments from \$104,000 to \$1,102,000 through February 1, 2024, with interest rate at 0.25%, payable semiannually		2,304	
Serial bonds series, 2006-A maturing in annual installments from \$495,000 to \$1,548,000 through February 1, 2025, with interest rate at 0.40%, payable semiannually		5,122	
Serial bonds series, 2006-B maturing in annual installments from \$185,000 to \$361,000 through February 1, 2026, with interest rate at 0.40%, payable semiannually		1,619	
Serial bonds series, 2007-A maturing in annual installments from \$74,898 to \$78,574 through February 1, 2035, with interest rate at 0.40%, payable semiannually	1,004		
Serial bonds series, 2007-A maturing in annual installments from \$1,704,000 to \$2,174,000 through February 1, 2026, with interest rate at 0.40%, payable semiannually		10,352	
Serial bonds series, 2007-B maturing in annual installments from \$156,000 to \$161,000 through February 1, 2027, with interest rate at 0.40%, payable semiannually		958	
Serial bonds series 2009 maturing in annual installments from \$102,451 to \$124,415 through June 15, 2024, with interest at 4.00% to 5.00%, payable semiannually			243
Serial bonds series, 2009-A maturing in annual installments of \$426,167 through February 1, 2029, with an interest rate at 0.00%		3,409	
Serial bonds series, 2009-B maturing in annual installments of \$91,149 through February 1, 2030, with an interest rate at 0.00%		737	
Serial bonds series, 2009-B maturing in annual installments of \$586,172 from February 1, 2019 through February 1, 2043, with an interest rate at 0.00%	12,896		
Serial bonds series, 2009-E maturing in annual installments of \$157,842 through February 1, 2032, with an interest rate at 0.00%		1,736	
Serial bonds series, 2011-A maturing in annual installments through July 1, 2022, with interest rates from 3.00% to 5.00%	1,265		
Serial bonds series, 2011-A maturing in annual installments of \$2,420,000 to \$3,940,000 through July 1, 2031, with interest rates from 4.00% to 5.00%		2,420	
Serial bonds series, 2011-B maturing in annual installments of \$139,584 to \$172,023 through February 1, 2043, with interest rates of 1.00%	3,415		
Serial bonds series, 2011-B maturing in annual installments of \$178,688 to \$203,363 through February 1, 2033, with interest rates of 1.00%		2,311	
Serial bonds series 2012 maturing in annual installments from \$207,900 to \$256,850 through October 1, 2027, with interest rates of 2.00% to 5.00%, payable semiannually			1,449
Serial bonds series, 2013-A maturing in annual installments of \$1,634,802 to \$1,798,836 through February 1, 2034, with interest rate at 0.80%, payable semiannually		22,303	
Serial bonds series, 2013-A maturing in annual installments of \$2,770,000 to \$3,055,000 through July 1, 2023, with interest rates from 3.00% to 5.00%, payable semiannually	8,735		
Serial bonds series, 2013-B maturing in annual installments of \$3520,000 to \$3,880,000 through July 1, 2033, with interest rates from 2.00% to 5.00%, payable semiannually	11,090		
Serial bonds series, 2013-C maturing in annual installments of \$1,445,000 to \$2,540,000 through July 1, 2032, with interest rates from 3.00% to 5.00%, payable semiannually	24,110		

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund
Serial bonds series, 2013-C maturing in annual installments of \$2,385,000 to \$4,725,000 through July 1, 2033, with interest rates from 3.00% to 5.00%, payable semiannually		\$ 8,295	
Serial bonds series, 2013-D maturing in annual installments from \$2,760,000 to \$3,640,000 through July 1, 2033, with interest rates from 3.00% to 5.00%, payable semiannually			12,225
Serial bonds series, 2013-E maturing in annual installments of \$2,225,000 to \$3,030,000 through July 1, 2026, with interest rates from 3.00% to 5.00%, payable semiannually			15,895
Serial bonds series, 2014-A maturing in annual installments of \$2,144,262 to \$2,464,774 through February 1, 2035, with interest rates at 1.00% payable semiannually			28,725
Serial bonds series, 2014-A maturing in annual installments of \$2,010,000 to \$3,785,000 through July 1, 2034, with interest rates from 2.00% to 5.00% payable semiannually	\$ 39,355		
Term bond series 2014-A with interest at 5.00%, payable semiannually, due July 1, 2037	12,535		
Term bond series 2014-A with interest at 5.00%, payable semiannually, due July 1, 2039	9,430		
Term bond series 2014-A with interest at 5.00%, payable semiannually, due July 1, 2044	28,040		
Serial bonds series, 2014-B maturing in annual installments of \$1,110,000 to \$4,825,000 through July 1, 2034, with interest rates of 5.00% payable semiannually		29,115	
Term bond series 2014-B with interest at 5.00%, payable semiannually, due July 1, 2037	7,065		
Serial bonds series, 2014-C maturing in annual installments of \$790,000 to \$3,905,000 through July 1, 2034 with interest rates from 3.00% to 5.00% payable semiannually	26,945		
Term bond series 2014-C with interest at 5.00%, payable semiannually, due July 1, 2039	6,225		
Serial bonds series, 2014-C maturing in annual installments of \$1,630,000 to \$3,350,000 through July 1, 2034 with interest rates from 2.00% to 5.00%, payable semiannually			34,825
Term bond series 2014-C with interest at 5.00%, payable semiannually, due July 1, 2039			19,445
Term bond series 2014-C with interest at 5.00%, payable semiannually, due July 1, 2044			24,815
Serial bonds series, 2014-D maturing in annual installments of \$4,060,000 to \$10,835,000 through July 1, 2034 with interest rates from 3.00% to 5.00%, payable semiannually			103,655
Serial bonds series, 2014-E maturing in annual installments of \$175,000 to \$3,935,000 through July 1, 2032 with interest rates from 2.00% to 5.00%, payable semiannually			22,170
Serial bonds series, 2015-A maturing in annual installments of \$990,000 to \$1,122,000 from through February 1, 2035, with interest rates of 0.90%, payable semiannually			14,833
Serial bonds series, 2015-B maturing in annual installments of \$3,366,356 to \$3,920,216 through February 1, 2037, with interest rates of 0.90%, payable semiannually			58,697
Serial bonds series, 2016-A maturing in annual installments of \$753,999 to \$903,935 through February 1, 2047 through with interest rates of 0.70%, payable semiannually			21,569
Serial bonds series 2016 maturing in annual installments from \$447,055 to \$662,235 through April 1, 2031, with interest rates of 2.75% to 5.00%, payable semiannually			\$ 5,270
Serial bonds series 2017-A maturing in annual installments from \$2,925,000 to \$6,080,000 through July 1, 2036, with interest rates of 5.00%, payable semiannually	69,180		
Term bond series 2017-A with interest at 5.00%, payable semiannually, due July 1, 2041	35,270		
Term bond series 2017-A with interest at 5.00%, payable semiannually, due July 1, 2046	45,010		
Serial bonds series 2017-B maturing in annual installments from \$1,250,000 to \$1,680,000 through July 1, 2028, with interest rates of 5.00%, payable semiannually	10,195		
Serial bonds series 2017-C maturing in annual installments from \$820,000 to \$2,825,000 through July 1, 2038, with interest rates of 5.00%, payable semiannually	25,280		
Serial bonds series 2017-D maturing in annual installments from \$170,000 to \$5,800,000 through July 1, 2035, with interest rates of 5.00%, payable semiannually	43,910		
Serial bonds series 2017-E maturing in annual installments from \$2,474,024 to \$3,092,422 through Feb 1, 2050, with interest rates of 0.80%, payable semiannually	81,035		
Serial bonds series 2017-A maturing in annual installments from \$1,895,000 to \$6,415,000 through July 1, 2036, with interest rates of 5.00%, payable semiannually		44,825	
Term bond series 2017-A with interest at 5.00%, payable semiannually, due July 1, 2041		22,845	
Term bond series 2017-A with interest at 5.00%, payable semiannually, due July 1, 2046		29,165	
Serial bonds series 2017-B maturing in annual installments from \$780,000 to \$10,500,000 through July 1, 2036, with interest rates of 5.00%, payable semiannually		71,690	

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund
Term bond series 2017-B with interest at 5.00%, payable semiannually, due July 1, 2039		\$ 17,595	
Serial bonds series 2017-C maturing in annual installments from \$795,000 to \$6,835,000 through July 1, 2036, with interest rates of 5.00%, payable semiannually		52,450	
Serial bonds series 2017-D maturing in annual installments from \$139,520 to \$175,375 through Feb 1, 2040, with interest rates of 0.80%, payable semiannually		4,220	
Serial bonds series 2018-A maturing in annual installments from \$4,613,248 to \$5,812,490 through Feb 1, 2051, with interest rates of 0.80%, payable semiannually		155,718	
Serial bonds series 2018 maturing in annual installments from \$280,772 to \$513,317 through April 1, 2034, with interest rates of 3.5% to 5.00%, payable semiannually			\$ 4,914
Serial bonds series 2018-C maturing in annual installments from \$521,314 to \$606,526 through Feb 1, 2040, with interest rates of 0.80%, payable semiannually		10,737	
Serial bonds series 2018-D maturing in annual installments from \$4,329,075 to \$9,862,630 through July 1, 2053, with interest rates of 2.88%, payable semiannually		202,000	
Serial bonds series 2019-A maturing in annual installments from \$2,375,000 to \$8,310,000 through July 1, 2050, with interest rates of 4.00% to 5.00%, payable semiannually	\$ 73,960		
Term bond series 2019-A with interest at 4.00%, payable semiannually, due July 1, 2044	31,615		
Term bond series 2019-A with interest at 4.00%, payable semiannually, due July 1, 2049	38,465		
Serial bonds series 2019-A maturing in annual installments from \$1,685,000 to \$3,755,000 through July 1, 2039, with interest rates of 4.00% to 5.00%, payable semiannually		49,565	
Term bond series 2019-A with interest at 4.00%, payable semiannually, due July 1, 2044		21,150	
Term bond series 2019-A with interest at 5.00%, payable semiannually, due July 1, 2049		26,255	
Serial bonds series 2019-A maturing in annual installments from \$760,000 to \$1,710,000 through July 1, 2029, with interest rates of 3.00% to 5.00%, payable semiannually			22,630
Term bond series 2019-A with interest at 4.00%, payable semiannually, due July 1, 2044			9,635
Term bond series 2019-A with interest at 5.00%, payable semiannually, due July 1, 2049			11,965
Serial bonds series 2019-B maturing in annual installments from \$165,000 to \$3,465,000 through July 1, 2038, with interest rates of 3.00% to 4.00%, payable semiannually	15,235		
Term bond series 2019-B with interest at 4.00%, payable semiannually, due July 1, 2033	995		
Serial bonds series 2019-B maturing in annual installments from \$38,013 to \$41,583 through Feb 1, 2040, with interest rates of 0.50%, payable semiannually		756	
Serial bonds series 2019-B maturing in annual installments from \$298,079 to \$344,466 through Feb 1, 2050, with interest rates of 0.50%, payable semiannually			9,324
Serial bonds series 2019-C maturing in annual installments from \$105,000 to \$2,855,000 through July 1, 2038, with interest rates of 3.00% to 4.00%, payable semiannually	9,415		
Term bond series 2019-C with interest at 4.00%, payable semiannually, due July 1, 2034	765		
Serial bonds series 2019-C maturing in annual installments from \$415,000 to \$461,790 through Feb 1, 2040, with interest rates of 0.50%, payable semiannually		8,392	
Serial bonds series 2020-A maturing in annual installments from \$2,990,000 to \$13,995,000 through July 1, 2034, with interest rates of 0.373% to 2.225%, payable semiannually		139,640	
Term bond series 2020-A with interest at 2.814%, payable semiannually, due July 1, 2040		83,275	
Term bond series 2020-A with interest at 2.864%, payable semiannually, due July 1, 2043		32,015	
Serial bonds series 2020-A maturing in annual installments from \$1,790,000 to \$4,190,000 through July 1, 2040, with interest rates of 4.00% to 5.00%, payable semiannually	54,480		
Term bond series 2020-A with interest at 4.00%, payable semiannually, due July 1, 2045	23,605		
Term bond series 2020-A with interest at 5.00%, payable semiannually, due July 1, 2050	29,290		
Serial bonds series 2020-B maturing in annual installments from \$4,465,000 to \$15,720,000 through July 1, 2034, with interest rates of 0.393% to 2.225%, payable semiannually	169,710		
Term bond series 2020-B with interest at 2.814%, payable semiannually, due July 1, 2040	91,345		
Term bond series 2020-B with interest at 2.864%, payable semiannually, due July 1, 2043	40,420		
Serial bonds series 2021-A maturing in annual installments from \$1,000 to \$2,954,518 through February 1, 2051, with interest rates of 0.40, payable semiannually		81,069	
Serial bonds series 2021-A maturing in annual installments from \$1,000 to \$2,199,631 through February 1, 2052, with interest rates of 0.40, payable semiannually	60,357		
Serial bonds series 2021-A maturing in annual installments from \$300,148 to \$336,987 through February 1, 2051, with interest rates of 0.40, payable semiannually			9,547
Serial bonds series 2021-C maturing in annual installments from \$917,887 to \$991,294 through February 1, 2041, with interest rates of 0.40, payable semiannually		19,093	
Serial bonds series 2021-E maturing in annual installments from \$1,000 to \$183,148 through February 1, 2042, with interest rates of 0.40%, payable semiannually		3,528	
	1,177,078	1,501,194	75,317
Unamortized bond premiums	116,633	90,085	7,031
	<u>\$ 1,293,711</u>	<u>\$ 1,591,279</u>	<u>\$ 82,348</u>

CITY OF BALTIMORE

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(Continued)

Fixed Rate Water, Wastewater and Stormwater Utility Revenue Bonds

On December 2, 2020, the City issued Water Project Revenue Bonds and Refunding Bonds, Series 2020-A and 2020-B in the amounts of \$107,375,000 and \$301,475,000, respectively, and totaling \$408,850,000. Of these amounts, \$107,375,000 was issued for various capital projects, and \$301,475,000 was refunding bonds that advanced refunded certain outstanding maturities totaling \$267,440,000. Interest on the bonds is due July 1st and January 1st, and mature between 2022 and 2050 depending on the particular series.

The Series 2020-B Water Refunding Revenue Bond issuance reduced total debt service by approximately \$58,211,000, to obtain an economic gain of approximately \$43,149,000. This amount was used to reduce the City's future debt service costs.

On December 2, 2020, the City issued Wastewater Refunding Revenue Bonds, Series 2020-A, in the amounts of \$254,930,000. These bonds advanced refunded certain outstanding maturities totaling \$229,170,000. Interest on the bonds is due July 1st and January 1st, and mature between 2021 and 2043 depending on the particular series.

The refunding revenue bond issuance reduced total debt service by approximately \$57,511,000 to obtain an economic gain of approximately \$41,897,000. This amount was used to reduce the City's future debt service costs.

On January 28, 2021, the City entered into two Water loan agreements with the Maryland Water Quality Financing Administration Revolving Loan Fund totaling \$63,357,000 of which \$3,000,000 is forgivable if the City complies with the terms of the agreement. The rate of interest on the loan is set at 0.40%.

On January 28, 2021, the City also entered into six Wastewater loan agreements with the Maryland Water Quality Financing Administration Revolving Loan Fund in the amount of \$107,866,000 of which \$4,176,000 is forgivable if the City complies with the terms of the agreement. The interest rate on the loan is set at 0.40%.

On January 28, 2021, the City also entered into a Stormwater loan agreement with the Maryland Water Quality Financing Administration Revolving Loan Fund in the amount of \$9,546,000. The interest rate on the loan is set at 0.40%.

Variable Rate Parking Facilities Revenue Bonds

The City has issued revenue bonds, the proceeds of which were used to finance construction of parking facilities and refinance existing debt of the Parking Facilities Fund. Assets with a carrying value of \$15,940,000 at June 30, 2021, and revenues of the Parking Facilities Fund are pledged as collateral for the bonds. Bonds outstanding as of June 30, 2021, consist of (expressed in thousands):

Term bond series 1998-A with interest at 5.25%, payable semiannually, due July 1, 2022	\$ 890
Variable rate demand bonds series 2008, payable monthly, due July 1, 2032	61,370
Term bond series 2010 with interest at 6.10%, payable semiannually, due July 1, 2025	160
Parking Refunding Series 2018 (refunded 2005, 2010), payable semi-annually, due July 1, 2035.....	9,445
Total*	\$ 71,865

* Included in the Parking Fund Statement of Net Position is an unamortized portion of bond discount of \$600,000.

The City had \$61,370,000 of Series 2008 refunding taxable variable rate demand revenue bonds outstanding as of June 30, 2021. The Series 2008 Bonds are subject to redemption prior to maturity at any time, at a redemption price of 100% of the principal amount plus interest accrued to the redemption date. The Series 2008 Bonds annual principal amounts starting on July 1, 2021 through July 1, 2032 range from \$2,225,000 to \$7,965,000.

The bonds bear interest at a variable rate that is reset by the Remarketing Agent on a weekly basis. Initially, the Remarketing Agent will use a "Dutch Auction" to set the weekly rate that will be used to remarket the bonds. Under the terms of the indenture, the City at its options may change the bond rate to a monthly or long-term rate at any time until maturity upon notification of the bondholders.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

In conjunction with the bonds, Bank of America issued an irrevocable letter of credit with a current value in the amount of \$62,379,000 in favor of the City and Manufacturers and Traders Trust Company as Tender Agent. The agreement expires December 1, 2022. The existing Agreement permits the fiscal agent to draw certain amounts to pay the principal portion and related accrued interest on the bonds tendered for purchase and not remarketed. The interest rate on draws made under this agreement is a defined base rate plus up to an additional 2.00% depending on the terms of the draw. The City is required to pay the letter of credit fee throughout the effectiveness of the Agreement equal to 0.58% per annum of the average daily amount of the available commitment. During fiscal year 2021, the City made no draws under the letter of credit and there were no amounts drawn against the letter of credit outstanding at June 30, 2021.

Stormwater Special Revenue Bond

The City has issued a Stormwater Special Revenue Bond, Series 2004 with \$340,000 outstanding. This bond funded various City Stormwater capital projects associated with road construction. The bond is secured by a pledge of the City's share of state highway user revenues.

County Transportation Revenue Bonds

The City has entered into agreements with the State of Maryland to borrow County Transportation Revenue Bonds with \$100,595,000 outstanding. The proceeds from these bonds will be used to fund certain highway improvements and Stormwater projects throughout the City. These bonds are secured by a pledge of the City's share of the highway user revenues.

Convention Center Hotel Revenue Bonds

The City issued Convention Center Hotel Revenue Bonds in the amount of \$300,940,000. The proceeds of these bonds were used to finance the acquisition, demolition, construction and equipping of a convention center hotel in the City. The bonds are secured by pledges of revenues from the operation of the hotel, certain City hotel taxes and limited guarantees from the hotel operator. Bonds outstanding at June 30, 2021, consist of (expressed in thousands):

Serial bond series 2017, maturing in installments from \$2,500,000 to \$10,775,000 through		
September 2036, with interest rates ranging from 3.0% to 5.00% payable semiannually	\$	111,315
Term bonds series 2017 with interest at 5.00% due September 1, 2039		35,655
Term bonds series 2017 with interest at 5.00% due September 1, 2042		41,280
Term bonds series 2017 with interest at 5.00% due September 1, 2046		74,455
Totals	\$	262,705 *

* Include in the Baltimore Hotel Corporation Statement of Net Position is an unamortized premium of \$24,625,000

Changes in revenue bond obligations for the year ending June 30, 2021, are as follows (expressed in thousands):

	June 30, 2020	New Debt Issues	Debt Retired	June 30, 2021	Due within One Year
<i>Governmental Activities*</i>					
Convention Center Hotel	\$ 265,205		\$ 2,500	\$ 262,705	\$ 2,950
Transportation	93,313		11,712	81,601	12,303
Total Governmental Activities	\$ 358,518		\$ 14,212	\$ 344,306	\$ 15,253
<i>Business - Type Activities**</i>					
Water	\$ 1,003,329	\$ 469,207	\$ 295,458	\$ 1,177,078	\$ 28,181
Wastewater	1,416,940	358,620	274,366	1,501,194	51,722
Stormwater	68,295	9,546	2,524	75,317	2,521
Parking Facilities	89,440		17,575	71,865	4,325
Total Business-Type Activities	\$ 2,578,004	\$ 837,373	\$ 589,923	\$ 2,825,454	\$ 86,749

* Included in the Statement of Net Position for Governmental Activities is a remaining unamortized portion of bond premium of \$11,416,000.

** Included in the Statement of Net Position for Business-Type Activities is a remaining unamortized portion of bond premium of \$213,149,000.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

Principal maturities and interest of revenue bonds, shown at gross, are as follows (expressed in thousands):

Fiscal Year	Governmental Activities			
	Hotel Revenue Bonds		Transportation Revenue Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 2,950	\$ 13,061	\$ 12,303	\$ 3,351
2023	3,485	12,901	10,026	2,825
2024	4,050	12,712	10,475	2,406
2025	4,560	12,497	6,570	1,948
2026-2030	30,815	58,379	32,604	5,790
2031-2035	44,420	48,875	9,623	1,065
2036-2040	56,690	36,296		
2041-2045	72,355	20,242		
2046-2050	43,380	3,084		
Totals	\$ 262,705	\$ 218,047	\$ 81,601	\$ 17,385

Fiscal Year	Business-type Activities									
	Water Utility			Wastewater Utility		Stormwater Utility		Parking Facilities		
	Principal	Interest	Swap Interest Rate Net(a)	Principal	Interest	Principal	Interest	Principal	Interest	Swap Interest Rate Net(a)
2022	\$ 28,181	\$ 40,457	\$ 51	\$ 51,722	\$ 41,223	\$ 2,521	\$ 2,532	\$ 4,325	\$ 392	\$ 3,520
2023	35,434	39,235	51	55,083	40,757	2,556	2,466	5,055	316	3,328
2024	37,473	37,915	51	60,770	39,293	2,646	2,380	4,580	269	3,115
2025	38,914	36,610	51	60,549	37,737	2,603	2,288	4,725	233	2,896
2026-2030	212,569	164,429	175	308,754	164,668	13,892	10,015	29,525	602	9,004
2031-2035	251,670	125,369	377	328,269	116,965	12,147	7,710	23,435	167	1,503
2036-2040	240,780	79,968	358	267,016	71,829	11,147	5,936	220	5	
2041-2045	209,316	39,608	285	204,605	36,549	12,930	4,112			
2046-2050	111,905	10,743	154	126,892	12,519	14,538	1,606			
2051-2055	10,836	179		37,534	1,317	337	1			
Totals	\$ 1,177,078	\$ 574,513	\$ 1,553	\$ 1,501,194	\$ 562,857	\$ 75,317	\$ 39,046	\$ 71,865	\$ 1,984	\$ 23,366

(a) Interest Rate Swap Net payments represent estimated payments for additional interest resulting from swap agreements to counterparties. The additional payments were computed using rates as of June 30, 2021, assuming current interest rates remain the same for their term. As rates vary, variable rate bond interest payments and net swap payments will vary.

9. Pledged Revenue

The Water, Wastewater and Stormwater Utility Funds

The Water, Wastewater and Stormwater Utility Funds have pledged future customer revenue to repay \$1,177,078,000, \$1,501,194,000, and \$75,317,000 of revenue bond debt, respectively. Proceeds from these revenue bonds were used to build and improve various aspects of the City's Water, Wastewater and Stormwater Utility systems. The bonds are payable solely from the revenues of the Water and Wastewater Utility Funds and are payable through 2054. Payments for the Stormwater Utility Fund's bonds have been made with General Funds and subsequently reimbursed from Stormwater Utility Fund revenues. Annual principal and interest payments on these revenue bonds are expected to require 54.8% of pledged revenues. Total principal and interest remaining to be paid on the revenue bonds for the Water, Wastewater and Stormwater Utility Funds are \$1,753,144,000, \$2,064,051,000, and \$114,363,000, respectively. Principal and interest paid for the current year and pledged revenue for the Water Utility Fund were \$68,933,000 and \$136,234,000, respectively. Principal and interest paid for the current year and pledged revenue for the Wastewater Utility Fund were \$83,436,000 and \$138,744,000, respectively. Principal and interest paid for the current year and pledged revenue for the Stormwater Utility Fund were \$5,042,000 and \$12,066,000, respectively.

The Parking Facility Fund

The Parking Facility Fund has pledged future revenue from parking fees and fines to repay \$71,865,000 of revenue bond debt. Proceeds from these revenue bonds were used to construct various garages throughout the City. The bonds are payable solely from the pledged revenue and are payable through 2040. Annual principal and interest payments are expected to require 27.8% of pledged revenue. Total principal and interest remaining to be paid on these revenue bonds is \$97,215,000. For the current year, principal and interest payments and current pledged revenue were \$8,977,000 and \$32,277,000, respectively.

CITY OF BALTIMORE

Notes to Basic Financial Statements

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Tax Increment Revenue Pledges

The City has pledged a portion of future property tax revenues to repay \$338,021,000 in incremental property taxes bonds issued to finance various development projects. The pledged revenue is limited to the incremental taxes on the projects financed by the bond. Should the incremental taxes fail to generate sufficient revenue to pay the required principal and interest, the City has established special taxing districts to generate additional taxes sufficient to pay principal and interest on the bonds. Total principal and interest remaining to be paid on these bonds is \$588,187,000. For the current year, principal and interest payments and current pledged revenue were \$12,938,000 and \$17,508,000, respectively.

Baltimore Hotel Corporation

The City has pledged a portion of its hotel occupancy tax as security for revenue bonds, the proceeds of which were used to build the City's Convention Center Headquarters Hotel. The City's hotel occupancy tax is one of several pledged revenue sources the City used to issue \$262,705,000 Convention Center Headquarters Hotel Bonds. Following the net operating income and the property tax increment for the Hotel, the site specific occupancy tax is pledged to pay principal and interest payments on the bonds. If these sources are insufficient, 15% (of the maximum annual debt service) of the citywide occupancy tax is also pledged. If a shortfall still remains, and following a Hilton Hotel guarantee of 10% of the Maximum Annual Debt Service, 10% (maximum annual debt service) is pledged. The Hotel opened August 22, 2008. Total principal and interest remaining to be paid on these bonds is \$480,753,000. For the current year, principal and interest payments were \$15,698,000.

10. Prior-Year Defeasance of Debt

Primary Government

In prior years, the City defeased certain revenue bonds and other obligations by placing the proceeds of new debt issues in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. At June 30, 2021, \$614,900,000 of debt outstanding is considered defeased.

11. Interest Rate Swaps

Objectives of the swaps. The City has entered into swaps for three reasons: first, the majority of its swaps have been used to create synthetic fixed rate financing (by issuing floating-rate bonds and swapping them to fixed) as a way to provide lower-cost fixed rate financing to meet the City's capital needs. Second, the City has used swaps from fixed to floating to help the City manage its balance sheet for an appropriate mix of fixed and floating rate exposure. And, third, the City has used basis swaps to amend the floating rate on certain of its existing synthetic fixed rate swaps in order to provide a better hedge on the underlying floating rate bonds.

Terms, fair value and credit risk. The terms, fair values and credit rating of the outstanding swaps as of June 30, 2021, were as follows. The notional amounts of the swaps match the principal amount of the associated debt. The City's swap agreements contain scheduled reductions to outstanding notional amounts that are designed to track the scheduled or anticipated reductions in the associated "bonds payable" category.

Hedged Derivative Instruments

At June 30, 2021, the City had deferred liabilities for various hedged derivative instruments with the total fair values of these instruments in the amounts of (\$479,000) and (\$9,883,356), for governmental and business-type activities, respectively. The notional amounts for these hedged derivative instruments at June 30, 2021, were \$11,500,000 and \$60,800,000, for governmental and business-type activities, respectively. During fiscal year 2021, the fair values of these instruments decreased \$613,622 for governmental-type and decreased by \$5,631,707 for business-type activities. All hedges are cash flow hedges.

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Notes to Basic Financial Statements
(Continued)

The following schedule provides a detailed analysis of derivative instruments held at June 30, 2021:

MAYOR AND CITY COUNCIL OF BALTIMORE
SWAP PROFILE as of June 30, 2021

Outstanding Bonds	Effective Date	Termination Date	Interest Rate Paid by City	Interest Rate Received	Notional Amount	Fair Value	Counterparty Credit Rating
Hedged Derivative Instruments - Governmental Activities							
General Obligation Bonds							
<i>Floating to Fixed Swaps</i>							
2003 Bonds	5/14/2003	10/15/2022	4.970%	1M LIBOR	11,500,000	(479,000)	BBB+/A3
Total Governmental Activities					<u>\$ 11,500,000</u>	<u>\$ (479,000)</u>	
Hedged Derivative Instruments - Business-type Activities							
Parking Revenue Bonds Series							
<i>Floating to Fixed Swaps</i>							
2008 Bonds	6/19/2002	7/1/2032	6.098%	1M LIBOR	\$ 56,900,000	\$ (9,630,503)	A+/Aa3
2008 Bonds	6/19/2002	7/1/2025	5.915%	1M LIBOR	3,900,000	(252,853)	A+/Aa3
Total Parking Facilities Fund					<u>60,800,000</u>	<u>(9,883,356)</u>	
Total Business-type Activities					<u>\$ 60,800,000</u>	<u>\$ (9,883,356)</u>	

Credit risk — As of June 30, 2021, the City is not exposed to credit risk on any of the outstanding swaps because the swaps have negative fair value. All fair values were calculated using the mark-to-market or par value method. However, should interest rates change and the fair values of the swaps become positive, the City would be exposed to credit risk in the amount of the derivatives' fair value. The swap agreements contain varying collateral agreements with counterparties. In general, these agreements require full collateralization of the fair value of the swap should the counterparty's credit rating fall below Baa as issued by Moody's or BBB as issued by Standard and Poor's. Collateral on all swaps may be in the form of cash or U. S. government securities held by the City. Although the City executes transactions with various counterparties, one swap or approximating 16% of the notional amount of swaps outstanding, is held with a counterparty that is currently rated BBB+/A3. The remaining two swaps are held with a counterparty rated A+/Aa3, approximating 84% of the outstanding notional value.

Basis risk — The City's variable rate bonds are of two types: remarketed variable rate demand bonds (VRDBs) and auction rate bonds (ARBs). For those swaps associated with the VRDBs and ARBs, the City receives a floating rate based on one-month LIBOR. For two of the swaps, the City will receive a percent of LIBOR or a percent of LIBOR plus a basis point spread, each rate was chosen to closely approximate the City's tax-exempt variable rate bond payments. Because these swaps are LIBOR-based, there is an additional degree of basis risk. For three of the swaps, the City receives the one month LIBOR, chosen to approximate the City's taxable variable rate bond payments. As of June 30, 2021, LIBOR for the prior 52-weeks ranged from 0.09% to 0.17%, whereas the City's taxable market ranged from 0.07% to 0.17%.

Interest rate risk - For those swaps for which the City pays a floating rate and receives fixed rate payments, the City is exposed to interest rate risk. As floating rates increase, the City's expected savings could decrease. The City would, however, benefit from offsetting increases in its earnings on short-term investments, whose return would be expected to go up in a higher interest rate environment.

Termination risk — The City or the counterparty may terminate a swap if the other party fails to perform under the terms of the contract. If at the time of termination the swap contract has a negative fair value, the City would be liable to the counterparty for that payment.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

Investment Derivative Instruments

The fair value balance and notional amounts of derivative instruments outstanding are classified by type, and the changes in fair value of such derivative instruments for the year ended June 30, 2021 are as follows:

	Changes in Fair Value		Fair Value at June 30, 2021	
	Classification	Amount	Classification	Notional
Business-Type Activities				
Water Utility Fund				
Floating to Floating	Investment Revenue	\$ (565,161)	Debt	\$ (71,455,000)
Total Business-Type Activities		\$ (565,161)		\$ (71,455,000)

Credit Risk - At June 30, 2021, the government is not exposed to credit risk on the interest rate swaps, because they are in a negative fair value or liability position. However, if interest rates change and the fair values become positive, the City would have exposure to credit risk. The counter party rating for the Water Utility Fund was AA-/Aa2. The change in the fair value of investment swaps in the amount of a loss of \$565,161 is netted and reported within the investment revenue classification.

Interest rate risk - For those swaps for which the City pays a floating rate, the City is exposed to interest rate risk. As floating rates increase, the City's expected savings could decrease. The City would, however, benefit from offsetting increases in its earnings on short-term investments, whose return would be expected to go up in a higher interest rate environment.

Fiduciary Fund Types

Forward Currency Contracts

The City's Retirement Systems entered into forward currency contracts to manage exposure to fluctuations in foreign currency exchange rates on portfolio holdings. They also entered into forward exchange contracts to settle future obligations. A forward exchange contract is a commitment to purchase (payable) or sell (receivable) a foreign currency at a future date at a negotiated forward rate. Risk associated with such contracts includes movement in the value of a foreign currency relative to the U.S. dollar. Unrealized gains or losses on forward currency contracts are the difference between the contract and the closing market value of such contract and is included in the statement of changes in fiduciary net position as net appreciation/depreciation in the fair value of investments.

The table below summarizes the market value of foreign currency contracts as of June 30, 2021:

Currency	Forward Foreign Contracts Cost Receivable (a)	Forward Foreign Contracts Cost Payable (b)	Forward Foreign Contracts Fair Value Receivable (c)	Forward Foreign Contracts Fair Value Payable (d)	Unrealized Net Gain/(Loss) (c-a) + (b-d)
Australian Dollar	\$ 224,817	\$ 224,817	\$ 224,817	\$ 225,111	\$ (294)
Canadian Dollar	116,449	116,449	116,449	116,544	(95)
Danish Krone	1,345,900	1,345,900	1,345,900	1,347,016	(1,116)
Euro Currency Unit	19,878,451	19,790,432	19,878,451	19,783,709	6,723
Hong Kong Dollar	3,302,848	3,302,848	3,302,848	3,303,009	(161)
Japanese Yen	4,606,161	4,605,230	4,606,161	4,589,275	15,955
New Taiwan Dollar	46,003	46,003	46,003	46,114	(111)
Norwegian Krone	167,836	167,836	167,836	167,894	(58)
Polish Zloty	79,172	79,172	79,172	79,364	(192)
Pound Sterling	4,896,340	4,896,340	4,895,397	4,892,122	3,275
Singapore Dollar	181,847	260,989	260,989	256,150	83,981
Swedish Krona	1,003,226	1,003,226	1,003,226	1,004,042	(816)
Swiss Franc	6,152,645	6,152,645	6,152,645	6,160,284	(7,639)
U.S. Dollar	4,383,128	4,277,737	4,383,128	4,383,128	(105,391)
Total	\$ 46,384,823	\$ 46,269,624	\$ 46,463,022	\$ 46,353,762	\$ (5,939)

CITY OF BALTIMORE

Notes to Basic Financial Statements

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12. Pension Plans

All City employees, other than the professional employees of the Enoch Pratt Free Library and the Baltimore City Public School System (BCPSS), who are members of the Maryland State Retirement and Pension Systems to which the City and the BCPSS make no contributions, are covered under one of the following Public Employees Retirement Systems (PERS) or the Maryland State Retirement and Pension System:

The City contributes to two single-employer defined benefit pension plans, the Fire and Police Employees' Retirement System (F&P Plan), established July 1, 1962 and the Elected Officials' Retirement System (EOS Plan), established December 5, 1983. The City also contributes to two cost-sharing multiple employer defined benefit plan, the Employees' Retirement System (ERS Plan), established January 1, 1926 and the Maryland State Retirement and Pension System (the State System). The F&P Plan, the EOS Plan, and the ERS Plan (the City Plans) are each managed by a Board of Trustees in accordance with Article 22 of the Baltimore City Code. Plan benefits provisions may be amended only by the City Council. The City Plans are considered part of the City's reporting entity and their financial statements are included in the City's basic financial statements as pension trust funds. The City Plans and the State System issue separate financial statements which may be obtained from the following websites:

For Employees' Retirement System and Elected Officials' Retirement System: www.bcercs.org

For Fire and Police Employees' Retirement System: www.bcfpers.org

For the Maryland State Retirement and Pension System: www.sra.state.md.us

The financial statements for the City Plans and the State System are prepared using the accrual basis of accounting. Employer and member contributions are recognized in the period that the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with terms of the Plan.

A. PLAN DESCRIPTIONS-SINGLE EMPLOYER PLANS

Fire & Police Employees' Retirement System

The F&P Plan covers all uniformed personnel of the Baltimore City Fire and Police Departments. The F&P Plan is included in the City's financial report as a pension trust fund.

At June 30, 2020, the measurement date, the F&P membership consisted of:

Retirees and beneficiaries currently receiving benefits	6,351
Active plan members	<u>3,927</u>
Total	<u><u>10,278</u></u>

The F&P Plan provides normal service retirement benefits, as well as death and disability benefits. Membership in the F&P Plan is mandatory upon employment. The F&P Retirement System does not have a vested benefit plan; however, members have vested rights to their contributions and interest.

F&P members were required to contribute 10% of their regular compensation through payroll deduction. The employer contributions are determined through an actuarial valuation. According to plan provisions, contribution requirements of the plan members and the City are established and may be amended by the Mayor and City Council. The valuation method is stipulated in the plan provisions. An expense load of 1.5% is included in the annual employer contribution requirement to cover administrative costs.

Members are eligible for a normal service retirement if they acquire 25 or more service credit years with at least 15 years of services credit as an F&P contributing member regardless of age, or if the member is age 55 and acquires 15 or more years of service credit as an F&P contributing member. Normal service retirement benefits are calculated at 2.5% of the average final compensation for the first 20 years plus 2% of the average final compensation for each year over 20 years of

CITY OF BALTIMORE

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service. Members are eligible for early service retirement which is a reduced retirement benefit. To be eligible for early retirement, members must acquire 20 years of service credit with at least 10 years of service credit as an F&P contributing member regardless of age or attain age 50 with at least 10 years of service credit as an F&P contributing member.

Members are also eligible for a deferred retirement option program, DROP and DROP 2. Members with more than 20 years of service on or before December 31, 2009 can elect to participate in DROP at any time. A member's DROP participation period can be for one to three years. If a member retires during the DROP participation period, the benefit shall equal:

1. The retirement benefit that would have been paid had the member retired at the time he/she began his/her DROP participation, plus
2. A lump sum equal to the member's DROP account. This equals the accumulation of the annuity payments the member would have received had the member retired, plus the member contributions paid during the members DROP participation period, plus interest at 8.25%.

Members with more than 20 years of service on or after January 1, 2010 can elect to participate in DROP 2. On July 1, 2010, this requirement was changed to members with more than 25 years of service for non-grandfathered members. A member's DROP 2 participation period can be for one to three years. If a member retires during the DROP participation period, the benefit shall equal:

1. The retirement benefit that would have been paid had the member retired at the time the member began his/her DROP 2 participation, plus
2. A lump sum equal to the member's DROP 2 account. This equals the accumulation of the annuity payments the member would have received had the member retired, plus the member contributions paid during the members DROP 2 participation period, plus interest at 5.50% for grandfathered members and 3.0% for non-grandfathered participants.

Post-retirement benefit increases are provided to retirees and beneficiaries based on age, type of retirement and having received benefits for two or more years as of each June 30 eligibility determination date.

Elected Officials' Retirement System

The EOS Plan covers the Mayor, the Comptroller, and the President and all members of the City Council. The EOS Plan is included in the City's financial report as a pension trust fund.

At June 30, 2020, the measurement date, the EOS Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	27
Active plan members	<u>17</u>
Total	<u><u>44</u></u>

The EOS Plan provides retirement benefits as well as death and disability benefits and the reduction of benefits is precluded by the City Code. Membership in the EOS Plan is mandatory upon taking the oath of office, unless the elected official is already a member of the Employees' Retirement System of the City of Baltimore.

EOS plan members were required to contribute 5% of their regular contribution through payroll deduction. The City's annual employer contribution is determined through an actuarial valuation. Baltimore City Code grants the authority to establish and amend the contributions of the active plan members to the Mayor and City Council of Baltimore. Administrative costs of the EOS Plan are paid from investment earnings.

Members are eligible to retire after the earlier of acquiring at least 16 years of service credit or attaining age 50 with at least 12 years of service credit. A member shall be entitled to receive a maximum service retirement allowance which shall consist of:

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

1. An annuity which shall be the actuarial equivalent of accumulated contributions at the time of retirement,
2. A pension, in addition to the annuity, which together shall be equal to 2.5% of the current annual earnable compensation applicable to the office multiplied by the number of years of membership credit.

Post-retirement benefit increases are indexed to future increases in the compensation for the position held by the elected official prior to retirement.

B. PLAN DESCRIPTIONS-MULTIPLE EMPLOYER PLANS

Employees Retirement System

ERS is a cost sharing multiple plan that covers City employees and the Baltimore City Public School System employees with the exception of those required to join the Maryland State Retirement System, or the two other Baltimore City retirement systems, the Fire and Police Employees' Retirement System and the Elected Officials' Retirement System. The ERS Plan is included in the City's financial report as a pension trust fund.

At June 30, 2020, the measurement date, the ERS Plan membership consisted of:

Active plan members	8,204
Retirees and beneficiaries currently receiving benefits	9,262
Inactive plan members eligible to but not yet receiving benefits	<u>1,044</u>
Total	<u><u>18,510</u></u>

The ERS Plan provides service retirement benefits as well as death and disability benefits. Only the Mayor and City Council may amend the ERS Plan Provisions. The reduction of benefits is precluded by the City Code.

The ERS Plan is divided into three Classes: A, C and D for amendment of membership and benefit changes of the ERS Plan Provisions.

Class "A" has 9 members. The "A" contributory class consists of all members hired prior to July 1, 1979 who did not elect to transfer to Class C, the non-contributory class. Membership was mandatory on the member's second anniversary of employment. However, the member could voluntarily enroll within the first two years of employment.

Class "C" is composed of 6,135 members of the ERS membership and consists of all employees hired on or after July 1, 1979 who automatically become members on the first anniversary of employment, and all members hired prior to July 1, 1979 who elected to transfer from the Class "A" contributory class.

Effective July 1, 2013, Ordinance 13-144 was enacted by the Mayor and City Council introducing contributions for active ERS Plan non-contributory members and eliminating the post retirement variable benefit increase. The Ordinance provides that effective July 1, 2013, members will contribute 1% of pay, to continue each year at 1% increments provided that 2% compensation is received for each year of contribution until employee contribution reach 5% of compensation.

The ERS defined benefit class "C" was closed to new members on June 30, 2014 to establish the City of Baltimore's Retirement Saving Plan (RSP). The RSP consist of a 401a contributory non-hybrid and a hybrid contributory defined benefit "D" Plan. The RSP is not a separate plan, but is a separate class of the existing ERS plan, if the employee choses to belong to the hybrid defined benefit "D" plan. The waiting period of entry for the contributory non-hybrid plan is 180 days. The hybrid contributory defined benefit plan waiting period is one year. Employees hired as of July 1, 2014 have 150 days of employment to select between the two plans. Employees who do not select a plan after 150 days of employment will automatically default into the hybrid contributory defined benefit "D" plan. Class "D" has 2,497 members. The mandatory contribution to each of the plan's is 5%. Members have an option in both plans to contribute to the City of Baltimore's 457 Deferred Compensation plan and will receive a 50% match on the first two percent of their contributions.

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Notes to Basic Financial Statements

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The contributions required by the ERS Plan provisions for each membership class are as follows:

Membership classes	Percentage of compensation
A	4.0%
C	5.0%
D	5.0%

Members of Classes A and B are eligible to retire at age 60 with 5 years of service or 30 years of membership service, regardless of age. Members of Classes C and D are eligible to retire at age 65 with 5 years of service or 30 years of service, regardless of age. Early retirement is allowed at age 55 with 5 years of service payable at age 65 or reduced for payment before age 65. Benefits for service retirement are paid as follows:

Classes A and B – The sum of:

1. An annuity of the actuarial equivalent of a members accumulated contributions; and,
2. A pension, which together with the annuity shall equal 1.935% (Class A) or 1.785% (Class B) of average final compensation times years of service.

Class C:

A pension of (1) 1.6% of average final compensation times years of service up to 30 years, plus (2) .25% of average final compensation in excess of covered compensation, times years of service up to 30 years, plus (3) 1.85% of average final compensation, times years of service in excess of 30 years.

Class D:

A pension of 1.00% of average final compensation, times years of service. If the member retires at or after age 62 with at least 20 years of service the member receives an enhanced benefit of 1.10% of average final compensation times years of service.

Maryland State Retirement and Pension System

Certain City employees are covered by the Maryland State Retirement and Pension System, primarily employees of the Sheriff's Office. The State system is comprised of the Teachers' Retirement and Pension Systems, Employees' Retirement and Pension System (ERPS), and Law Enforcement Officers' Pension System (LEOPS). The City employees currently participate in the Employees' Retirement and Pension System, and the Law Enforcement Officers' Pension System, with the majority participating in the LEOPS Plan. The State System was established by the State Personnel and Pension 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. The State Plans are administered by the State Retirement Agency. Responsibility for the System's administration and operation is vested in a 15- member Board of Trustees.

Membership in the LEOPS is a condition of employment of the Baltimore City Sheriff's Department. LEOPS consists of two separate components a retirement plan (closed to new members January 1, 2005) and a pension plan. Members contribute either 5%, 6% or 7% of annual earnable compensation, depending on whether the member elected to receive limited or unlimited COLA's or whether the member is subject to pension or retirement plan provisions. The City's total required contributions during the year ended June 30, 2021 was \$3,667,000.

LEOPS members are eligible for full service retirement allowances upon attaining age 50 or upon accumulating 25 years of eligibility service. For members subject to retirement plan provisions, full service retirement allowances equal 2.3% of average final compensation (AFC) for the first 30 years of creditable service, plus 1.0% of AFC for each additional year. For members subject to the pension system provisions who became members of LEOPS on or before June 30, 2011, full service pension allowances equal 2.0% of AFC for the three highest consecutive years as an employee. For members

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Notes to Basic Financial Statements

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subject to pension system provisions on or after July 1, 2011, full service pension allowances equal 2.0% of AFC for the five highest consecutive years as an employee. LEOPS members are not eligible for early service retirement allowances, but are eligible for disability and death benefits if certain conditions are met.

LEOPS members are eligible to participate in a Deferred Retirement Option Program (DROP). To participate, the LEOPS members must have at least 25 years of creditable service, but less than 30 years. Depending on the entry date of the member into DROP, the retirement allowance is placed into an account earning either 6% or 4% interest.

At June 30, 2021, the City reported a liability of \$35,158,000 for its proportionate share of the net pension liability of the State System. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate of the net pension liability was based on actual employer contributions billed to participating government units for the year ending June 30, 2020. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 202, the City's proportionate share was .1556%.

C. NET PENSION LIABILITY (ASSET)

The measurement date for the City Plans and the State System is June 30, 2020. Measurements are based on the fair value of assets as of June 30, 2020. The following schedules are the net pension liability (NPL) or the net pension asset (NPA) and the sensitivity of the NPL or NPA to the discount rate.

The component of the net pension liability (asset) of the City Plans is as follows:

(Expressed in Thousands)

	Fire and Police Employees' Retirement System	Elected Officials' Retirement System	Employees Retirement System
Total pension liability	\$ 4,069,217	\$ 17,383	\$ 2,567,399
Less: plan fiduciary net position	2,645,458	25,329	1,709,155
Net pension liability (asset)	\$ 1,423,759	\$ (7,946)	\$ 858,244
Plan fiduciary net position as a percentage of total pension liability (asset)	65.0%	145.7%	66.6%

The actuarial assumptions and the current year contributions for the City Plans are:

(Expressed in Thousands)

	Fire and Police Employees' Retirement System	Elected Officials' Retirement System	Employees' Retirement System
Contributions required	\$ 146,795		\$ 86,953
% of Contribution made	100.00%		100.00%
Covered payroll	326,640		340,218
Actuarial assumptions:			
Investment rate of return:			
Pre-retirement	7.25%	7.00%	7.00%
Post retirement	7.25%	7.00%	6.50%
Projected salary increases	2.75%	2.5%	2.55%
Includes inflation rate at	2.75%	2.5%	2.65%
Cost-of-living adjustment	2.75%	2.5%	1.5 - 2.0%
Mortality	RP-2014 Blue Collar Mortality Table using the RPEC_2014 Model	RP 2000 Health Mortality with projections using 50% of Scale AA projected 15 years with a 2 year set forward for males and females	RP 2000 Health Mortality with projections using 50% of Scale AA projected 15 years with a 2 year set forward for males and females
Last Experience Study Covered	July 1, 2015 - June 30, 2018	July 1, 2010 - June 30, 2014	July 1, 2014 - June 30, 2018

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Notes to Basic Financial Statements
(Continued)

The actuarial assumptions and the current year contributions for the State System are:

(Expressed in Thousands)

	Maryland State Retirement and Pension System
Contributions made	\$ 3,667
Actuarial assumptions:	
Investment rate of return:	7.40%
Projected salary increases	3.10% to 11.6%, including inflation
Inflation rate	2.60% general, 3.10% wage
Mortality	Public Sector 2010 Mortality Tables with generational mortality projections using scale MP-2018, calibrated to MSRPS experience
Last Experience Study Covered	2014 - 2018

D. EXPECTED RETURNS, DISCOUNT RATE AND DEFERRED INFLOWS/OUTFLOWS

The long-term expected rate of return on pension plan investments for the City Plans and the State System was determined using a building block method in which best-estimate ranges of expected future real rates (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 or return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rate of return for each major asset class included in the City Plans' target asset allocation are summarized in the following table:

Long-Term Expected Real Rate of Return/Target Allocation

Asset Class	Fire and Police Employees' Retirement System	Elected Officials' Retirement System	Employees' Retirement System
U.S. equities	5.4%/20.5%	7.4%/39%	7.5%/27.0%
International equities	7.3%/26.5%	7.7%/21%	7.7%/20.0%
Private equities	11.0%/10.2%		10.8%/13.0%
Fixed income	1.1%/17.0%	1.6%/25%	2.6%/22.0%
Real estate	5.1%/11.0%	5.6%/10%	6.6%/13.0%
Hedge funds	3.2%/5.0%		
Energy MLP	10.3%/5.0%		
Private energy	5.3%/4.0%		
Cash	-0.7%/0%		
Defensive Equities		6.7%/5%	6.7%/3.0%
Risk Premia			5.4%/2.0%

The F&P Plan - The projection of the cash flows used to determine the discount rate assumed that plan member contributions and employer contributions will continue to be made at the rates specified in the City Code and the written contribution policy. Based on these assumptions, the Fire and Police Plan retirement contribution was projected to be available to make all projected future benefit payments for current members until the last payment for the current covered population is made as of the June 30, 2020 measurement date. The discount rate used to determine the total pension liability as of June 30, 2020 is 7.25%.

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Notes to Basic Financial Statements

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The EOS Plan - The projection of the cash flows used to determine discount rate assumed that plan member contributions will continue to be made at the rates specified in the City Code. Employer contributions were assumed to be made in accordance with the contributions policy in effect for July 1, 2016 actuarial valuation. As of June 30, 2020, the plan is fully funded and the amortization of the surplus is greater than the normal costs resulting in a required contribution amount of zero. The discount rate at June 30, 2020, 6.75%, is the assumed long-term expected rate of return on EOS investments.

The ERS Plan - The projection of the cash flows used to determine discount rate assumed that plan member contributions will continue to be made at the rates specified in the City Code. Expected member contributions for FYE 2018 were 5% of pay remaining at 5% of pay for FYE 2020 will continue to remain annually at 5% of compensation thereafter. Employer contributions were assumed to be made in accordance with the contribution policy in effect for the July 1, 2016 actuarial valuation. Based on these assumptions, the ERS Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current members until the last payment for the current covered population is made as of the June 30, 2018 measurement date. The discount rate at June 30, 2020 is 7.00% for active and terminated vested participants and 6.50% for in-pay participants. The assumed long-term expected rate of return on ERS investments is 7.5%.

The major asset classes included in the State System's target asset allocation and returns are summarized in the following table:

Asset Class	Maryland State Retirement and Pension System
Public equity	5.2%/37%
Private equities	6.5%/13%
Rate sensitive	-0.3%/19%
Credit opportunity	2.8%/9%
Real assets	4.3%/14%
Absolute return	1.8%/8%

The State System -The projection of cash flows used to determine 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. The discount rate at June 30, 2020, 7.40%, is the expected long-term rate of return on State System investments.

The sensitivity of the net pension liability (asset) presents the net pension liability (asset) of the City Plans and the State System calculated using the current discount rates as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 - percentage-point lower or 1- percentage-point higher than the current rate.

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Notes to Basic Financial Statements

(Continued)

Sensitivity of the pension liability (asset) to changes in the discount rate:

(Expressed in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
Fire and Police Employees' Retirement System	6.25%	7.25%	8.25%
Net pension liability	\$ 1,899,244	\$ 1,423,759	\$ 1,028,567
Plan fiduciary net position as a percentage of total pension liability	58.2%	65.0%	72.0%

(Expressed in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
Elected Officials' Retirement System	5.75%	6.75%	7.75%
Net pension (asset)	\$ (6,191)	\$ (7,946)	\$ (9,435)
Plan fiduciary net position as a percentage of total pension (asset)	132.3%	145.7%	159.4%

(Expressed in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
Employees' Retirement System (City of Baltimore Portion)	6.00% Active Part. 5.50% Retired Part.	7.00% Active Part. 6.50% Retired Part.	8.00% Active Part. 7.50% Retired Part.
Net pension liability	\$ 938,400	\$ 705,725	\$ 508,598
Plan fiduciary net position as a percentage of total pension liability	60.0%	66.6%	73.4%

(Expressed in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
Maryland State Retirement and Pension System	6.40%	7.40%	8.40%
LEOPS	\$ 38,278	\$ 27,836	\$ 19,297
ERPS	11,886	7,322	4,772

(Expressed in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
Total City Plans and State (exclude Baltimore City Public School Portion)			
Net pension liability	\$ 2,887,808	\$ 2,164,642	\$ 1,561,234

(Expressed in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
Employees' Retirement System (Baltimore City Public Schools Portion)	6.00% Active Part. 5.50% Retired Part.	7.00% Active Part. 6.50% Retired Part.	8.00% Active Part. 7.50% Retired Part.
Net pension liability	\$ 202,804	\$ 152,519	\$ 109,916
Plan fiduciary net position as a percentage of total pension liability	60.0%	66.6%	73.4%

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

Deferred Inflows and Deferred Outflows- The reported deferred outflows/inflows of resources associated with the City Plans and the State System is as follows:

(Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Fire and Police Employees' Retirement System		
Pension contributions subsequent to measurement date	\$ 160,593	
Differences between actual and expected experience	10,163	\$ 9,656
Assumption change	21,596	
Differences between actual and projected earnings	166,355	
Total	\$ 358,707	\$ 9,656

(Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Elected Officials' Retirement System		
Differences between actual and expected experience	\$ 678	
Assumption change	420	
Differences between actual and projected earnings	1,040	
Total	\$ 2,138	\$

(Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Maryland State Retirement and Pension System		
Pension contributions subsequent to measurement date	\$ 3,667	
Differences between actual and expected experience		\$ 6,223
Assumption change	4,621	
Differences between actual and projected earnings	1,313	
Total	\$ 9,601	\$ 6,223

(Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employees' Retirement System (City of Baltimore Portion)		
Pension contributions subsequent to measurement date	\$ 75,609	
Differences between actual and expected experience	14,855	
Change in proportionate share	4,229	\$ 1,880
Assumption change	26,922	
Differences between actual and projected earnings	78,947	
Total	\$ 200,562	\$ 1,880

(Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Total City Plans and State (exclude Baltimore City Public School Portion)		
Pension contributions subsequent to measurement date	\$ 239,869	
Differences between actual and expected experience	25,696	\$ 15,879
Change in proportionate share	4,229	1,880
Assumption change	53,559	
Differences between actual and projected earnings	247,655	
Total	\$ 571,008	\$ 17,759

(Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employees' Retirement System (Baltimore City Public Schools Portion)		
Pension contributions subsequent to measurement date	\$ 17,914	
Differences between actual and expected experience	3,210	
Change in proportionate share	1,880	\$ 4,229
Assumption change	5,818	
Differences between actual and projected earnings	17,061	
Total	\$ 45,883	\$ 4,229

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

A summary of the net deferred outflows/(inflows) of resources to be recognized in pension expense in future years for the City Plans and the State System is presented below:

(Expressed in Thousands)

Pension expense amounts for years ended June 30:	Fire and Police		Employees' Retirement System (City of Baltimore Portion)		Employees' Retirement System (Baltimore City Public Schools Portion)
	Employees' Retirement System	Elected Officials' Retirement System	System (City of Baltimore Portion)	System (City of Baltimore Portion)	System (City of Baltimore Portion)
2022	\$ 44,198	\$ 609	\$ 35,817	\$ 35,817	\$ 6,364
2023	47,620	788	41,285	41,285	6,930
2024	54,397	454	27,498	27,498	6,500
2025	42,243	287	18,437	18,437	3,984
Total	\$ 188,458	\$ 2,138	\$ 123,037	\$ 123,037	\$ 23,778

(Expressed in Thousands)

Pension expense amounts for years ended June 30:	Maryland State Retirement and Pension System
2022	\$ 110
2023	(108)
2024	(179)
2025	(79)
2026	(33)
Total	\$ (289)

In addition to the amounts disclosed above \$239,868,000 in deferred outflows of resources related to contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

E. PENSION EXPENSE AND CHANGES IN NET PENSION LIABILITY (ASSET)

Pension expense (income) includes charges in the net pension liability (asset), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The components of pension expense for the City Plans are as follow:

(Expressed in Thousands)

Pension expense (income)	Fire and Police Employees' Retirement System		Employees' Retirement System (City of Baltimore Portion)		Total City Plans (City of Baltimore Portion)	Employees' Retirement System (Baltimore City Public Schools Portion)
	System	System	System (City of Baltimore Portion)	System (City of Baltimore Portion)	System (City of Baltimore Portion)	System (City of Baltimore Portion)
.....	\$ 205,184	\$ 596	\$ 88,253	\$ 88,253	\$ 294,033	\$ 25,168

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

The schedule of the changes in net pension liability (asset) and related ratios for the City Plans for the year ended June 30, 2020 is as follows:

(Expressed in Thousands)

	Fire and Police Employees' Retirement System	Elected Officials' Retirement System
Total pension liability		
Interest (included interest on service cost)	\$ 283,201	\$ 1,130
Service cost	68,969	297
Differences between expected and actual experience.....	13,551	80
Benefit payments, including refunds of member contribution.....	(262,905)	(1,125)
Net change in total pension liability	102,816	382
Total pension liability - beginning	3,966,401	17,001
Total pension liability - ending	\$ 4,069,217	\$ 17,383
Plan fiduciary net position:		
Net investment income	\$ (15,075)	\$ 294
Contributions - employer.....	146,795	
Contributions - member	31,353	76
Benefit payments, including refunds of member contribution	(262,905)	(1,125)
Administrative expense	(4,967)	(37)
Net change in plan fiduciary net position.....	(104,799)	(792)
Plan fiduciary net position - beginning	2,750,257	26,122
Plan fiduciary net position - ending	2,645,458	25,330
Net pension liability (asset) - ending	\$ 1,423,759	\$ (7,947)
Plan fiduciary net position as a percentage of the total pension liability	65.01%	145.7%
Covered payroll.....	\$ 326,640	\$ 1,470
Net pension liability (asset) as a percentage of covered employee payroll	435.88%	-540.6%

F. ALLOCATION OF PLANS

ERS balances have been allocated between the government activities, business-type activities (Enterprise funds), and discretely presented component units as follows:

(Expressed in Thousands)

<i>Employee Retirement System</i>	Enterprise Funds					Component Unit	
	Employees'		Nonmajor			Baltimore City	
	Retirement System	Governmental Activities	Water	Wastewater	Stormwater	Proprietary Fund	Public Schools
Net pension liability (asset), end of year	\$ 858,244	\$ 560,987	\$ 68,096	\$ 62,519	\$ 9,534	\$ 4,589	\$ 152,518

The total of all retirement plan balances for City (City Plans and State Plans) are shown below:

(Expressed in Thousands)

<i>City Plans and State of Maryland</i>	Fire and Police Employees' Retirement System	Elected Officials' Retirement System	Employees' Retirement System (City of Baltimore Portion)	Maryland State Retirement System (LEOP/ERPS)	Primary Government Total
Net pension liability (asset), end of year	\$ 1,423,759	\$ (7,946)	\$ 705,725	\$ 35,158	\$ 2,156,696

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

G. THE MARYLAND STATE RETIREMENT AND PENSION SYSTEMS – BCPSS

The BCPSS employees, who are not covered under the City's ERS, are members of the Maryland State Retirement and Pension System.

Under Maryland law, the Baltimore City Public School System (BCPSS) is not required to make any contributions to the State Systems. City Schools and covered members are required by State statute to contribute to the System. Members of the Teachers' Pension System are required to contribute 7% annually. Members of the Teachers' Retirement System are required to contribute 5-7% annually, depending on the retirement option selected. The contribution requirements of the System members, as well as the State and participating governmental employers are established and may be amended by City Schools of Trustees for the System. Contributions are deducted from participant's salary and wage payments and are remitted to the State on a regular, periodic basis.

The State of Maryland pays, on behalf of the BCPSS, the employer's share of retirement and pension costs to the State Systems for teachers and related positions. During the fiscal year ended June 30, 2021, the State paid \$60.8 million in such costs. This amount has been recorded by the BCPSS as both revenue and expenditure in the General Fund in the accompanying Statement of Activities. The Special Funding arrangement between BCPSS and the State is disclosed in the BCPSS's financial statements.

The State also makes contributions on behalf of the Enoch Pratt Free Library employees. The State's contribution for the fiscal year ended June 30, 2021, was \$2,416,000. This amount has also been recognized as both revenue and expenditure in the accompanying Statement of Activities.

H. DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan in accordance with the Internal Revenue Code (IRC) Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees or other beneficiaries until termination, retirement, death, or unforeseeable emergency.

The City has no administrative involvement and does not perform the investing function. The City has no fiduciary accountability for the plan and, accordingly, the plan assets and related liabilities to plan participants are not included in the basic financial statements.

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Notes to Basic Financial Statements
(Continued)

13. Other Postemployment Benefits

A. PLAN DESCRIPTION

The City of Baltimore provides other postemployment benefits (OPEB) to all qualified City and BCPSS employees. The Plan is a contributory cost sharing multiple employer defined benefit plan. The benefit and contribution provisions of the Plan are established and may be amended by the City. The Plan provides postemployment healthcare and prescription drug benefits to retirees and their beneficiaries. Retirees may choose from two health plan options and four levels of coverage.

The following schedule outlines the eligibility requirements to participants in the Plan by employee group:

Employee Group	Post Retirement Medical Benefit Eligibility Requirement*
Maryland State Retirement and Pension Systems	If hired before January 1, 1980: Age 60 or 30 years of service If hired on or after January 1, 1980: Based on age at retirement and years of service
Fire and Police Employees' Retirement System	If hired before July 1, 2003: Age 50 with at least 10 years of service or 20 years of service If hired after July 1, 2003: Age 55 with at least 15 years of service or 25 years of service
Employees' Retirement System & Elected Officials' Retirement System	If hired before July 1, 1979: Age 60 with at least 5 years of service or any age with 30 years of service If hired after July 1, 1979: Age 55 with at least 5 years of service or any age with 30 years of service

*All employees are eligible for disability benefits depending on years of service and reasons for disability.

In order to effectively manage the Plan, the City established an OPEB Trust Fund. All retiree and City contributions are deposited into the Trust Fund and all retiree related health and life insurance benefits are paid from the Trust Fund. The City also contracted with the Board of Trustees of the Employees' Retirement System to act as investment manager for the Trust Fund. BNY Mellon Bank Asset Saving is the Trust Fund's asset custodian. The Plan does not issue standalone financial statements; however, the OPEB Trust Fund is included in the City's financial statement as a fiduciary fund.

The number of participants in the Plan as of July 1, 2021 per actuary report was as follows:

	Number of Participants		
	City	Baltimore City Public School	Total
Active employees	18,231	3,579	21,810
Inactive employees or beneficiaries currently receiving benefits	10,933	2,146	13,079
Inactive employees entitled to but not yet receiving benefits	873	171	1,044
Totals	30,037	5,896	35,933

B. SIGNIFICANT ACCOUNTING POLICIES OF THE OPEB TRUST FUND

Basis of Accounting - The financial statements for the OPEB Trust Fund are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments - Plan investments are reported at fair value. Securities traded on national and international exchanges are valued at the last reported sale price at the current exchange rates.

C. FUNDING POLICY

The City's policy is to fund benefits on a pay-as-you-go basis plus make additional contributions comprising the federal retiree drug subsidy payments and an additional annual appropriation. Retirees are required to contribute at various rates ranging from approximately \$147 to \$2,457 on a monthly basis, depending on the health plan and level of coverage elected and whether Medicare supplemental coverage is present. In addition, retirees contribute 20% toward the prescription plan coverage. Administrative costs of the Plan are covered by the City.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

D. ACTUARIAL METHOD AND ASSUMPTIONS

Data was obtained from an actuarial valuation prepared by an independent actuary made as of July 1, 2018, using census data and recent health care costs information which was provided by the City.

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

The actuarial method used is the Entry-Age Normal (EAN). Under the EAN cost method, the actuary develops a “normal cost” that can be expected to fund projected benefits at retirement for a new entrant into the plan. The normal cost of benefits are calculated as a level percentage of covered payroll. The unfunded actuarial liability is being amortized over 30 years on a level dollar basis.

The discount rate is based on the rate of return expected to be earned by the assets used to pay to benefits, if the plan is appropriately funded. The liability discount rate is based on the actuary’s review of the current and historical commitment the City has shown to fully fund the plan, and our determination that current assets plus future contributions will be sufficient to cover all future benefit payments. The plan will not incur a “depletion point”. The discount rate used is 7.00%. Assets are valued at fair value. Past service costs are calculated using the level dollar method with a closed amortization period of 30 years. The valuation also assumes a 5.40% healthcare trend for fiscal year 2021, reduced by decrements to a rate of 4.04% in 2075. Salary increases were not considered as OPEB benefits and OPEB benefits are not based on pay.

Inflation	2.50%
Salary increases, including wage inflation	2.55%-3.10%
Discount rate	
Prior measurement date	7.00%
Measurement date	7.00%
Long-term expected asset return for current	
measurement date	7.00%
Health care cost trends	5.40% for 2021 decreasing to an ultimate rate of 4.04% by 2075

E. NET OPEB LIABILITY (NOL) AND DISCOUNT RATE

The City accounts for OPEB benefits on a full accrual basis and the net OPEB liability is reflected in the City’s financial statements.

The measurement date for OPEB liability is June 30, 2021 and the valuation date is as of June 30, 2020. The Total OPEB Liability (TOL), the Plan Fiduciary Net Position (i.e. fair value of the Plan assets), and the NOL as of June 30, 2021 is as follows:

(Expressed in Thousands)

	BCPSS		
	City Portion	Portion	Total
Total OPEB liability	\$ 1,368,065	\$ 42,462	\$ 1,410,527
Less: plan fiduciary net position	840,197	26,078	866,275
Net OPEB liability	<u>\$ 527,868</u>	<u>\$ 16,384</u>	<u>\$ 544,252</u>
Plan fiduciary net position as a percentage of the total OPEB liability	61.4%	61.4%	61.4%

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

Changes in the discount and healthcare trend rate affect the measurement of the TOL. Because the trend rates do not affect the measurement of assets, the percentage change in the NOL can be very significant for a relatively small change in the trend rates. The table below show the sensitivity of the NOL to the discount rate and trend.

(Expressed in Thousands)

	1% Increase 8.00%	Current Discount Rate 7.00%	1% Decrease 6.00%
Health Care Cost Trend Rates			
1% decrease		\$ 355,002	
Current	\$ 374,615	544,252	\$ 753,848
1% increase		783,562	

(Expressed in Thousands)

	1% Increase 8.00%	Current Discount Rate 7.00%	1% Decrease 6.00%
Health Care Cost Trend Rates (City Portion)			
1% decrease		\$ 344,315	
Current	\$ 363,338	527,868	\$ 731,154
1% increase		759,974	

(Expressed in Thousands)

	1% Increase 8.00%	Current Discount Rate 7.00%	1% Decrease 6.00%
Health Care Cost Trend Rates (BCPSS Portion)			
1% decrease		\$ 10,687	
Current	\$ 11,277	16,384	\$ 22,694
1% increase		23,588	

F. DEFERRED INFLOWS AND OUTFLOWS

The reported deferred outflows/inflows of resources associated with the plan are as follows:

(Expressed in Thousands)

OPEB	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience		\$ 267,582
Change in assumptions or other inputs	\$ 162,694	233,994
Net difference between projected and actual earnings on OPEB plan investments ...		56,321
Total	\$ 162,694	\$ 557,897

(Expressed in Thousands)

OPEB (City of Baltimore Portion)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience		\$ 204,204
Change in assumptions or other inputs	\$ 115,820	\$ 195,596
Net difference between projected and actual earnings on OPEB plan investments ...		\$ 47,079
Change in proportionate share	56,820	614
Total	\$ 172,640	\$ 447,493

(Expressed in Thousands)

OPEB (Baltimore City Public School Portion)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience		\$ 63,378
Change in assumptions or other inputs	\$ 46,874	38,398
Net difference between projected and actual earnings on OPEB plan investments ...		9,242
Change in proportionate share	614	56,820
Total	\$ 47,488	\$ 167,838

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The net deferred outflows/inflows of resources to be recognized in OPEB expense in future years is presented below:
(Expressed in Thousands)

Net deferred outflows and inflows for years ended June 30:	Baltimore City Public		
	City Portion	Schools Portion	Total
2022	\$ (50,151)	\$ (21,960)	\$ (72,111)
2023	(50,789)	(22,239)	(73,028)
2024	(55,597)	(24,344)	(79,941)
2025	(72,779)	(31,868)	(104,647)
2026	(45,537)	(19,939)	(65,476)
Total	\$ (274,853)	\$ (120,350)	\$ (395,203)

G. OPEB EXPENSE

The OPEB expense includes charges in the net OPEB liability and projected earnings on plan investment and is presented as follows:

(Expressed in Thousands)

	Baltimore City Public		
	City Portion	School Portion	Total
Service Cost	\$ 41,510	\$ 10,435	\$ 51,945
Interest on total OPEB liability	120,184	30,214	150,398
Current-period benefit changes	(363,872)	(91,477)	(455,349)
Difference between expected and actual experience in the total OPEB liability	(56,745)	(14,265)	(71,010)
Expensed portion of current-period difference between expected and actual return on investment	(8,180)	(2,056)	(10,236)
Expected investment return net of investment expenses	7,300	1,835	9,135
Projected earnings on plan investments	(38,428)	(9,661)	(48,089)
OPEB expense June 30, 2021	\$ (298,231)	\$ (74,975)	\$ (373,206)

H. COMPONENT ALLOCATION

OPEB balances have been allocated between the governmental activities, the business-type activities (Enterprise Funds), and the discretely presented component unit as follows:

(Expressed in Thousands)

	Enterprise Funds							Component Unit
	Total OPEB	Governmental Activities				Nonmajor Proprietary Fund		Baltimore City Public Schools
		Water	Wastewater	Stormwater				
Net OPEB Liability, Beginning of Year	\$ 1,469,103	\$ 1,196,458	\$ 22,457	\$ 21,565	\$ 3,489	\$ 1,697	\$ 223,437	
OPEB Expense	(373,206)	(320,414)	9,966	9,415	1,539	1,263	(74,975)	
Employer Contributions	(121,020)	(85,663)	(2,510)	(2,392)	(358)	(292)	(29,805)	
Deferred Outflows/(Inflows)	(430,625)	(293,580)	(15,622)	(14,758)	(2,413)	(1,979)	(102,273)	
Net OPEB Liability, End of Year	\$ 544,252	\$ 496,801	\$ 14,291	\$ 13,830	\$ 2,257	\$ 689	\$ 16,384	

14. Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; civil rights violations; and natural disasters. The City's risk financing techniques include a combination of risk retention through self-insurance and risk transfer through the purchase of commercial insurance. The risk management program services all claims for risk of loss, including general liability, property and casualty, workers' compensation, unemployment compensation, automobile physical damage and bodily injury, and sundry other risks. Beginning in fiscal year 2013, the City has included the accounting for violations of a person's civil rights. The civil rights

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

liability is recorded within the General Fund. Commercial insurance coverage is provided for each property damage claim in excess of \$500,000 with a cap of \$550,000,000. Settled claims have not exceeded this commercial coverage in any of the past three years. The City also provides medical insurance coverage for all employees and retirees. Employees are required to pay a percentage of the annual cost of the medical plans and the remaining costs are paid by the internal service program.

All funds of the City and the Baltimore City Public School System participate and make payments to the risk management program based on actuarial estimates and historical cost information of the amounts needed to pay prior and current year claims. As of June 30, 2021, the City has determined that the range of potential claims liability for the program to be between \$402,539,000 and \$448,110,000. Liabilities include an amount for claims that have been incurred but not reported (IBNR). This liability, which has been discounted at 3.0% at June 30, 2021 does not include the effects of inflation, incremental or other allocated or unallocated claim adjustment expenses, salvage, or subrogation, as such factors are not considered material.

Changes in the Risk Management Program claims liability in fiscal years 2021 and 2020 were (amounts expressed in thousands):

	2021	2020
Unpaid claims, beginning	\$ 390,155	\$ 362,948
Claims incurred	259,861	284,496
Claims paid	(247,477)	(257,289)
Unpaid claims, ending	<u>\$ 402,539</u>	<u>\$ 390,155</u>

The City estimates that \$91,462,000 of the estimated claims liability is due within one year.

15. Operating Leases

The City has entered into a number of operating leases for rental of office facilities and equipment, some of which provide for increased rentals based upon increases in real estate taxes and common area maintenance fees. As of June 30, 2021, future minimum lease payments are as follows (amounts expressed in thousands):

2022	\$ 6,712
2023	6,606
2024	5,116
2025	3,459
2026-2030	4,941
2030-2035	2,415
Total	<u>\$ 29,249</u>

All leases contain cancellation provisions and are subject to annual appropriations by the City Council. During fiscal year 2021, rent expenditures approximated \$31,777,000 for all types of leases. Approximately \$26,964,000 in expenditures are related to governmental activities and \$4,813,000 are related to business-type activities. These expenditures were made primarily from the General Fund.

The BCPSS has entered into an operating lease with Macro Technologies LLC to provide office equipment and a vehicle lease with Enterprise Fleet Management for Fiscal Year 2021. During the year ended June 30, 2021, rent and lease expenditures approximated \$1,900,000. These expenditures were made primarily from the General Fund. As of June 30, 2021, future minimum lease payments approximate \$5,532,000, which relates to July 1, 2021 through July 1, 2023 when the leases expire.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

16. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require that the City place a final cover on its landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. In addition to operating expenses related to current activities of the landfill site, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs is \$28,165,000 as of June 30, 2021, which is based on 84.75 % usage (filled capacity) of the landfill. This is a increase in the liability of \$1,132,000, and a increase in the usage of 2%, since June 30, 2020. It is estimated that an additional \$5,068,000 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity (the year 2028). The estimated total current cost of the landfill closure and postclosure care, \$33,233,000, is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2021. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in the landfill laws and regulations. The City does not expect to pay any closure and postclosure care costs during fiscal year 2022.

	Governmental Activities
Balance June 30, 2020	\$ 27,033
Increase in Estimate	1,132
Balance June 30, 2021	<u>\$ 28,165</u>
Due in one year	

In addition, the City is required by State and Federal laws and regulations to make annual contributions to finance closure and postclosure care. The City is in compliance with these requirements, and at June 30, 2021, cash and cash equivalents of \$27,049,000 were held in the City’s General Fund. In addition, the General Fund’s fund balance was appropriately reserved. It is anticipated that future inflation costs will be financed in part from earnings on investments held by the City. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in closure and postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

17. Notes and Mortgages Receivable

Notes and mortgages receivable as of June 30, 2021, consist of the following:

- A. The General Fund has notes receivable of \$263,278,000 net of a \$1,000,000 allowance for losses. A note receivable from the Baltimore Hotel Corporation for \$262,705,000 bears interest at rates ranging from 3% to 5% and mature over 30 years. A portion of this note receivable totaling \$259,755,000 is scheduled to be collected in 2022 through 2046. The other portion of the notes receivable unrelated to the Baltimore Hotel Corporation is for notes totaling \$573,000 net of a \$1,000,000 allowance for losses. These notes bear interest rates ranging from 1.0% to 12.0% over 30 years.
- B. The Parking Facilities Fund has mortgages receivable of \$12,361,000 collateralized by real property. These notes bear interest at rates ranging from 6.1% to 6.9% and mature over 30 years. A portion of this note receivable totaling \$10,419,000 is scheduled to be collected in 2022 through 2036.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

18. Fund Balance

The composition of the fund balances of the governmental funds for fiscal year ended June 30, 2021, are as follows (amounts expressed in thousands):

	General*	Grants Revenue	Capital Projects	Other Funds	Governmental Funds
Fund Balances					
Nonspendable:					
Reserved for other assets	\$ 2,051				\$ 2,051
Restricted:					
General government				\$ 17,656	17,656
Education				11,615	11,615
Highways and streets			\$ 7,558		7,558
Sanitation and waste removal	61,200				61,200
Debt service.....	371,847				371,847
Public library				2,653	2,653
Recreation and culture				8,392	8,392
Total restricted	433,047		7,558	40,316	480,921
Assigned to:					
General government	94,697		86,406	11,053	192,156
Public safety and regulation	48,361				48,361
Conservation of health	12,724				12,724
Social services	4,524				4,524
Education				3,562	3,562
Public library	3,242				3,242
Recreation and culture	2,382				2,382
Highways and streets	4,012				4,012
Sanitation and waste removal	2,983				2,983
Public service	1,877				1,877
Economic development	5,818			4,423	10,241
Total assigned**	180,620		86,406	19,038	286,064
Unassigned	152,864				152,864
Total fund balances	\$ 768,582	\$	\$ 93,964	\$ 59,354	\$ 921,900

* General fund unassigned fund balance includes \$152,864,000 for the budget stabilization reserve.

** The assigned fund balance include encumbrances as follows: General Fund \$79,173,000, Grants Revenue Fund \$116,298,000, Capital Projects \$135,240,000, and Other Funds \$84,837,000

19. Commitments and Contingencies

The City is party to legal proceedings which normally occur in governmental operations. The City provides for the estimated losses on certain outstanding claims as discussed in Note 14. The City has determined, in consultation with outside counsel that certain claims are in too early of a stage to make a reasonable assessment of the City's liability. The City vigorously contests such claims as a matter of policy and will fully assert all available remedies, including the \$400,000 ceiling per individual claim. It is the opinion of City management, in consultation with outside legal counsel, that any additional liability for remaining litigation will not be material to the City's financial position or results of operations.

The City has received Federal and State grants. Entitlement to grant resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal and State regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits in accordance with grantors' requirements. Any disallowances as a result of these audits become a liability of the City. As of June 30, 2021, the City estimates that no material liabilities will result from such audits.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

The Northeast Maryland Waste Disposal Authority Act was enacted by the Maryland General Assembly to assist in the provision of waste disposal facilities for the Northeast Maryland area, including the facilities for the disposal of wastewater treatment residue. The City agreed to perform the obligations of the Authority. The current agreement, approved in March 2008, provided that the Authority and Mayor and City Council of Baltimore “the City” entered into a service agreement, through June 30, 2013, with Veolia Water North America-Central, LLC, a Delaware limited liability company, which now owns and operates the facility. The agreement has now been extended through June 30, 2021. The agreement allows the Wastewater Utility to deliver up to approximately 2,167 wet tons of sewerage sludge per month and to pay a tipping fee comparable to alternative methods of sludge disposal currently being used by the Wastewater Utility. The debt service on variable rate bonds has been satisfied and is no longer a component of the tipping fee. The Wastewater Utility’s current tipping fee expense per wet ton for delivering sewerage sludge was \$95.67 and \$46.58 up to the guaranteed and excess tonnage amounts, respectively. Payments under the agreement in fiscal year 2021 were \$2.8 million. The maximum commitment by the City is 26,004 wet tons per year.

The Wastewater Utility also has an agreement with Synagro-Baltimore, LLC, a wholly owned subsidiary of Synagro Technologies for processing biosolids at the City’s Back River and Patapsco Wastewater Treatment Plants. Under the agreements, the Wastewater Utility delivers approximately 11,000 dry tons of biosolids per year at each facility and pays base and service tipping fees. The debt service on the bonds is a component of the tipping fees. The base tipping fee at the Patapsco Wastewater Treatment Plant terminated in fiscal year 2021 with the completion of debt service payment. The average service tipping fees were \$433.20 and \$434.76 per ton for the Back River and Patapsco Wastewater Treatment Plants, respectively. Payments under the agreements in fiscal year 2021 were \$15.2 million. The agreements extend to 2025 for the Back River and 2027 for the Patapsco Wastewater Treatment Plants.

In 2002, the City entered into a Consent Decree to rehabilitate its sanitary sewer system and address sanitary sewer overflows (SSOs). The 2002 Consent Decree expired on January 1, 2016. On October 6, 2017, the U.S. District Court approved a Modified Consent Decree (MCD). The Modified Consent Decree supersedes the 2002 Consent Decree and provides a revised schedule to address SSOs through a hybrid level of protection. The Modified Consent Decree is one of many that the U.S. Department of Justice has negotiated with major cities with aging sewer infrastructure. These efforts are ambitious and the costs are estimated at \$2.2 billion (as of October 1, 2021), which is comprised of the following components: \$1.4 billion in costs and encumbrances incurred through October 1, 2021 and \$790 million in projected costs for completion of Phase I and II projects through December 31, 2030 (capital only).

The MCD is composed of two (2) phases. Phase I provides environmental benefits and constructs the Headworks Project at the Back River Wastewater Treatment Plant. Phase II projects will build on the Phase I performance results and achieve the MCD mandated Levels of Protection against SSOs through additional system rehabilitation and increases hydraulic capacity. The City will continue to address sewage building backups and sanitary discharges of unknown origin (SDUOs), while performing proactive maintenance throughout the sanitary sewer system. Collectively, the MCD extends the deadline to address SSOs to December 31, 2030. A close-out report is due by July 31, 2033.

There are 2,334 Baltimore police officers who are part of a class action lawsuit. These members filed various claims pursuant to the Fair Labor Standard Act (“the Act”). The Fair Labor Standard Act litigation concluded with a settlement of \$3.45 million dollars that was approved by the U.S District Court on July 28, 2021.

During the course of normal business activity there are billing disputes with other governmental entities. The City has recorded adequate reserves for these disputed amounts.

20. Adjustments for Discretely Presented Component Units

As of and for the year ended June 30, 2021, the BCPSS did not record its proportionate share of the pension liability and related amounts related to its participation in the City’s cost sharing retirement plan. The BCPSS also did not record its proportionate share of net OPEB liability and related amounts related to its participation in the City’s other post-employment benefits (OPEB). For June 30, 2021, the City made adjustments to the BCPSS financials statements to correct the BCPSS’s financial statements. As such, the City has included the BCPSS’s financials, after adjustments, in the accompanying financials statements. The auditors for the City have audited the adjustments made to the BCPSS financial statements as listed below. The adjustments to the BCPSS financial statements were to include the BCPSS proportionate

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

share of the net pension liability for those employees in the Employees' Retirement System of the City of Baltimore (ERS) and the BCPSS proportionate share of the net OPEB liability for employees eligible for other postemployment benefits as of June 30, 2021 and related deferred outflows, deferred inflows and expense. The BCPSS adopted GASB Statement No. 84, *Fiduciary Activities*. The implementation of this standard required a restatement of the BCPSS Net Position of \$2,537,000. Additionally, the required footnote disclosure for such balances have also been added to the notes to the financial statements.

The adjustments recorded are listed below:

(Expressed in Thousands)

	As reported by BCPSS	Adjustments for recordation of Net Pension Liability	Adjustments for recordation of Net OPEB Liability	Restated per City's Financial Statements
Deferred outflows		\$ 45,883	\$ 47,488	\$ 93,371
Net pension liability		152,519		152,519
Net OPEB liability			16,384	16,384
Deferred inflows		4,229	167,839	172,068
Expenses	\$ 1,512,821	8,866	(101,447)	1,420,240
Net position, as restated, June 30, 2021	1,485,466	(110,863)	(136,735)	1,237,868

21. Tax Abatement

As of June 30, 2021, the City approves Tax Abatements and Payment In Lieu of Taxes (PILOT) for the purpose of encouraging economic development and to provide better residential housing for the disabled and senior citizens:

- The economic development program provides PILOTs to businesses, landowners and developers to substitute payment for annual real estate taxes with negotiated payment called PILOTs for a specific period of time. PILOTs are granted on qualifying projects which would not otherwise be undertaken without the City's support. The program is administered under the authority of the Property Tax Article of the State Annotated Code Title 7 Property Taxes Subtitle 5 Exemptions. Abatements are obtained by application to the Baltimore Development Corporation (BDC) with final approval by the City's Board of Estimates.
- The disabled and senior residential housing program provides PILOTs to developers and not-for profit organizations who provide housing for disabled and senior citizens to replace their annual real estate taxes with a negotiated payment for a specific period of time. PILOTs are granted on qualifying projects which would not otherwise be undertaken without the City's support. The program is administered under the authority of the Property Tax Article of the State Annotated Code Title 7 Property Taxes Subtitle 5 Exemptions. Abatements are obtain by application directly to the City's Department of Housing. Final approval rests with the City's Board of Estimates.

Additionally, the State of Maryland makes PILOT payments to the City for various port facilities that are operated by the State. The amount below reflects the amount of tax revenue that was reduced in the current fiscal year.

(Expressed in Thousands)

Tax Abatement Program	Amount of Taxes Abated
Economic development	
Market based housing	\$ 6,110
Business development	12,565
Garages	335
Affordable housing	10,015
State of Maryland Port Authority	1,183
Total	\$ 30,208

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

22. Subsequent Events

On December 9, 2021, the City entered into a Water Loan agreement with the Environment Protection Agency, Water Infrastructure Finance and Innovation Act Revolving Loan in the amount of \$192,609,000. The rate of interest on the loan is set at 1.91%, with a final maturity on July 1, 2056.

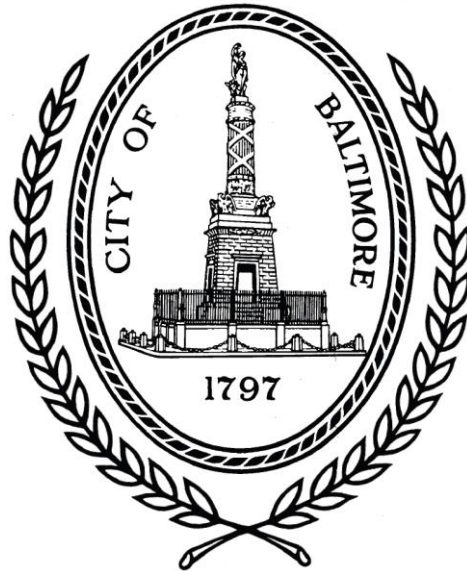
On December 9, 2021, the City entered into a Wastewater Loan agreement with the Environment Protection Agency, Water Infrastructure Finance and Innovation Act Revolving Loan in the amount of \$160,775,000. The rate of interest on the loan is set at 1.91%, with a final maturity on July 1, 2056.

On December 9, 2021, the City entered into a Stormwater Loan agreement with the Environment Protection Agency, Water Infrastructure Finance and Innovation Act Revolving Loan in the amount of \$42,460,000. The rate of interest on the loan is set at 1.90%, with a final maturity on July 1, 2060.

On December 10, 2021, the City entered into two Master Lease Purchase Agreements with Grant Capital Management, Inc. totaling \$25,000,000 to purchase motor vehicles and heavy equipment for the Department of General Services. One Agreement was for \$6,125,000 with a 5-year term and an interest rate of 2.27%. The other agreement was for \$18,875,000 with a 10-year term and an interest rate of 2.94%.

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Required Supplementary Information



See Report of Independent Public Accountants

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CITY OF BALTIMORE
Schedule of Revenues, Expenditures and Encumbrances,
and Changes in Fund Balances – Budget and Actual – Budgetary Basis (1), (2), (3)
General Fund
For the Year Ended June 30, 2021
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes - local.....	\$ 1,527,670	\$ 1,527,670	\$ 1,568,679	\$ 41,009
State shared revenue.....	142,428	142,428	141,732	(696)
Licenses and permits.....	32,771	32,771	31,702	(1,069)
Fines and forfeitures.....	22,641	22,641	35,484	12,843
Interest, rentals and other investment income.....	15,757	15,757	13,834	(1,923)
Federal grants.....	300	300	85,039	84,739
State grants.....	84,426	84,426	104,788	20,362
Other grants.....	25	25		(25)
Charges for current services.....	48,804	48,804	39,435	(9,369)
Miscellaneous.....	3,398	3,398	6,693	3,295
Total revenues.....	1,878,220	1,878,220	2,027,386	149,166
Expenditures and encumbrances:				
Baltimore City Public School System.....	287,347	287,347	287,347	
Board of Liquor License Commissioners.....	2,430	2,534	2,280	254
City Council.....	8,371	8,371	7,377	994
Civil Service Commission.....	13,030	13,030	7,805	5,225
Comptroller.....	8,294	8,294	7,372	922
Courts.....	21,726	29,109	19,089	10,020
Department of Finance.....	32,678	32,678	18,724	13,954
Department of Fire.....	251,331	266,480	258,349	8,131
Department of General Services.....	17,701	21,413	13,727	7,686
Department of Health.....	63,399	110,153	79,434	30,719
Department of Housing and Community Development.....	73,076	77,376	68,669	8,707
Department of Law.....	11,205	11,205	10,640	565
Department of Legislative Reference.....	1,316	1,316	1,230	86
Department of Municipal and Zoning Appeals.....	583	583	430	153
Department of Planning.....	7,692	19,899	19,239	660
Department of Police.....	535,329	541,829	510,438	31,391
Department of Public Works.....	117,424	119,655	112,222	7,433
Department of Recreation and Parks.....	47,020	47,020	41,383	5,637
Department of Transportation.....	147,211	147,211	121,101	26,110
Enoch Pratt Free Library.....	28,620	28,620	22,146	6,474
Mayoralty.....	252,869	274,179	205,823	68,356
Office of Civil Rights.....	5,222	5,222	4,263	959
Office of Financial Review.....	797	797	751	46
Office of Sheriff.....	21,846	21,846	19,848	1,998
Office of State's Attorney.....	38,293	38,932	34,424	4,508
Supervisor of Elections.....	10,024	10,624	9,255	1,369
Total expenditures and encumbrances.....	2,004,834	2,125,723	1,883,366	242,357
Excess of revenues over expenditures and encumbrances.....	(126,614)	(247,503)	144,020	391,523
Other financing sources (uses):				
Transfers in.....	22,282	22,282	27,310	5,028
Transfers out.....	(100,482)	(100,482)	(23,035)	77,447
Total other financing sources (uses).....	(78,200)	(78,200)	4,275	82,475
Net changes in fund balances.....	(204,814)	(325,703)	148,295	473,998
Fund balances - beginning.....	981,729	981,729	981,729	
Fund balances - ending.....	<u>\$ 776,915</u>	<u>\$ 656,026</u>	<u>1,130,024</u>	<u>\$ 473,998</u>
Adjustments to reconcile to GAAP basis:				
Residual Equity Transfer In				
Addition of encumbrances outstanding.....			56,327	
Less: Accounts payable not recorded for budgetary purposes and other GAAP adjustments.....				(417,769)
Fund balance - June 30, 2021 (GAAP basis).....			<u>\$ 768,582</u>	

(1) Annual budgets are adopted for the General Fund and all Special Revenue Funds, except for Grants Revenue, Community Development Block Grant Funds and the Scholarship Fund, on a basis consistent with Generally Accepted Accounting Principles, except for certain miscellaneous general expenditures which are not budgeted and encumbrances which are recognized as expenditures for budgetary purposes.

(2) The budget of the City is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues. The budget includes: (1) the programs, projects, services, and activities to be provided during the fiscal year, (2) the estimated resources (inflow) and amounts available for appropriation, and (3) the estimated charges to appropriations. The budget represents a process through which policy decisions are made, implemented, and controlled. The City Charter prohibits expending funds for which there is no legal appropriation.

(3) This schedule does not include a non-budgetary revenue and expense item in the amount of \$2,416,000 which was paid by the Maryland State Retirement System on behalf of the City of Baltimore for certain employees of the Enoch Pratt Free Library.

CITY OF BALTIMORE
Schedule of the City's Proportionate Share of Net Pension Liability
Employees' Retirement System Plan
For the Year Ended June 30, 2021
(Expressed in Thousands)

	2014	2015	2016	2017	2018	2019	2020
City's share of the net pension liability	85.92%	85.19%	80.03%	81.56%	72.51%	86.99%	77.81%
City's proportionate share of the net pension liability	\$ 610,998	\$ 614,236	\$ 644,079	\$ 597,470	\$ 565,892	\$ 626,594	\$ 705,725
City's covered payroll	344,809	347,656	319,693	318,999	304,333	341,037	365,095
City's proportionate share of the net pension liability as a percentage of its covered employee payroll.....	177.2%	176.7%	201.5%	187.3%	185.9%	171.6%	207.4%
Plan fiduciary net position as a percentage of the total pension liability	67.83%	68.00%	65.17%	65.17%	71.11%	69.80%	66.57%

The reporting date is June 30, 2021 and the measurement date is June 30, 2020. Covered payroll is as of the measurement date.

CITY OF BALTIMORE
Schedule of Employer Contributions
Employees' Retirement System Plan
For the Year Ended June 30, 2021
(Expressed in Thousands)

Description	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 78,437	\$ 77,088	\$ 60,712	\$ 68,895	\$ 63,481	\$ 73,025	\$ 78,177	\$ 67,658
Contribution in relation to the actuarially determined contribution	81,558	82,780	61,704	68,904	63,481	73,025	78,177	67,658
Contribution deficiency (excess)	\$ (3,121)	\$ (5,692)	\$ (992)	\$ (9)	\$	\$	\$	\$
Covered payroll	\$ 344,809	\$ 347,656	\$ 319,693	\$ 318,999	\$ 304,333	\$ 341,037	\$ 365,095	\$ 340,218
Contribution as a percentage of covered payroll	23.65%	23.81%	19.30%	21.60%	20.86%	21.41%	21.41%	19.89%

CITY OF BALTIMORE
Schedule of the City's Proportionate Share of Net Pension Liability
Maryland State Retirement and Pension System-ERPS
For the Year Ended June 30, 2021
(Expressed in Thousands)

	2016	2017	2018	2019	2020	2021
City's share of the net pension liability	0.02%	0.02%	0.03%	0.03%	0.03%	0.03%
City's proportionate share of the net pension liability	\$ 4,595	\$ 5,894	\$ 7,001	\$ 6,935	\$ 6,939	\$ 7,322
City's covered payroll	952	850	1,400	1,423	1,486	1,394
City's proportionate share of the net pension liability as a percentage of its covered employee payroll.....	482.7%	693.4%	500.0%	487.2%	467.1%	525.3%
Plan fiduciary net position as a percentage of the total pension liability	66.27%	62.97%	66.71%	68.36%	67.98%	66.29%

Note: The reporting date is June 30, 2021 and the measurement date is June 30, 2020.

CITY OF BALTIMORE
Schedule of Employer Contributions
Maryland State Retirement and Pension System-ERPS
For the Year Ended June 30, 2021
(Expressed in Thousands)

Description	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 556	\$ 486	\$ 659	\$ 659	\$ 691	\$ 695
Contribution in relation to the actuarially determined contribution	466	486	659	659	691	695
Contribution deficiency (excess)	\$ 90	\$	\$	\$	\$	\$
Covered payroll	\$ 952	\$ 850	\$ 1,400	\$ 1,423	\$ 1,486	\$ 1,394
Contribution as a percentage of covered payroll	48.95%	57.18%	47.07%	46.30%	46.51%	49.86%

Note: 2021 data is not available.

CITY OF BALTIMORE
Schedule of the City's Proportionate Share of Net Pension Liability
Maryland State Retirement and Pension System-LEOPS
For the Year Ended June 30, 2021
(Expressed in Thousands)

	2016	2017	2018	2019	2020	2021
City's share of the net pension liability	0.11%	0.13%	0.13%	0.14%	0.13%	0.12%
City's proportionate share of the net pension liability	\$ 23,578	\$ 30,244	\$ 28,519	\$ 28,528	\$ 26,032	\$ 27,837
City's covered employee payroll	172	214	220	232	228	234
City's proportionate share of the net pension liability as a percentage of its covered employee payroll.....	13708%	14165.2%	12982.3%	12301.8%	11397.6%	11916.5%
Plan fiduciary net position as a percentage of the total pension liability	61.30%	58.88%	62.80%	63.82%	64.79%	63.60%

Note: The reporting date is June 30, 2021 and the measurement date is June 30, 2020.

CITY OF BALTIMORE
Schedule of Employer Contributions
Maryland State Retirement and Pension System-LEOPS
For the Year Ended June 30, 2021
(Expressed in Thousands)

Description	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 2,392	\$ 2,497	\$ 2,497	\$ 2,711	\$ 2,592	\$ 2,641
Contribution in relation to the actuarially determined contribution	2,392	2,497	2,497	2,711	2,592	2,641
Covered payroll	172	214	220	232	228	234
Contribution as a percentage of covered payroll	1390.70%	1166.82%	1135.00%	1169.03%	1134.85%	1130.56%

Note: 2021 data is not available.

CITY OF BALTIMORE
Schedule of Changes in Net Pension Liability (Assets) and Related Ratios
Fire and Police Employees' Retirement System - Single Employer Plan
Pension Trust Funds
For the Year Ended June 30, 2021
(Expressed in Thousands)

	2015	2016	2017	2018	2019	2020	2021
Total pension liability							
Interest (includes interest on service cost)	\$ 248,633	\$ 256,066	\$ 260,001	\$ 296,220	\$ 275,197	\$ 277,540	\$ 283,201
Service cost	65,548	66,199	70,730	70,987	70,244	69,279	68,969
Change in assumption		35,494			86,384		
Differences between expected and actual experience	1,396	28,065	11,353	(17,476)	(20,544)	(9,039)	13,551
Benefit payments, including refunds of member contributions	(219,808)	(223,359)	(237,195)	(245,080)	(246,971)	(255,996)	(262,905)
Net change in total pension liability	95,769	162,465	104,889	104,651	164,310	81,784	102,816
Total pension liability - beginning	3,252,533	3,348,302	3,510,767	3,615,656	3,720,307	3,884,617	3,966,401
Total pension liability - ending	\$ 3,348,302	\$ 3,510,767	\$ 3,615,656	\$ 3,720,307	\$ 3,884,617	\$ 3,966,401	\$ 4,069,217
Plan fiduciary net position:							
Net investment income	\$ 312,131	\$ 53,526	\$ 2,982	\$ 291,978	\$ 211,668	\$ 148,059	\$ (15,075)
Contribution - employer	113,004	118,190	120,279	129,689	137,738	141,325	146,795
Contribution - member	28,058	30,130	30,339	29,902	31,285	30,711	31,353
Benefit payments, including refunds of member contributions	(219,808)	(223,359)	(237,195)	(245,080)	(246,970)	(255,996)	(262,905)
Administrative expense	(3,786)	(4,281)	(4,377)	(4,328)	(4,984)	(5,144)	(4,967)
Net change in plan fiduciary net position	229,599	(25,794)	(87,972)	202,161	128,737	58,955	(104,799)
Plan fiduciary net position - beginning	2,244,571	2,474,170	2,448,376	2,360,404	2,562,565	2,691,302	2,750,257
Plan fiduciary net position - ending	2,474,170	2,448,376	2,360,404	2,562,565	2,691,302	2,750,257	2,645,458
Net position liability (asset) - ending	\$ 874,132	\$ 1,062,391	\$ 1,255,252	\$ 1,157,742	\$ 1,193,315	\$ 1,216,144	\$ 1,423,759
Plan fiduciary net position as a percentage of the total pension liability	73.89%	69.74%	65.28%	68.88%	69.28%	69.34%	65.01%
Covered payroll	\$ 290,581	\$ 320,408	\$ 298,779	\$ 296,357	\$ 323,351	\$ 322,382	\$ 326,640
Net pension liability (asset) as a percentage of covered employee payroll	300.82%	331.57%	420.13%	390.66%	369.05%	377.24%	435.88%

The reporting date is June 30, 2021 and the measurement date is June 30, 2020.

CITY OF BALTIMORE
Schedule of Changes in Net Pension Liability (Assets) and Related Ratios
Elected Officials' Retirement System - Single Employer Plan
Pension Trust Funds
For the Year Ended June 30, 2021
(Expressed in Thousands)

	2015	2016	2017	2018	2019	2020	2021
Total pension liability							
Interest (includes interest on service cost)	\$ 1,177	\$ 1,219	\$ 983	\$ 965	\$ 1,023	\$ 1,045	\$ 1,130
Service cost	399	410	260	250	221	243	297
Changes of benefit terms					(64)		
Change in assumption		(3,523)	315			841	
Differences between expected and actual experience	(256)	(440)	(474)	662	245	776	80
Benefit payments, including refunds of member contributions	(725)	(765)	(763)	(933)	(1,110)	(1,165)	(1,125)
Net change in total pension liability	595	(3,099)	321	944	315	1,740	382
Total pension liability - beginning	16,185	16,780	13,681	14,002	14,946	15,261	17,001
Total pension liability - ending	\$ 16,780	\$ 13,681	\$ 14,002	\$ 14,946	\$ 15,261	\$ 17,001	\$ 17,383
Plan fiduciary net position:							
Net investment income	\$ 3,508	\$ 629	\$ 45	\$ 3,116	\$ 2,309	\$ 1,056	\$ 294
Contribution - employer	307	85					
Contribution - member	56	61	62	90	69	70	76
Benefit payments, including refunds of member contributions	(725)	(765)	(763)	(934)	(1,110)	(1,165)	(1,125)
Administrative expense	(32)	(33)	(35)	(55)	(37)	(36)	(37)
Net change in plan fiduciary net position	3,114	(23)	(691)	2,217	1,231	(75)	(792)
Plan fiduciary net position - beginning	20,349	23,463	23,440	22,749	24,966	26,197	26,122
Plan fiduciary net position - ending	23,463	23,440	22,749	24,966	26,197	26,122	25,330
Net position liability (asset) - ending	\$ (6,683)	\$ (9,759)	\$ (8,747)	\$ (10,020)	\$ (10,936)	\$ (9,121)	\$ (7,947)
Plan fiduciary net position as a percentage of the total pension liability	139.83%	171.33%	162.47%	167.00%	171.70%	153.65%	145.72%
Covered payroll	\$ 1,267	\$ 1,298	\$ 1,334	\$ 1,297	\$ 1,399	\$ 1,363	\$ 1,470
Net pension liability (asset) as a percentage of covered employee payroll	(527.37)%	(751.38)%	(655.70)%	(772.55)%	(781.70)%	(669.19)%	(540.75)%

The reporting date is June 30, 2021 and the measurement date is June 30, 2020.

CITY OF BALTIMORE
Schedule of Employer Contributions-Single Employer Plans
Ten-Year Trend Information
Pension Trust Funds
(Expressed in Thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fire and Police Employees' Retirement System:										
Actuarially determined contribution	\$ 107,488	\$ 107,779	\$ 113,843	\$ 119,020	\$ 121,115	\$ 129,689	\$ 137,738	\$ 141,326	\$ 146,795	\$ 151,088
Contribution in relation to the actuarially determined contribution	107,488	104,779	113,843	119,020	121,115	129,689	137,738	141,326	146,795	151,088
Covered payroll	284,601	277,524	292,739	322,667	300,855	296,357	323,351	322,382	326,640	330,600
Contribution as a percentage of covered payroll	37.77%	38.84%	38.89%	36.39%	40.26%	43.76%	42.60%	43.84%	44.94%	45.70%
Elected Officials' Retirement System:										
Actuarially determined contribution	\$ 998	\$ 419	\$ 307	\$ 85						
Contribution in relation to the actuarially determined contribution	998	419	307	85						
Covered payroll	1,237	1,236	1,267	1,299	1,334	1,297	1,399	1,363	1,470	1,431
Contribution as a percentage of covered payroll	80.68%	33.90%	24.23%	6.54%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source is individual Retirement Systems' stand-alone audit reports.

CITY OF BALTIMORE
Schedule of Changes in the Net OPEB Liability and Related Ratios
Ten-Year Trend Information
OPEB Fund
(Expressed in Thousands)

	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost at end of year	\$ 29,652	\$ 30,838	\$ 29,956	\$ 52,654	\$ 51,945
Interest	93,367	94,514	100,281	149,945	150,398
Changes of benefit term			563,734		(455,349)
Difference between expected and actual experience			(210,824)	(103,175)	(112,063)
Changes of assumption or other inputs		30,644	304,959		(280,793)
Benefits payments	(106,880)	(106,352)	(97,821)	(104,936)	(79,092)
Net changes in Total OPEB Liability	16,139	49,644	690,285	(5,512)	(724,954)
Total OPEB Liability - beginning	1,384,925	1,401,064	1,450,708	2,140,993	2,135,481
Total OPEB Liability - ending (a)	\$ 1,401,064	\$ 1,450,708	\$ 2,140,993	\$ 2,135,481	\$ 1,410,527
Plan Fiduciary Net Position					
Contribution - Employer	\$ 138,931	\$ 145,466	\$ 124,579	\$ 121,951	\$ 121,020
Net investment income	46,166	32,933	33,133	866	157,969
Benefit payments	(106,880)	(106,352)	(97,821)	(104,936)	(79,092)
Net change in Plan Fiduciary Net Position	78,217	72,047	59,891	17,881	199,897
Plan Fiduciary Net Position - beginning	438,342	516,559	588,606	648,497	666,378
Plan Fiduciary Net Position - ending (b)	516,559	588,606	648,497	666,378	866,275
Net OPEB liability - ending (a) - (b)	\$ 884,505	\$ 862,102	\$ 1,492,496	\$ 1,469,103	\$ 544,252

Note: This is the fifth year of presentation per GASB 74. This will build into a 10 year schedule.

	2017	2018	2019	2020	2021
Total OPEB liability	\$ 1,401,064	\$ 1,450,708	\$ 2,140,993	\$ 2,135,481	\$ 1,410,527
Plan fiduciary net position	516,559	588,606	648,497	666,378	866,275
Net OPEB liability	884,505	862,102	1,492,496	1,469,103	544,252
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	36.9%	40.6%	30.3%	31.2%	61.4%
Covered payroll	1,464,035	1,345,680	1,196,671	1,352,753	1,467,615
Net OPEB liability as a percentage of covered payroll	60.4%	64.1%	124.7%	108.6%	37.1%
Average money weighted rate of return	10.5%	6.4%	5.8%	0.6%	21.4%

Note: This is the fifth year of presentation per GASB 74. This will build into a 10 year schedule.

CITY OF BALTIMORE
Schedule of the City's Proportionate Share of Net OPEB Liability
Ten-Year Trend Information
OPEB Fund
(Expressed in Thousands)

	2017	2018	2019	2020	2021
City's share of the net OPEB liability	71.4%	71.3%	84.5%	84.8%	98.8%
City's proportionate share of the net OPEB liability	\$ 625,170	\$ 614,351	\$ 1,260,559	\$ 1,245,666	\$ 537,868
City's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	42.7%	64.1%	124.7%	92.1%	36.6%
Plan fiduciary net position as a percentage of the total OPEB liability	36.9%	40.6%	30.3%	31.2%	61.4%

Note: This is the fifth year of presentation per GASB 74. This will build into a 10 year schedule.

CITY OF BALTIMORE
Schedule of Employer Contributions
Ten-Year Trend Information
OPEB Fund
(Expressed in Thousands)

	2019	2020	2021
Actuarial determined contribution	\$ 175,567	\$ 182,546	\$ 181,645
Contributions in relations to the actuarial determined contributions	124,579	121,951	121,020
Contribution deficiency (excess)	\$ 50,988	\$ 60,595	\$ 60,625
Covered payroll	\$ 1,196,671	\$ 1,352,753	\$ 1,467,615
Contributions as a percentage of covered payroll	10.4%	9.0%	8.2%

Note: This is the third year of presentation, per GASB 74. This will build into a 10 year schedule.
Prior to 2019 this information was not available.

CITY OF BALTIMORE
Notes to the Required Supplementary Information
(Unaudited)

1. Budgetary Data

Annual budgets are legally adopted for the General Fund with corresponding fundings from the General Fund for special revenue funds, on a basis consistent with Generally Accepted Accounting Principles, except for certain miscellaneous general expenditures which are not budgeted and encumbrances which are recognized as expenditures for budgetary purposes.

The budget of the City is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues. The budget includes: (1) the programs, projects, services, and activities to be provided during the fiscal year, (2) the estimated resources (inflows) and amounts available for appropriation, and (3) the estimated charges to appropriations. The budget represents a process through which policy decisions are made, implemented, and controlled. The City Charter prohibits expending funds for which there is no legal appropriation.

The following procedures establish the budgetary data reflected in the financial statements:

Original Budget

- (1) City agencies submit their anticipated annual budget needs to the Department of Finance during December.
- (2) From December through March, the Mayor and the Department of Finance analyze, review, and refine the budget submittals.
- (3) In April, the Director of Finance sends its recommended budget plan to the Board of Estimates. The Board then holds hearings and the recommended budget is amended as necessary. Citizens have the opportunity to offer input before the Board votes on the budget.
- (4) In May, a majority vote of the Board of Estimates approves the total budget and sends it to the City Council. The Board of Estimates must submit the proposed budget for the next fiscal year to the City Council at least 45 days before the beginning of said fiscal year. The Board of Estimates prepares a proposed Ordinance of Estimates to be submitted to the City Council. The Ordinance of Estimates is the legal authority for the enactment of the budget.
- (5) The City Council then holds hearings on the proposed Ordinance of Estimates, with additional citizen input before it votes in June. The City Council shall adopt the budget at least five days before the beginning of the fiscal year. The City Council then sends the approved Ordinance of Estimates to the Mayor.
- (6) The Mayor then either approves the total Ordinance of Estimates, or disapproves some items and approves the rest of the Ordinance of Estimates.

Final Budget

The final budgetary data presented in the basic financial statements reflects the following changes to the original budget:

- (1) Appropriations for a particular program, purpose, activity, or project may, upon the recommendation of the head of the municipal agency concerned and the Director of Finance, and with the approval of the Board of Estimates, be carried over to the subsequent fiscal year to carry out the initial appropriation objectives. All appropriations not carried over lapse at the end of the fiscal year in which they were made. In addition, funds encumbered for contracts, purchase orders, approved requisitions or other actual commitments, as well as funds dedicated to grant programs and capital improvements are carried out over the ensuing fiscal year until utilized or cancelled.
- (2) The adopted budget is prepared and appropriated on an agency, program, activity, and object of expenditure basis by fund. Purchase orders which result in an operating or capital overrun are not released until additional appropriations are made available. Expenditures for each adopted operating budget may not legally exceed appropriations at the agency level. Administratively, the Department of Finance has the authority to move appropriations between activities of the same program within the same agency. The Board of Estimates has the authority to transfer appropriations between programs within the same agency. Only the City Council can transfer appropriations between agencies.
- (3) The City Charter permits further appropriations for programs included in the original Ordinance of Estimates made necessary by material changes in circumstances and additional appropriations for new programs or grant awards which could not reasonably be anticipated when formulating the original Ordinance of Estimates. These changes require

CITY OF BALTIMORE
Notes to the Required Supplementary Information
(Unaudited)

supplemental appropriation ordinances. During fiscal year 2021, a supplemental appropriation ordinance was required for the general fund in the amount of \$120,888,000.

Budgetary data, as revised, is presented as required supplementary information for the general fund and the motor vehicle fund.

2. Schedule of the City's Proportionate Share of Net Pension Liability, Schedule of Employer Contributions, Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

The City Plans are considered part of the City's reporting entity and their financial statements are included in the City's basic financial statements as pension trust funds. Each plan issues a publicly available financial report that includes financial statements and the required supplementary information for that plan. The State System Plans are included in the City's basic financial statements in governmental activities and these plans also issue a publicly available financial report. Financial statements for the City Plans and the State System may be obtained from the following websites:

For Employees' Retirement System and Elected Officials' Retirement System: www.bcera.org

For Fire and Police Employees' Retirement System: www.bcfpers.org

For the Maryland State Retirement and Pension System: www.sra.state.md.us

3. Schedule of the City's Proportionate Share of the Net OPEB Liability and Schedule of Changes in Net OPEB Liability

The City of Baltimore provides other postemployment benefits (OPEB) to all qualified City and BCPSS employees. The OPEB Trust Fund does not issue separate financial statements but is included in the City's financial statements as a fiduciary trust fund.

**Combining and
Individual Fund
Statement and
Schedules**



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Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Community Development Block Grant, Special Racetrack Funds, School Construction, Baltimore Casino, State Video Lottery Terminal Funds, Table Games Fund, Affordable Housing Trust Fund and Children and Youth Fund - These funds account for revenues derived from certain State shared taxes, governmental grants and other revenue sources that are restricted by law or administrative action to expenditures for specific purposes.

Scholarship Fund - This fund accounts for the contributions received and related interest income. The fund can be used to provide scholarships to City residents.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for the purposes that fund and support the reporting government's programs.

Enoch Pratt Free Library Fund - This fund accounts for principal trust amounts received and the related interest income. The interest portion of the trust can be used for the operations of the Enoch Pratt Free Library.

Memorial Fund - This fund accounts for the principal trust amounts received and the related interest income. The interest portion of the trust can be used by the City for memorials.

CITY OF BALTIMORE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021
(Expressed in Thousands)

	Special Revenue Funds									Permanent Funds			Total Nonmajor Governmental Funds
	Community		State Video			Affordable				Enoch		Total	
	Development	School	Lottery	Table Game			Children and	Pratt Free	Total				
	Block Grant Fund	Construction Fund	Baltimore Casino Fund	Terminal Fund	Scholarship Fund	Table Game Fund	Housing Trust Fund	Youth Fund		Library Fund	Memorial Fund		
Assets:													
Cash and cash equivalents.....	\$ 1,445	\$ 2,430	\$ 2,657	\$ 5,755	\$ 5,644	\$ 2,528	\$ 17,665	\$ 5,043	\$ 43,167	\$ 69	\$ 490	\$ 559	\$ 43,726
Investments.....					928				928	2,584	7,902	10,486	11,414
Other receivables, net.....		998							998				998
Due from other government.....	5,098	134	662						5,894				5,894
Total assets.....	6,543	3,562	3,319	5,755	6,572	2,528	17,665	5,043	50,987	2,653	8,392	11,045	62,032
Liabilities, deferred inflows of resources and fund balances:													
Liabilities:													
Accounts payable and accrued liabilities.....	2,120.00		247.00	272.00		30.00	9.00		2,678.00				2,678.00
Total liabilities.....	2,120.00		247.00	272.00		30.00	9.00		2,678.00				2,678.00
Total liabilities.....	2,120.00		247.00	272.00		30.00	9.00		2,678.00				2,678.00
Fund balances:													
Restricted.....					6,572.00		17,656.00	5,043.00	29,271.00	2,653.00	8,392.00	11,045.00	40,316.00
Assigned.....	4,423.00	3,562.00	3,072.00	5,483.00		2,498.00			19,038.00				19,038.00
Total fund balances.....	4,423.00	3,562.00	3,072.00	5,483.00	6,572.00	2,498.00	17,656.00	5,043.00	48,309.00	2,653.00	8,392.00	11,045.00	59,354.00
Total liabilities, deferred inflows of resources and fund balances.....	\$ 6,543	\$ 3,562	\$ 3,319	\$ 5,755	\$ 6,572	\$ 2,528	\$ 17,665	\$ 5,043	\$ 50,987	\$ 2,653	\$ 8,392	\$ 11,045	\$ 62,032

CITY OF BALTIMORE
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021
(Expressed in Thousands)

	Special Revenue Funds									Permanent Funds			Total Nonmajor Governmental Funds
	Community		State Video					Affordable			Enoch Pratt		
	Development	School	Lottery	Scholarship		Table Game	Housing	Children and	Total	Free Library	Memorial	Total	
	Block Grant Fund	Construction Fund	Baltimore Casino Fund	Terminal Fund	Scholarship Fund	Table Game Fund	Trust Fund	Youth Fund	Total	Fund	Fund	Total	
Revenues:													
Taxes - local		\$ 11,981					\$ 9,607	\$ 7,248	\$ 28,836				\$ 28,836
State shared revenue		1,623	\$ 6,971	\$ 3,799		\$ 1,402			13,795				13,795
Interest, rentals and other investment income					\$ 92				92	\$ 225	\$ 1,116	\$ 1,341	1,433
Federal grants	\$ 11,273								11,273				11,273
Other revenue		1,400							1,400				1,400
Total revenues	11,273	15,004	6,971	3,799	92	1,402	9,607	7,248	55,396	225	1,116	1,341	56,737
Expenditures:													
Current:													
General government	2,373	15,248	1,064	1,464			501		20,650				20,650
Public safety and regulation			2,054						2,054				2,054
Education								19,862	19,862				19,862
Public library										2		2	2
Recreation and culture			15			407			422		144	144	566
Sanitation and waste removal			553	31					584				584
Economic development	12,683		356						13,039				13,039
Total expenditures	15,056	15,248	4,042	1,495	92	407	501	19,862	56,611	2	144	146	56,757
Excess (deficiency) of revenues over (under) expenditures	(3,783)	(244)	2,929	2,304	92	995	9,106	(12,614)	(1,215)	223	972	1,195	(20)
Other financing sources (uses):													
Transfers in			1,575	50					1,625				1,625
Total other financing sources (uses)			1,575	50					1,625				1,625
Net change in fund balances	(3,783)	(244)	4,504	2,354	92	995	9,106	(12,614)	410	223	972	1,195	1,605
Fund balances - beginning	8,206	3,806	(1,432)	3,129	6,480	1,503	8,550	17,657	47,899	2,430	7,420	9,850	57,749
Fund balances - ending	\$ 4,423	\$ 3,562	\$ 3,072	\$ 5,483	\$ 6,572	\$ 2,498	\$ 17,656	\$ 5,043	\$ 48,309	\$ 2,653	\$ 8,392	\$ 11,045	\$ 59,354

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Nonmajor Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for the operating of various City activities that are provided to the public on a cost reimbursement basis.

Conduit Fund - This fund accounts for the rental, operation, maintenance and development of the City's Conduits.

CITY OF BALTIMORE
Combining Statement of Net Position
Nonmajor Proprietary Fund
June 30, 2021
(Expressed in Thousands)

	Conduit Fund
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents.....	\$ 35,287
Capital assets, net of accumulated depreciation.....	169,830
Capital assets not being depreciated.....	31,294
Total noncurrent assets.....	<u>236,411</u>
Total assets.....	<u>236,411</u>
Deferred outflows of resources	
Deferred outflows related to pension	1,277
Deferred outflows related to OPEB	315
Total deferred outflows of resources.....	<u>1,592</u>
Total assets and deferred outflows of resources.....	<u>238,003</u>
Liabilities and deferred inflows of resources:	
Current liabilities:	
Accounts payable and accrued liabilities.....	276
Due to other funds.....	36,580
Compensated absences.....	88
Other liabilities.....	5,000
Current liabilities payable from restricted assets:	
Accounts payable from restricted assets.....	9,130
Total current liabilities.....	<u>51,074</u>
Noncurrent liabilities:	
Net pension liability	4,589
Net OPEB liability	689
Compensated absences.....	443
Total noncurrent liabilities.....	<u>5,721</u>
Total liabilities.....	<u>56,795</u>
Deferred inflows of resources:	
Deferred inflows related to OPEB	2,294
Total deferred inflows of resources.....	<u>2,294</u>
Total liabilities and deferred inflows of resources.....	<u>59,089</u>
Net position:	
Net investment in capital assets	201,125
Unrestricted.....	(22,211)
Total net position.....	<u>\$ 178,914</u>

CITY OF BALTIMORE
Combining Statement of Revenues, Expenses,
and Changes in Net Position
Nonmajor Proprietary Fund
For the Year Ended June 30, 2021
(Expressed in Thousands)

	Conduit Fund
Operating revenues:	
Rents, fees, and other income.....	\$ 36,712
Total operating revenues.....	<u>36,712</u>
Operating expenses:	
Salaries and wages.....	4,391
Other personnel costs.....	3,296
Contractual services.....	2,656
Materials and supplies.....	120
Minor equipment.....	383
Depreciation.....	2,547
Total operating expenses.....	<u>13,393</u>
Operating income	23,319
Capital contributions (distribution).....	<u>(840)</u>
Changes in net position.....	22,479
Total net position - beginning	<u>156,435</u>
Total net position - ending.....	<u>\$ 178,914</u>

CITY OF BALTIMORE
Combining Statement of Cash Flows
Nonmajor Proprietary Fund
For the Year Ended June 30, 2021
(Expressed in Thousands)

	Conduit Fund
<hr/>	
Cash flows from operating activities:	
Receipts from customers.....	\$ 36,712
Payments to employees.....	(6,477)
Payments to suppliers.....	(3,046)
Net cash provided by operating activities.....	27,189
Cash flow from capital and related financing activities:	
Acquisition and construction of capital assets.....	(27,318)
Capital contributions (reduction).....	(840)
Net cash provided (used) by capital and related financing activities.....	(28,158)
Net increase (decrease) in cash and cash equivalents.....	(969)
Cash and cash equivalents, beginning of year.....	36,256
Cash and cash equivalents, end of year.....	\$ 35,287
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 23,319
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense.....	2,547
Deferred outflows - pension	(463)
Deferred outflows - OPEB	457
Accounts payable and accrued liabilities.....	(57)
Compensated absences	86
Pension liability - current period	794
OPEB liability	(1,008)
Deferred inflows - pension.....	(9)
Deferred inflows - OPEB.....	1,523
Total adjustments.....	3,870
Net cash provided by operating activities.....	\$ 27,189

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government, and to other governmental units, on a cost reimbursement basis.

Municipal Communication Fund - This fund accounts for the repair and maintenance of the City's radios.

Mobile Equipment Fund - This fund accounts for the service, repair, operation, and replacement of the City's equipment fleet.

Reproduction and Printing Fund - This fund accounts for the operation of the City's printing shop.

Municipal Post Office Fund - This fund accounts for the operations of the City's internal post office facility.

Municipal Telephone Exchange Fund - This fund accounts for the administration and operations of the City's telephone exchange.

Building Maintenance Fund - This fund accounts for repairs and maintenance in City-owned buildings.

Hardware and Software Replacement Fund - This fund accounts for the cost of maintaining the City's software licensing agreements and hardware refreshes.

CITY OF BALTIMORE
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2021
(Expressed in Thousands)

	Municipal Communication Fund	Mobile Equipment Fund	Reproduction and Printing Fund	Municipal Post Office Fund	Municipal Telephone Exchange Fund	Building Maintenance Fund	Hardware and Software Replacement Fund	Total
Assets:								
Current assets:								
Cash and cash equivalents.....	\$ 1,426			\$ 274	\$ 792	\$ 7,693	\$ 5,256	\$ 15,441
Accounts receivable, net:								
Other.....		\$ 1,312	\$ 9		939	364		2,624
Inventories.....		6,696	823	629				8,148
Total current assets.....	1,426	8,008	832	903	1,731	8,057	5,256	26,213
Noncurrent assets:								
Restricted cash.....	677	66,894						67,571
Capital assets, net.....	6,448	89,414		67				95,929
Total noncurrent assets.....	7,125	156,308		67				163,500
Total assets.....	8,551	164,316	832	970	1,731	8,057	5,256	189,713
Liabilities:								
Current liabilities:								
Accounts payable and accrued liabilities.....	355	8,127	253	101	654	1,234	434	11,158
Due to other funds.....		11,581	1,114					12,695
Leases payable.....	1,804	19,592						21,396
Compensated absences.....	4	807	17	15	34	200		1,077
Total current liabilities.....	2,163	40,107	1,384	116	688	1,434	434	46,326
Noncurrent liabilities:								
Leases payable.....	9,620	84,408						94,028
Compensated absences.....	84	1,031	92	41	182	539		1,969
Total noncurrent liabilities.....	9,704	85,439	92	41	182	539		95,997
Total liabilities.....	11,867	125,546	1,476	157	870	1,973	434	142,323
Net position:								
Net investment in capital assets.....	(4,976)	(14,586)						(19,562)
Unrestricted (deficit).....	1,660	53,356	(644)	813	861	6,084	4,822	66,952
Total net position.....	\$ (3,316)	\$ 38,770	\$ (644)	\$ 813	\$ 861	\$ 6,084	\$ 4,822	\$ 47,390

CITY OF BALTIMORE
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2021
(Expressed in Thousands)

	Municipal Communication Fund	Mobile Equipment Fund	Reproduction and Printing Fund	Municipal Post Office Fund	Municipal Telephone Exchange Fund	Building Maintenance Fund	Hardware and Software Replacement Fund	Total
Operating revenues:								
Charges for services.....	\$ 7,688	\$ 57,903	\$ 2,038	\$ 1,524	\$ 10,719	\$ 25,040	\$ 5,795	\$ 110,707
Operating expenses:								
Salaries and wages.....	361	13,217	623	439	1,147	3,663		19,450
Other personnel costs.....	127	5,780	272	185	497	1,822		8,683
Contractual services.....	4,123	12,545	952	303	9,063	18,445	314	45,745
Materials and supplies.....		10,834	617		7	701		12,159
Minor equipment.....	4,065			91	22	142	3,026	7,346
Postage and delivery service.....				431				431
Depreciation.....	1,879	34,075		36				35,990
Total operating expenses.....	10,555	76,451	2,464	1,485	10,736	24,773	3,340	129,804
Operating income (loss).....	(2,867)	(18,548)	(426)	39	(17)	267	2,455	(19,097)
Nonoperating revenues:								
Loss on sale of equipment.....		(1,790)						(1,790)
Total nonoperating revenues, net.....		(1,790)						(1,790)
Change in net position.....	(2,867)	(20,338)	(426)	39	(17)	267	2,455	(20,887)
Total net position - beginning.....	(449)	59,108	(218)	774	878	5,817	2,367	68,277
Total net position - ending.....	\$ (3,316)	\$ 38,770	\$ (644)	\$ 813	\$ 861	\$ 6,084	\$ 4,822	\$ 47,390

CITY OF BALTIMORE
Combining Statement of Cash Flows
Internal Services Funds
For the Year Ended June 30, 2021
(Expressed in Thousands)

	Municipal Communication Fund	Mobile Equipment Fund	Reproduction and Printing Fund	Municipal Post Office Fund	Municipal Telephone Exchange Fund	Building Maintenance Fund	Hardware and Software Replacement Fund	Total
Cash flows from operating activities:								
Receipts from customers.....	\$ 7,688	\$ 67,369	\$ 2,716	\$ 1,012	\$ 9,798	\$ 26,904	\$ 5,795	\$ 121,282
Payments to employees.....	(535)	(20,071)	(953)	(609)	(1,692)	(5,717)		(29,577)
Payments to suppliers.....	(8,755)	(21,249)	(1,763)	(732)	(8,782)	(19,557)	(3,642)	(64,480)
Net cash provided (used) by operating activities.....	(1,602)	26,049		(329)	(676)	1,630	2,153	27,225
Cash flows from capital and related financing activities:								
Acquisition and construction of capital assets.....		(15,894)		(13)				(15,907)
Leases Payable, net.....	(1,694)	5,009						3,315
Net cash (used) by capital and related financing activities.....	(1,694)	(10,885)		(13)				(12,592)
Net increase (decrease) in cash and cash equivalents....	(3,296)	15,164		(342)	(676)	1,630	2,153	14,633
Cash and cash equivalents, beginning of year.....	5,398	51,730		616	1,468	6,063	3,103	68,378
Cash and cash equivalents, end of year.....	\$ 2,102	\$ 66,894	\$	\$ 274	\$ 792	\$ 7,693	\$ 5,256	\$ 83,011
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss).....	\$ (2,867)	\$ (18,548)	\$ (426)	\$ 39	\$ (17)	\$ 267	\$ 2,455	\$ (19,097)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation.....	1,879	34,075		36				35,990
Changes in noncash operating assets and liabilities:								
Accounts receivable.....		(1,065)	132	(512)	(921)	1,864		(502)
Inventories.....		117	(26)					91
Accounts payable and accrued liabilities.....	(586)	1,613	(214)	81	250	(400)	(302)	442
Compensated Absences.....	(28)		(38)	27				(39)
Due to other funds.....		10,414	572					10,986
Other liabilities.....		(557)			12	(101)		(646)
Total adjustments.....	1,265	44,597	426	(368)	(659)	1,363	(302)	46,322
Net cash provided (used) by operating activities.....	\$ (1,602)	\$ 26,049	\$	\$ (329)	\$ (676)	\$ 1,630	\$ 2,153	\$ 27,225
Noncash activity from capital and related financing activities:								
New capital leases.....		\$ 24,450						\$ 24,450
Total noncash activity from capital and related financing activities	\$	\$ 24,450						\$ 24,450

Fiduciary Funds

Fiduciary funds include the following funds, which account for assets held by the City as a trustee or as an agent for individuals.

Pension Trust Funds – These funds account for the receipt, investment, and distribution of retirement contributions made for the benefit of police officers, firefighters, elected officials, and other City employees.

OPEB Trust Fund – This fund accounts for the receipts of City and retiree contributions into the OPEB Trust Fund and payment of all retiree related health and life insurance benefits.

CITY OF BALTIMORE
Combining Statement of Fiduciary Net Position
Pension and OPEB Trust Funds
June 30, 2021
(Expressed In Thousands)

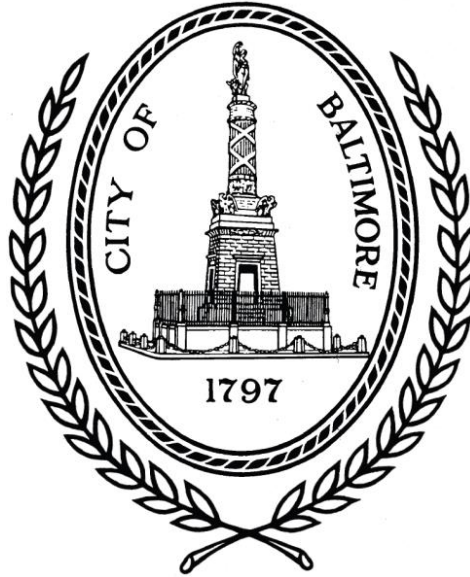
	Employees'	Elected	Fire and Police		
	Retirement	Officials'	Employees'	OPEB	
	System	Retirement	Retirement	Trust	
		System	System	Fund	Total
Assets:					
Cash and cash equivalents	\$ 81,827	\$ 421	\$ 163,358	\$ 27,967	\$ 273,573
Investments:					
Stocks	1,421,823	20,868	1,733,068	607,477	3,783,236
Bonds	369,707	6,961	497,532	155,235	1,029,435
Real estate	241,012	2,907	240,647	76,790	561,356
Private equity and hedge fund			697,670		697,670
Securities lending collateral	70,806		11,406		82,212
Forward foreign contracts	3,583		37,002		40,585
Other assets	10,896	3	36,011	1,659	48,569
Total assets	2,199,654	31,160	3,416,694	869,128	6,516,636
Liabilities:					
Obligations under securities lending program	70,806		11,406		82,212
Forward foreign contracts	9,392		37,002		46,394
Accounts payable	13,930		39,454	2,853	56,237
Pension benefits payable		8			8
Total liabilities	94,128	8	87,862	2,853	184,851
Net position:					
Net position restricted for pensions	\$ 2,105,526	\$ 31,152	\$ 3,328,832		\$ 5,465,510
Net position restricted for OPEB				\$ 866,275	\$ 866,275

CITY OF BALTIMORE
Combining Statement of Changes in Fiduciary Net Position
Pension and OPEB Trust Funds
For the year Ended June 30, 2021
(Expressed In Thousands)

	Employees' Retirement System	Elected Officials' Retirement System	Fire and Police Employees' Retirement System	OPEB Trust Fund	Total
Additions:					
Contributions:					
Employer	\$ 92,637		\$ 150,170	\$ 121,020	\$ 363,827
Employee	18,494	\$ 77	32,575	45,910	97,056
Total contributions	111,131	77	182,745	166,930	460,883
Investment income:					
Net appreciation fair value of investments	419,654	6,601	627,899	151,630	1,205,784
Securities lending income, net	194		311		505
Interest and dividend income	32,917	546	181,238	9,792	224,493
Total investment income	452,765	7,147	809,448	161,422	1,430,782
Less: investment expense	80	61	35,288	3,453	38,882
Net investment income	452,685	7,086	774,160	157,969	1,391,900
Total additions	563,816	7,163	956,905	324,899	1,852,783
Deductions:					
Retirement benefits	160,690	1,306	248,222		410,218
Health benefits				125,002	125,002
Death benefits	1,468		188		1,656
Administrative expenses	4,397	34	4,928		9,359
Other	889		20,193		21,082
Total deductions	167,444	1,340	273,531	125,002	567,317
Changes in net position	396,372	5,823	683,374	199,897	1,285,466
Net position restricted for pensions and OPEB - beginning of the year	1,709,154	25,329	2,645,458	666,378	5,046,319
Net position restricted for pensions and OPEB - end of the year	\$ 2,105,526	\$ 31,152	\$ 3,328,832	\$ 866,275	\$ 6,331,785

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STATISTICAL SECTION



See Report of Independent Public Accountants

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CITY OF BALTIMORE

Statistical Section

(Unaudited)

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Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	143
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	147

Source: Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year.

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Financial Trends

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CITY OF BALTIMORE
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Expressed in Thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 2,739,761	\$ 2,988,956	\$ 2,569,231	\$ 2,520,873	\$ 2,464,962	\$ 2,528,116	\$ 2,574,640	\$ 2,520,881	\$ 2,628,359	\$ 2,561,824
Restricted.....	13,013	40,548	22,598	15,946	24,669	400,063	483,623	527,293	533,780	548,492
Unrestricted.....	(321,033)	(650,914)	(442,540)	(1,759,089)	(1,662,259)	(1,951,655)	(2,771,072)	(3,416,173)	(3,838,247)	(3,756,368)
Total governmental activities										
net position.....	\$ 2,431,741	\$ 2,378,590	\$ 2,149,289	\$ 777,730	\$ 827,372	\$ 976,524	\$ 287,191	\$ (367,999)	\$ (676,108)	\$ (646,052)
Business-type activities										
Net investment in capital assets	\$ 1,646,769	\$ 1,785,501	\$ 2,215,884	\$ 2,379,232	\$ 2,386,644	\$ 2,981,404	\$ 3,383,394	\$ 3,345,821	\$ 3,475,643	\$ 3,554,754
Restricted.....	160,955	152,197	180,965	157,613	165,076	162,084	161,308	181,109	184,072	257,759
Unrestricted.....	83,148	133,419	123,976	136,251	413,302	85,565	(92,013)	176,933	237,107	369,574
Total business-type activities										
net position.....	\$ 1,890,872	\$ 2,071,117	\$ 2,520,825	\$ 2,673,096	\$ 2,965,022	\$ 3,229,053	\$ 3,452,689	\$ 3,703,863	\$ 3,896,822	\$ 4,182,087
Primary government										
Net investment in capital assets	\$ 4,386,530	\$ 4,774,457	\$ 4,785,115	\$ 4,900,105	\$ 4,851,606	\$ 5,509,520	\$ 5,958,034	\$ 5,866,702	\$ 6,104,002	\$ 6,116,578
Restricted.....	173,968	192,745	203,563	173,559	189,745	562,147	644,931	708,402	717,852	806,251
Unrestricted.....	(237,885)	(517,495)	(318,564)	(1,622,838)	(1,248,957)	(1,866,090)	(2,863,085)	(3,239,240)	(3,601,140)	(3,386,794)
Total primary government										
net position.....	\$ 4,322,613	\$ 4,449,707	\$ 4,670,114	\$ 3,450,826	\$ 3,792,394	\$ 4,205,577	\$ 3,739,880	\$ 3,335,864	\$ 3,220,714	\$ 3,536,035

CITY OF BALTIMORE
Changes in Net Position
Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Expressed in Thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 443,957	\$ 399,166	\$ 278,892	\$ 294,987	\$ 303,696	\$ 249,415	\$ 404,025	\$ 524,515	\$ 400,893	\$ 469,895
Public safety and regulation	577,963	661,829	673,680	692,155	744,940	764,040	781,830	1,228,602	929,667	540,675
Conservation of health	154,105	130,911	125,383	112,575	116,592	119,811	134,743	169,216	153,361	238,343
Social services	31,156	125,515	112,301	102,809	109,591	120,630	95,107	103,384	96,066	109,391
Education	260,935	288,227	306,128	302,568	299,699	278,881	383,934	494,735	556,361	445,278
Public library	33,390	33,184	34,550	35,063	34,150	34,531	35,189	46,150	43,288	44,795
Recreation and culture	49,291	50,297	52,540	51,367	53,657	58,124	59,049	68,491	70,023	50,955
Highways and streets	162,290	159,022	172,330	185,601	192,487	169,147	165,800	181,100	171,571	171,578
Sanitation and waste removal	65,677	73,536	63,623	67,445	70,823	76,638	81,877	98,499	88,140	93,298
Public service	26,676	50,710	50,260	51,041	49,475	53,188	50,052	103,340	59,833	64,306
Economic development	169,896	170,002	208,870	141,772	126,430	133,594	131,347	188,852	148,659	200,302
Interest	32,624	29,605	41,967	41,078	30,518	28,857	77,530	52,787	57,496	43,994
Total governmental activities expenses	2,007,960	2,172,004	2,120,524	2,078,461	2,132,058	2,086,856	2,400,483	3,259,671	2,775,358	2,472,810
Business-type Activities:										
Water	131,271	136,171	155,308	160,208	170,637	167,667	147,289	158,089	202,211	193,828
Waste water	173,106	178,221	179,306	182,769	193,563	193,055	207,730	237,396	276,754	272,330
Stormwater			18,292	15,747	19,365	21,521	26,175	25,299	27,206	24,515
Parking	25,332	17,681	23,528	19,183	18,125	27,939	17,797	24,038	15,145	20,808
Nonmajor proprietary	13,287	11,826	10,753	11,607	12,148	13,703	10,087	11,142	11,577	14,377
Total business-type activities expenses	342,996	343,899	387,187	389,514	413,838	423,885	409,078	455,964	532,893	525,858
Total primary government expenses	\$ 2,350,956	\$ 2,515,903	\$ 2,507,711	\$ 2,467,975	\$ 2,545,896	\$ 2,510,741	\$ 2,809,561	\$ 3,715,635	\$ 3,308,251	\$ 2,998,668
Program Revenues										
Governmental activities:										
Charges for services (a)	\$ 118,556	\$ 114,163	\$ 103,331	\$ 107,482	\$ 103,190	\$ 103,151	\$ 111,154	\$ 122,790	\$ 119,799	\$ 106,621
Operating grants and contributions	400,678	385,841	431,515	318,266	347,636	344,684	324,457	365,771	378,546	471,637
Capital grants and contributions	71,258	109,488	71,806	54,788	25,284	83,501	41,095	67,257	151,510	69,483
Total governmental activities revenue	590,492	609,492	606,652	480,536	476,110	531,336	476,706	555,818	649,855	647,741
Business-type activities:										
Charges for services:										
Water	132,340	154,680	158,678	176,439	160,865	163,563	178,367	175,492	216,396	243,563
Waste water	179,873	183,521	221,181	216,428	229,300	235,133	258,386	276,844	270,764	289,812
Stormwater			27,511	25,971	27,807	29,309	28,552	28,540	30,943	31,462
Parking	81,476	83,542	87,398	85,634	87,145	88,454	85,257	76,801	69,697	38,693
Nonmajor proprietary	12,046	18,400	14,385	13,916	37,505	11,744	28,639	34,627	35,986	36,712
Capital Grants and Contributions	100,922	129,608	131,574	201,880	259,288	217,959	169,154	161,469	162,602	195,057
Total Business-type Activities Revenue	506,657	569,751	640,727	720,268	801,910	746,162	748,355	753,773	786,388	835,299
Total Primary Government Revenues	1,097,149	1,179,243	1,247,379	1,200,804	1,278,020	1,277,498	1,225,061	1,309,591	1,436,243	1,483,040
Net (Expense)/Revenue										
Government Activities	(1,417,468)	(1,562,512)	(1,513,872)	(1,597,925)	(1,655,948)	(1,555,520)	(1,923,777)	(2,703,853)	(2,125,503)	(1,825,069)
Business-type Activities	163,661	225,852	253,540	330,754	388,072	322,277	339,277	297,809	253,495	309,441
Total Primary Government Net Expenses	\$ (1,253,807)	\$ (1,336,660)	\$ (1,260,332)	\$ (1,267,171)	\$ (1,267,876)	\$ (1,233,243)	\$ (1,584,500)	\$ (2,406,044)	\$ (1,872,008)	\$ (1,515,628)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes	\$ 769,094	\$ 806,258	\$ 810,824	\$ 816,199	\$ 852,114	\$ 853,197	\$ 886,417	\$ 909,254	\$ 882,332	\$ 977,299
Income taxes	257,893	276,111	284,437	300,014	346,727	335,923	346,797	440,144	396,540	410,712
Other local taxes	178,441	188,803	204,391	193,595	242,426	240,278	187,754	263,381	175,770	209,918
State shared revenues	130,286	128,707	131,180	147,608	153,195	159,022	170,240	166,082	163,417	155,527
Unrestricted investment Income	17,404	17,879	16,722	19,431	34,782	21,634	28,296	48,730	34,734	16,598
Miscellaneous	36,794	43,861	32,581	88,734	33,073	32,523	124,395	161,944	94,212	60,895
Transfers	50,446	47,742	(195,564)	61,495	100,737	62,095	59,295	59,128	56,482	24,176
Total Governmental Activities	1,440,358	1,509,361	1,284,571	1,627,076	1,763,054	1,704,672	1,803,194	2,048,663	1,803,487	1,855,125
Business-type Activities:										
Unrestricted investment Income	3,075	2,135	2,186	5,809	4,591	3,849	5,535	12,493	9,853	
Transfers	(50,446)	(47,742)	195,564	(61,495)	(100,737)	(62,095)	(59,295)	(59,128)	(56,482)	(24,176)
Total Business-type activities	(47,371)	(45,607)	197,750	(55,686)	(96,146)	(58,246)	(53,760)	(46,635)	(46,629)	(24,176)
Total primary government	1,392,987	1,463,754	1,482,321	1,571,390	1,666,908	1,646,426	1,749,434	2,002,028	1,756,858	1,830,949
Change in Net Position										
Governmental activities	22,890	(53,151)	(229,301)	29,151	107,106	149,152	(120,583)	(655,190)	(322,016)	30,056
Business-type activities	116,290	180,245	451,290	275,068	291,926	264,031	285,517	251,174	206,866	285,265
Total primary government	\$ 139,180	\$ 127,094	\$ 221,989	\$ 304,219	\$ 399,032	\$ 413,183	\$ 164,934	\$ (404,016)	\$ (115,150)	\$ 315,321

(a) Changes for services include charges for various City services such as rental of recreational facilities, solid waste disposal fees, port and stadium security services, impound lot fees and library video rental.

CITY OF BALTIMORE
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrued Basis of Accounting)
(Expressed in Thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 5,519	\$ 5,519	\$ 5,519	\$ 5,519	\$ 297,255	\$ 2,260	\$ 2,210	\$ 3,028	\$ 3,179	\$ 2,051
Restricted	30,338					380,996	423,673	431,094	428,824	433,047
Assigned	128,415	203,425	188,946	174,647	244,257	197,220	221,658	257,252	237,026	180,620
Unassigned	91,700	90,070	106,022	112,642	134,300	134,327	163,604	145,945	139,661	152,864
Total General Fund	\$ 255,972	\$ 299,014	\$ 300,487	\$ 292,808	\$ 675,812	\$ 714,803	\$ 811,145	\$ 837,319	\$ 808,690	\$ 768,582
All Other Governmental Funds										
Nonspendable										
Motor vehicle fund										
Other nonmajor funds										
Restricted										
Grants revenue fund							\$ 2,449	\$ 21,606		
Capital projects fund	\$ 27,400	\$ 9,256	\$ 2,190	\$ 10,743	\$ 5,081	\$ 8,448	\$ 31,000	\$ 10,689	\$ 7,558	
Other nonmajor funds	13,013	13,148	13,342	13,756	13,926	13,986	14,688	18,057	42,537	40,316
Assigned										
Motor vehicle fund										
Capital projects fund	7,128	5,702					5,064	56,946	98,777	86,406
Other nonmajor funds	37,333	46,060	53,217	58,095	10,068	11,234	8,794	16,929	16,644	19,038
Unassigned										
Grants revenue fund	(40,248)	(62,864)	(83,355)	(77,836)	(36,799)	(13,584)				
Capital projects fund	(12,393)	(3,490)	(13,612)	(7,576)	(14,628)	(8,966)				
Other nonmajor funds	(7,192)	(9,255)	(9,451)	(12,399)			(1,819)		(1,432)	
Total all other Governmental Funds	\$ (2,359)	\$ 16,701	\$ (30,603)	\$ (23,770)	\$ (16,690)	\$ 7,751	\$ 37,624	\$ 144,538	\$ 167,215	\$ 153,318

CITY OF BALTIMORE
Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years
(Expressed in Thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue:										
General fund:										
Taxes - local	\$ 1,206,584	\$ 1,219,656	\$ 1,258,118	\$ 1,284,515	\$ 1,426,286	\$ 1,410,593	\$ 1,406,403	\$ 1,535,001	\$ 1,490,708	\$ 1,568,679
State shared revenue		128,707	131,180	137,714	142,213	140,451	146,174	146,085	148,910	141,732
Licenses and permits	37,585	40,572	41,457	41,584	48,829	44,450	41,043	38,880	34,042	31,702
Fines and forfeitures	6,604	29,445	14,673	15,325	8,365	7,192	27,085	34,939	36,093	35,484
Interest, rentals, and other investment income	16,244	16,816	15,833	17,181	33,991	21,082	27,071	46,140	32,027	13,834
Federal grants	226	245	261	275	217	480	79		16,719	85,039
State grants	95,651	93,376	102,786	105,059	104,585	105,705	104,644	98,528	107,973	107,204
Other grants	25	25	26	26	26	26	27	26		
Charges for services	35,044	44,146	47,201	50,573	45,996	51,509	43,026	48,971	49,664	39,435
Miscellaneous	9,976	4,365	5,757	5,730	459	7,300		8,560	4,492	6,693
Total revenues - general fund	1,407,939	1,577,353	1,617,292	1,657,982	1,810,967	1,788,788	1,795,552	1,957,130	1,920,628	\$2,029,802
Other governmental funds:										
Motor vehicle fund	169,768									
Grants revenue fund	285,240	251,949	242,805	223,148	222,291	226,145	233,957	242,604	236,726	268,121
Capital projects fund	93,966	121,065	91,069	66,983	45,370	105,487	62,019	149,195	167,792	81,726
Other funds	29,339	21,860	36,279	41,327	40,792	47,068	56,090	64,161	66,619	56,737
Total revenues - other governmental funds	578,313	394,874	370,153	331,458	308,453	378,700	352,066	455,960	471,137	406,584
Total revenues all government funds	1,986,252	1,972,227	1,987,445	1,989,440	2,119,420	2,167,488	2,147,618	2,413,090	2,391,765	\$2,436,386
Expenditures:										
General fund:										
General government	387,650	223,730	216,329	258,028	281,616	249,579	155,606	267,831	259,968	415,463
Public safety and regulation	463,410	594,077	625,432	679,202	702,632	730,093	766,230	831,453	799,401	810,793
Conservation of health	44,033	20,811	23,778	20,887	19,663	21,882	38,648	36,077	37,785	132,450
Social services	707	89,235	76,857	64,249	73,851	86,353	59,899	68,539	56,519	65,812
Education	254,626	257,770	273,241	265,939	269,937	276,324	293,355	289,410	288,912	304,669
Public library	23,829	23,131	24,577	24,942	24,856	24,812	24,505	26,784	27,886	24,794
Recreation and culture	34,749	39,235	39,796	39,349	41,884	44,392	43,845	45,574	51,897	51,558
Highways and streets	19,336	83,051	102,308	113,452	125,440	96,537	99,848	102,468	99,702	107,305
Sanitation and waste removal	40,936	69,381	59,837	64,422	72,642	72,380	75,384	78,238	81,719	94,402
Public service	17,350	43,024	41,241	43,895	42,947	44,769	42,579	44,863	49,689	51,149
Economic development	46,741	48,544	49,348	49,069	39,499	34,276	41,634	52,998	63,843	50,473
Debt service-Principal					42,956	60,646	51,466	60,922	66,913	55,403
Debt service-Interest					24,786	37,042	43,247	44,425	56,683	47,399
Other bonds cost					2,033	6,318				
Total expenditures - general fund	1,333,367	1,491,989	1,532,744	1,623,434	1,764,742	1,785,403	1,736,246	1,949,582	1,940,917	2,211,670
Other government funds:										
Motor vehicle fund	148,769									
Grants revenue fund	298,287	280,319	275,977	223,964	238,344	218,716	221,811	242,441	273,949	293,820
Capital projects fund	208,837	202,458	160,874	172,688	173,201	154,671	186,541	241,506	258,800	153,872
Debt service fund:										
Principal	64,781	69,877	44,483	38,912						
Interest	32,624	23,678	31,708	31,005						
Other bond costs			6,178	6,135						
Other funds	17,116	22,600	23,133	31,107	29,565	34,101	41,857	37,119	41,958	56,757
Total expenditures - other government funds	770,414	598,932	542,353	503,811	441,110	407,488	450,209	521,066	574,707	504,449
Total expenditures all governmental funds	2,103,781	2,090,921	2,075,097	2,127,245	2,205,852	2,192,891	2,186,455	2,470,648	2,515,624	2,716,119
Excess (deficiency) of revenues over expenditures	(117,529)	(118,694)	(87,652)	(137,805)	(86,432)	(25,403)	(38,837)	(57,558)	(123,859)	(\$279,733)
Other financing sources (uses):										
Transfers, net	50,446	76,110	56,828	61,495	100,038	60,289	57,703	64,777	57,882	24,176
Capital leases	41,460	11,804			8,978		29,618			
Refunding capital leases							(4,563)			
Face value of bonds and loans		283,535	5,414	64,249	92,317	1,907	225,155	121,406	43,560	55,843
Refunding of bonds		(214,336)				(377,111)	(133,560)	3,675	(36,720)	
Transportation revenue bonds				9,609	(13,833)		14,924	(8,004)	47,209	137,485
Swap termination		(18,760)								
Premium (discount) on sale of bonds		42,443		1,606	3,220		35,923		5,976	8,224
Proceeds from bond issuances						403,750		8,792		
Capital contributions			(20,421)							
Payoff of bond anticipation note							(60,148)			
Total other financing sources	91,906	180,796	41,821	136,959	190,720	88,835	165,052	190,646	117,907	225,728
Net changes in fund balances	\$ (25,623)	\$ 62,102	\$ (45,831)	\$ (846)	\$ 104,288	\$ 63,432	\$ 126,215	\$ 133,088	\$ (5,952)	\$ (54,005)
Debt service as a percentage of noncapital expenditures	5.03%	4.87%	3.89%	3.52%	3.26%	4.66%	4.61%	4.53%	5.36%	3.96%

Revenue Capacity

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CITY OF BALTIMORE
Property Tax Levies and Collections
Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Total Tax Levy	Collected within due Fiscal Year of the Levy	Percent of Levy Collected	Collections in Subsequent Years	Total Tax Collection	Percent of Total Tax Collections to Tax Levy
2012	\$ 761,237	\$ 743,352	97.7	\$ 7,668	\$ 743,538	95.5 %
2013	778,346	732,467	94.1	10,961	752,648	99.6
2014	755,711	741,449	98.1	14,263	774,254	99.5
2015	778,380	762,772	98.0	12,061	772,040	96.0
2016	804,391	760,686	94.6	3,278	808,328	95.0
2017	851,099	808,328	95.0	33,196	841,524	98.9
2018	892,079	865,223	97.0	11,095	876,318	98.2
2019	901,885	870,822	96.6	2,388	873,210	96.8
2020	924,357	887,452	96.0	19,491	906,943	98.1
2021	934,187	906,201	97.0		906,201	97.0

CITY OF BALTIMORE
Assessed and Estimate Actual Value of Taxable Property
Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed Value to Total Estimate Actual Value %	Total Direct Tax Rate
	Assessed Value	Estimate Actual Value	Assessed Value	Estimate Actual Value	Assessed Value	Estimate Actual Value		
2012	\$ 28,762,325	\$ 35,431,581	\$ 1,878,997	\$ 1,878,997	\$ 30,641,322	\$ 37,310,578	82.1	\$ 2.380
2013	28,844,799	34,386,667	1,845,424	1,845,424	30,690,223	36,232,091	84.7	2.380
2014	29,209,703	33,938,341	1,966,795	1,966,795	31,176,498	35,905,136	86.8	2.360
2015	29,063,381	33,749,836	1,895,006	1,895,006	30,958,387	35,644,842	86.9	2.360
2016	31,577,756	35,782,497	2,011,722	2,011,722	33,589,478	37,794,219	88.9	2.360
2017	32,550,695	37,113,758	2,123,826	2,123,826	34,674,521	39,237,584	88.4	2.360
2018	33,909,100	38,844,708	2,241,053	2,309,659	36,150,153	41,154,367	87.8	2.360
2019	34,346,269	39,649,866	2,261,405	2,381,099	36,607,674	42,030,965	87.1	2.360
2020	35,108,831	40,412,995	2,255,234	2,374,928	37,364,065	42,787,922	87.3	2.360
2021	35,937,626	41,359,937	2,235,339	2,287,050	38,172,965	43,646,987	87.5	2.360

Note: Assessed values are established by the Maryland State Department of Assessments and Taxation on July 1 of each year. Each real property's assessment is reevaluated every three years. Tax rates are for each \$100 of assessed value. The Baltimore City real property tax rate is \$2.248 and the Maryland State real property tax rate is \$0.112, for a total of \$2.360.

Source: Baltimore City Department of Finance.

CITY OF BALTIMORE
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years (1)

Fiscal Year	City Tax Rate	State Rate (2)	Tax Total (3)
2012	\$ 2.268	\$ 0.112	\$ 2.380
2013	2.268	0.112	2.380
2014	2.268	0.112	2.380
2015	2.248	0.112	2.360
2016	2.248	0.112	2.360
2017	2.248	0.112	2.360
2018	2.248	0.112	2.360
2019	2.248	0.112	2.360
2020	2.248	0.112	2.360
2021	2.248	0.112	2.360

Notes:

- (1) Tax rates are for each \$100 of assessed valuation.
- (2) The State tax rate is shown for information purpose only, since the City acts in the role of collector and does not report this portion of the property tax as revenue.
- (3) The City has no special assessments.

Source: Baltimore City Department of Finance.

CITY OF BALTIMORE
Principal Property Taxpayer
Current Year and Nine Years Ago
(Expressed in Thousands)

	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value
BGE (Baltimore Gas & Electric Company).....	\$1,012,974	1	2.7%	\$ 700,855	1	2.2%
Harbor East Parcel D.....	350,997	2	0.9%			
Amazon.com.....	278,195	3				
CSX Transportation.....	239,053	4	0.6%	169,914	6	0.5%
Harbor Point Parcel 2 Holdings.....	223,738	5	0.6%			
SSA Baltimore Holdings, LLC.....	214,639	6	0.6%			
Canton Railroad.....	210,911	7				
Mirecourt Associates, LLC.....	185,000	8				
Baltimore Hotel Corporation.....	179,936	9	0.5%	171,119	5	0.5%
100 Pratt St. Ventures LLC.....	178,799	10	0.5%	175,700	4	0.6%
Harbor East Limited.....				152,939	8	0.5%
Verizon MD.....				210,457	2	0.7%
Harbor East Limited - Parcel B.....				193,441	3	0.6%
Baltimore Center Associates.....				165,744	7	0.5%
New Community College of Baltimore.....				75,288	9	0.2%
Canton Crossing Tower LLC.....				74,180	10	0.2%
Total.....	\$3,074,242		6.4%	\$2,089,637		6.5%

Debt Capacity

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CITY OF BALTIMORE
Ratios of Outstanding Debt by Type, Primary Government
Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Governmental Activities						Business-type Activities				Total Primary Government	Percentage of Personal Income (b) %	Per Capita (a)
	General Obligation Bonds	Special Obligation Bonds	Long-term Financing with Federal Government	Long-term Financing with Federal of Maryland	Revenue Bonds	Capital Leases	General Obligation Bonds	Sewer Construction Loans	Revenue Bonds	Capital Leases			
2012	\$ 570,148	\$ 114,993	\$ 39,355	\$ 1,855	\$ 411,377	\$ 179,161		\$ 19	\$ 1,477,473	\$ 3,003	\$ 2,797,384	10.17	\$ 4,502
2013	569,097	114,435	36,461	1,430	424,599	193,368			1,467,888	2,628	2,809,906	11.51	4,517
2014	524,969	149,824	33,461	1,016	395,501	189,600	\$ 3,113		1,735,806	2,240	3,035,530	11.49	4,874
2015	553,761	147,218	30,357	662	391,894	161,477	3,018		1,920,369	1,840	3,210,596	11.48	5,163
2016	575,793	145,990	27,132	230	394,224	160,368	3,602		1,864,330	1,427	3,173,096	10.84	5,162
2017	527,049	199,876	23,792		358,666	144,969	3,291		2,127,319	1,087	3,386,049	11.34	5,536
2018	526,557	198,176	20,320		359,235	160,006	3,589		2,204,360	826	3,472,217	11.22	5,763
2019	572,887	196,203	16,707		378,975	150,608	4,656		2,626,638	644	3,947,318	12.46	6,651
2020	589,054	204,193	13,919		358,518	157,210	4,275		2,578,004	543	3,905,716	12.32	6,668
2021	596,189	338,246	11,018		344,306	149,781	3,795		2,825,454	437	4,269,226	N/A	N/A

(a) Per capita calculation utilize calendar year figures provided by U.S. Department of Commerce, Census Bureau, in thousands.

(b) Personal Income data from the Bureau of Economic Analysis, U.S. Department of Commerce.

N/A Information not available.

CITY OF BALTIMORE
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	General Obligation Bonds	Cash Available for Debt Service Activities (b)	Net General Bonded Debt	Percentage of Actual Taxable Value of Property %	Per Capita (a)
2012	\$ 570,148	\$ 36,796	\$ 533,352	1.69	\$ 856.90
2013	569,097	45,523	523,574	1.45	841.62
2014	528,082	49,947	478,135	1.33	767.73
2015	556,779	51,130	505,649	1.42	813.14
2016	579,395	62,486	516,909	1.21	840.96
2017	469,340	53,552	415,788	1.06	679.78
2018	530,146	111,525	418,621	1.02	694.82
2019	577,543	116,468	461,075	1.10	756.06
2020	593,329	109,142	484,187	1.13	826.67
2021	599,984		599,984	1.37	N/A

(a) Per capita calculation utilize calendar year figures provided by U.S. Department of Commerce, Census Bureau, in thousands.

(b) Externally restricted for repayment of principal on debt; through fiscal year 2015, debt service was accounted for in a separate Debt Service Fund; as of fiscal year 2016, debt service is included in the General Fund. Effective with the fiscal year 2021, the Debt Service Fund is not accounted for separately and is now part of the General Fund.

N/A Information not available

CITY OF BALTIMORE
Direct and Overlapping Governmental Activities Debt
June 30, 2021

The City of Baltimore has no Overlapping Debt.

CITY OF BALTIMORE
Legal Debt Margin Information
June 30, 2021

The City has no Legal Debt Margin.

CITY OF BALTIMORE
Pledged Revenue Coverage
June 30, 2021
(Expressed in Thousands)

Fiscal Year	Water Revenue Bonds						Wastewater Revenue Bonds					
	Water	Less:	Net	Debt Service			Wastewater	Less:	Net	Debt Service		
	Utility	Operating	Available	Principal	Interest	Coverage	Utility	Operating	Available	Principal	Interest	Coverage
	Revenues	Expenses	Revenue				Revenues	Expenses	Revenue			
2012	\$ 132,340	\$ 95,386	\$ 36,954	\$ 8,937	\$ 22,239	1.19	\$ 179,873	\$ 119,356	\$ 60,517	\$ 20,677	\$ 27,412	1.26
2013	154,680	100,845	53,835	10,343	23,545	1.59	183,521	125,035	58,486	22,676	28,910	1.13
2014	158,678	113,947	44,731	10,830	21,126	1.40	221,181	123,993	97,188	24,083	27,140	1.90
2015	176,439	114,341	62,098	12,250	27,894	1.55	216,428	122,937	93,491	24,951	33,151	1.61
2016	160,865	112,771	48,094	15,880	33,432	0.98	229,300	126,379	102,921	31,485	39,359	1.45
2017	163,563	117,547	46,016	17,298	33,627	0.90	235,133	130,532	104,601	33,886	37,475	1.47
2018	178,367	93,837	84,530	18,441	38,044	1.51	258,386	141,648	116,738	40,251	38,934	1.55
2019	185,132	99,376	85,756	21,058	39,047	1.43	267,204	157,518	109,686	40,805	41,063	1.34
2020	216,396	137,014	79,382	21,058	39,047	1.32	270,764	163,142	107,622	40,805	41,063	1.31
2021	243,563	107,329	136,234	28,018	40,915	1.98	289,812	151,068	138,744	45,196	38,240	1.66

Fiscal Year	Stormwater Revenue Bonds						Parking Facilities Revenue Bonds					
	Stormwater	Less:	Net	Debt Service			Parking	Less:	Net	Debt Service		
	Utility	Operating	Available	Principal	Interest	Coverage	Facilities	Operating	Available	Principal	Interest	Coverage
	Revenues	Expenses	Revenue				Revenues	Expenses	Revenue			
2012							\$ 81,476	\$ 10,937	\$ 70,539	\$ 8,395	\$ 10,324	3.77
2013							83,542	9,737	73,805	8,410	9,829	4.05
2014	\$ 27,511	\$ 13,585	\$ 13,926	\$ 436	\$ 466	15.44	87,398	10,919	76,479	9,280	9,407	4.09
2015	25,971	10,632	15,339	441	441	17.39	85,634	7,133	78,501	9,800	8,753	4.23
2016	27,807	14,641	13,166	616	140	17.65	87,145	6,662	80,483	10,350	8,217	4.33
2017	29,309	16,799	12,510	1,771	1,037	4.46	88,454	10,159	78,295	10,960	7,669	3.98
2018	28,552	19,733	8,819	1,312	533	5.33	85,257	9,015	76,242	11,490	6,992	4.13
2019	28,540	17,454	11,086	1,059	500	7.11	76,801	8,117	68,684	12,270	5,716	3.82
2020	30,943	17,825	13,118	1,059	500	8.41	69,697	6,821	62,876	12,270	5,716	3.50
2021	31,462	19,396	12,066	2,471	2,571	2.39	38,693	6,416	32,277	4,775	4,202	3.60

Fiscal Year	Convention Center Revenue Bonds				
	Convention	Net	Debt Service		
	Center	Available	Principal	Interest	Coverage
	Revenues	Revenue			
2012	\$ 4,655	\$ 4,655	\$ 2,935	\$ 1,637	1.02
2013	4,577	4,577	3,095	1,475	1.00
2014	4,560	4,560	3,260	1,302	1.00
2015	5,968	5,968	3,435	1,118	1.31
2016	4,517	4,517	3,625	924	0.99
2017	4,120	4,120	3,825	729	0.90
2018	4,580	4,580	4,015	533	1.01
2019	4,220	4,220	4,220	327	0.93
2020	4,425	4,425	4,225	110	1.02
2021					

Note: Details regarding the City's outstanding debt can be found in note number 8 in the notes to the financial statements
Operating expenses do not include interest, depreciation or amortization expenses.
Beginning in fiscal year 2014, the Stormwater Utility Fund is presented as a separate proprietary fund.

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Demographic and Economic Information

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CITY OF BALTIMORE
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (a)	Personal Income (a) (thousands of dollars)	Per Capita Personal Income (b)	Total Employment (c)	Unemployment Rate (c)
2012	622,705	\$ 25,321,832	\$ 40,664	267,009	10.2
2013	623,215	25,909,929	41,575	267,895	9.7
2014	623,711	27,485,795	44,068	268,596	8.6
2015	621,849	28,753,031	46,238	271,363	7.7
2016	614,664	29,338,098	47,730	270,515	6.6
2017	611,648	30,073,681	49,168	271,837	6.3
2018	602,495	30,942,036	51,357	273,304	5.7
2019	593,490	31,679,263	53,378	275,911	5.1
2020	585,708	31,707,954	54,097	256,482	8.8
2021	N/A	N/A	N/A	254,170	8.1

Source:

(a) U.S. Bureau of Economic Analysis.

(b) Per capita personal income is calculated based on the personal income divided by the estimated population.

(c) Maryland Department of Labor, Licensing and Regulation.

N/A Information not available.

CITY OF BALTIMORE
Principal Employers
Current Year and Nine Years Ago

Employer	2021 [1]			2012 [4]		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Government [2]						
State	33,731	1	9.79	38,349	1	11.74 %
Other Government authority (City, School, etc.)	24,348	2	7.07	27,029	2	8.27
Federal	10,833	3	3.14	10,088	3	3.09
Subtotal Government	<u>68,912</u>		<u>20.00 %</u>	<u>75,466</u>		<u>23.10 %</u>
Ten Largest Private Sector Employers [3]						
Johns Hopkins Hospital and Health System	20,485	1	5.95	18,090	2	5.54
Johns Hopkins University	18,600	2	5.40	22,000	1	6.73
University of Maryland Medical System	11,450	3	3.32	9,423	3	2.88
University System of Maryland	8,965	4	2.60	8,900	4	2.72
MedStar Health	6,175	5	1.79	6,010	5	1.84
LifeBridge Health - Sinai	5,315	6	1.54	5,213	6	1.60
Amazon.com	4,500	7	1.31			
Mercy Health Services	4,030	8	1.17	3,738	7	1.14
St. Agnes HealthCare	3,265	9	0.95	2,833	9	0.87
Exelon / Constellation Energy / BGE	2,950	10	0.86	3,116	8	0.95
Subtotal Ten Largest Private Sector Employer	<u>85,735</u>		<u>24.89 %</u>	<u>79,323</u>		<u>24.27 %</u>
Total Government and Ten Largest Private Sector Employers	<u>154,647</u>		<u>44.89 %</u>	<u>154,789</u>		<u>47.37 %</u>

Source:

[1] For the government and private sectors: Maryland Dept of Commerce (figures last updated in 2019).

[2] Data only available for the first quarter of 2021, Baltimore City Employment Table.

Operating Information

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CITY OF BALTIMORE
Full Time Equivalent Employees By Function
Last Ten Years

Function/program	Full-time equivalent Employees at June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	1,754	1,674	1,666	1,700	1,577	1,785	1,858	1,934	1,949	1,940
Public safety										
Police	3,892	3,796	3,608	3,444	3,259	3,125	3,243	3,235	3,241	3,193
Fire	1,789	1,732	1,699	1,699	1,639	1,731	1,733	1,733	1,733	1,734
Other	721	683	695	700	813	735	751	757	758	767
Conservation of health	873	862	719	890	842	800	784	820	814	913
Public library	399	399	394	391	389	389	437	450	450	455
Recreation and parks	389	368	385	310	327	310	311	312	314	372
Highways and streets	1,382	1,352	1,331	1,428	1,024	1,079	1,074	1,070	1,070	1,020
Public work										
Water	850	893	857	717	899	810	846	847	847	850
Wastewater	991	985	1,096	797	694	761	750	751	751	751
Solid waste	889	853	705	802	995	880	866	864	864	838
Other	579	537	682	504	487	423	438	440	441	437
Public service	62	70	260	65	73	65	65	68	68	69
Economic development	554	560	461	559	426	382	383	389	394	378
	15,124	14,764	14,558	14,006	13,444	13,275	13,539	13,670	13,694	13,717

Source: Baltimore City Bureau of Budget and Management Research.

CITY OF BALTIMORE
Operating Indicators By Function/Program
Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<i>Police</i>										
Arrests*	53,169	45,275	44,110	33,462	25,339	24,453	25,841	49,163	16,690	12,620
<i>Fire</i>										
Fire Suppression Units Dispatched	129,977	137,667	140,718	143,889	147,249	163,872	163,959	166,977	154,107	165,320
Structural Fires	2,682	2,401	1,839	2,541	2,377	2,760	2,841	2,898	2,746	3,371
EMS Transports	90,615	94,883	92,225	92,094	97,502	100,894	100,009	100,043	88,910	87,612
Inspections	N/A	N/A	N/A	N/A	24,339	16,505	29,296	18,126	19,818	18,507
<i>Solid Waste</i>										
Refuse Collected (tons)	144,926	142,543	149,137	155,624	149,582	153,793	159,204	125,383	144,402	158,547
Recyclables Collected (tons)	24,929	26,468	25,248	28,979	28,253	29,512	29,632	22,003	26,000	15,800
<i>Water/Wastewater</i>										
Number of Accounts	446,142	450,427	454,008	426,642	407,000	420,681	427,040	427,773	427,422	427,674
Average Daily Water Production (MGD)	218	218	220	223	193	190	183	194	194	191
Average Daily Sewage Treatment (MGD)	208	208	208	199	205	180	176	232	186	184
<i>Transportation (DOT)</i>										
Miles Streets Resurfaced/Reconstructed	189.0	98.0	101.0	122.0	122.0	61.0	109	109	96	76
Potholes Repaired	81,191	74,487	126,432	126,771	122,985	12,466	93,270	118,513	14,040	62,616
Traffic Citations Issued**	63	63	118	88	140	83	6	12	12	12
Parking Citations Issued	355,344	331,067	341,384	380,239	405,721	256,551	310,655	326,361	223,611	186,811
Traffic Signals Repaired	4,751	4,312	4,645	4,450	4,328	4,771	5,582	4,918	3,383	4,150
Street Lights Repaired	29,633	28,096	25,091	24,254	21,311	20,139	22,558	2,758	1,163	1,076
<i>Housing</i>										
Number of inspections (housing and code enforcement)	267,508	270,607	254,871	254,646	196,698	224,727	261,588	271,385	211,192	220,481
Number of permits issued	25,307	24,537	28,351	27,060	30,183	40,718	39,964	35,389	39,529	39,042
Property Management Service Requests Completed***	41,995	60,585	78,824	78,824	44,452	39,645	82,546	79,093	68,865	55,013
<i>Recreation and Parks</i>										
Enrollment at Recreation Centers	169,608	146,598	138,103	144,077	158,483	148,300	162,230	14,893	23,954	10,990
Permits Issued for Park Facilities	1,518	1,581	1,616	1,894	1,935	1,711	1,929	1,681	988	608
<i>Library</i>										
Volumes in Collection (millions)	2.0	2.4	2.2	2.3	2.2	2.2	2.2	2.3	2.4	2.4
Volumes Borrowed (millions)	1.7	1.7	1.3	1.3	1.2	1.1	1.3	1.7	1.8	1

N/A Data not available.

* Yearly arrests are based on calendar year data, not fiscal year.

** This figure includes only DOT officer-written citations and does not include automatic camera citations, 2020 amount is estimated.

*** Property Management represents primarily cleaning and boarding of vacant properties.

Source: Baltimore City Department of Finance

CITY OF BALTIMORE
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<i>Police/Sheriff</i>										
Buildings	12	16	16	16	16	16	16	16	16	16
Marked Patrol Units	373	403	463	576	480	620	680	680	591	560
Other vehicles	602	448	311	309	510	538	594	575	555	608
<i>Fire Stations</i>										
Buildings	41	61	62	62	62	62	62	62	61	54
Fire/EMS Apparatus (Tankers/Ladders/Medics) (Fleet)	122	154	142	138	155	146	115	117	149	157
Other vehicles	235	142	217	228	224	218	241	240	220	219
<i>Recreation and Parks</i>										
Buildings	148	210	210	210	210	210	210	210	211	211
Acreage	5,827	5,827	5,827	5,827	4,874	4,874	4,874	4,874	5,617	5,027
Vehicles	119	120	121	120	121	142	129	128	137	139
Equipment	157	157	158	151	145	137	104	156	131	126
<i>Public Works (Transportation, Solid Waste, and General Services)</i>										
Buildings	82	119	119	119	119	119	121	121	126	128
Vehicles	967	942	1,017	987	981	1,055	943	965	1,109	1,143
Equipment	545	552	538	537	534	570	372	499	448	438
Streets (miles)	2,000	2,000	2,000	2,000	2,000	2,000	4,800	4,800	4,800	4,800
<i>Water/Wastewater/Stormwater</i>										
Treatment plants	5	5	5	5	5	5	5	5	5	5
Other Buildings	95	221	221	221	221	221	221	221	225	195
Vehicles	608	631	641	636	594	481	688	667	716	714
Equipment	487	489	482	481	466	605	259	331	283	276
Water Mains (Miles)	3,400	3,400	3,400	3,669	3,692	3,748	3,748	3,884	3,718	3,723
Water Treatment capacity (MGD)	360	360	360	360	360	360	360	360	360	360
Sanitary sewers (miles)	1,335	1,335	1,335	1,361	1,380	1,398	1,398	1,416	1,370	1,417
Stormsewers (miles)	1,100	1,100	1,100	1,108	1,108	1,180	1,180	1,213	1,112	1,197
Wastewater Treatment capacity (MGD)	253	253	253	253	253	253	253	253	253	253
<i>Libraries</i>										
Buildings	30	30	29	24	24	24	24	24	24	24
Vehicles	18	16	17	17	16	14	17	17	17	17
<i>Other-General Government</i>										
Buildings	4,250	132*	132*	132*	132	132	132*	132	133	133
Vehicles	907	869	514	175	532	1,643	316	221	223	221
Equipment	151	101	72	14	76	191	49	13	12	10

* The total number of buildings excludes residential properties under the ownership of the Mayor and City Council.

N/A Data not available.

Source: Baltimore City Department of Finance.

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