

*City of Baltimore*  
*Maryland*



*Comprehensive Annual Financial Report*  
*Year Ended June 30, 2020*

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# City of Baltimore, Maryland

## Comprehensive Annual Financial Report

Year Ended June 30, 2020

Prepared by the Department of Finance

Henry J. Raymond

Chief Financial Officer

Bureau of Accounting and Payroll Services

Karen L. Tolley

Bureau Chief





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**ELECTED OFFICIALS**

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**MAYOR**  
Brandon M. Scott

**PRESIDENT OF THE CITY COUNCIL**  
Nick Mosby

**COMPTROLLER**  
Bill Henry

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**BOARD OF ESTIMATES**

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**PRESIDENT**  
Nick Mosby

**MAYOR**  
Brandon M. Scott

**COMPTROLLER**  
Bill Henry

**ACTING DIRECTOR OF PUBLIC WORKS**  
Matthew Garbark

**ACTING CITY SOLICITOR**  
Dana P. Moore

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**CITY COUNCIL**

Nick Mosby, *President*

Sharon Green Middleton, *Vice-President*

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**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  
Comprehensive Annual Financial Report  
Year Ended June 30, 2020

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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

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Brandon M. Scott, Mayor

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

December 30, 2020

In compliance with Article VII, Section 8, of the revised City Charter (November, 1964), submitted herewith is the Comprehensive Annual Financial Report (CAFR) of the City of Baltimore, Maryland, (the City) for the year ended June 30, 2020. The CAFR 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 CAFR.

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." The Comptroller has elected to have the City Auditor render an opinion as to the fairness of the Director of Finance's presentation of the City's basic financial statements. 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, 2020. Their joint audit report is contained herein. Their 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 CAFR. 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 an estimated 2018 population of 602,495. The City is a major deep-water seaport located on the Patapsco River, a tributary of the Chesapeake Bay. It 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 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 will be reviewed again in two years by the City and an independent consultant.

*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 July 2020, about 326,900 or 24.6% of the 1.3 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, 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 2020, jobs in the health and education sectors represent 33.6% of all jobs located in the City, a proportion that is considerably higher than the regional and national totals of 19.1% and 16.5% respectively. The City's labor force had remained stable since 2010 but the disruptions brought about by COVID-19 led to a 4.3% decline from an average of 291,000 since 2010 to 279,000 as of March 2020. Employment of City residents had grown 5.6% from 262,300 in 2010 to 277,000 through the first three months of 2020, but decreased 5.3% to 248,400 for the second quarter of 2020 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 593,490 as of July 2019. 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 US was experiencing the longest period of economic recovery since World War II with 128 consecutive months of economic growth. This expansion halted with the onset of COVID-19 in March 2020, which transformed the economy at the global, national and local level. The mitigation of COVID-19 has required communities to respond with social and economic restrictions intended to control the disease and preserve the general public health. These limits have led to both immediate short-term economic effects and long-term ramifications. The following points provide a high-level view of the City's economic condition:

- The Average unemployment rate increased to 11.0% in the 2<sup>nd</sup> Quarter of 2020, the highest since the Great Recession. In April 2020 it hit a peak of 11.6%, just below the peak of 11.8% recorded in August 2010.
- 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 2020, the City placed as the sixth largest county in generation of the Maryland Sales and Use tax with 6.6% of the State's total; however, its participation has declined by 0.7 percentage points from 7.3% in Fiscal 2019.
- Even though the City's household size has declined from 2.53 individuals in 2010 to 2.49 in 2019, the mean household income has grown 38.4% from \$54,165 in 2010 to \$74,942 in 2019, 20.8% above inflation.
- The Census Bureau released its 2019 City population estimate of 593,490 residents, a decline of 9,005 residents from the 2018 estimate and the largest single year decline since 2001. This is on top of the more than 7,300 decrease in the number of residents that occurred between 2017 and 2018. The City's population has declined more than 27,400 residents, or -4.4%, from the 2010 Census.
- Real estate data suggest that the City's housing market is experiencing an unexpected housing boom driven by a combination of factors including low supply, low interest rates and buyer's looking for more space during COVID-19. July 2020 was the best month for residential real estate since at least 2010 with average sale prices 15% higher and units sold 22% higher while active listings were down 38% from the prior year.

- Local income tax has not materially declined and it is assumed that the better than expected behavior is the result of the Federal tax reform, but there is uncertainty of the impact on future years. The increase in unemployment and subsequent decrease in income tax withholding brings another layer of uncertainty. Maryland's Bureau of Revenue Estimates downgraded its estimate for the State's Fiscal 2020 projection and Fiscal 2021 Budget, anticipating a shortfall between \$925 million and \$1.1 billion for Fiscal 2020, and \$2.1 to \$2.6 billion for Fiscal 2021.
- The increase in transportation alternatives in the City has continued to lower parking-related revenues. The growing usage of rideshare alternatives such as transportation network companies (Uber and Lyft), and dockless vehicles, has reduced the use of parking facilities and metered parking which in turn reduced revenues from these sources. Parking and other transportation revenues have also been negatively affected by COVID-19 due to a reduction in visitors, a decline in workday parkers due to teleworking, and the waiver of enforcement mechanisms on residential parking permits and some parking meters.
- The tourism and hospitality industry experienced a significant disruption in their operations with the onset of COVID-19 and the executive orders instated in March 2020 to control its expansion. These orders drastically reduced the stream of visitors to the City and have further exacerbated the revenue loss across this sector.

The overall economic outlook for the City is uncertain and analysts anticipate that the economy may take years to recover. Additionally, the continued population decline, the potential deceleration of real estate activity and the future impact of Federal laws will require short-, mid- and long-term policy-making decisions.

### **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, the onset of COVID-19 led to the national unemployment rate jumping to 14.7% on April 2020. This has since fallen to 10.2% as of July 2020 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 10.0% as of June 2020.

The most recent data from the Bureau of Labor Statistics (BLS) indicates that the number of jobs and total employment in the City have been impacted by COVID-19. For the first 7 months of calendar year 2020, the BLS reported an average of 346,900 jobs located in the City compared to 372,900 in calendar year 2019, a decrease of 7.0%. For calendar year 2019, the BLS reported an average of 373,400 jobs located in the City compared to 377,400 in calendar year 2018, a decrease of 1.1%. These decreases mark the end of eight consecutive years of employment growth since the Great Recession.

In calendar year 2019 an estimated annual average of 275,911 City residents were employed, which declined to 262,730 for the first half of calendar year 2020. The difference between employed residents and jobs in the City during calendar year 2019 reflects a net contribution of approximately 97,500 jobs to surrounding communities.

### **Retail Sales**

Fiscal year 2020 sales tax receipts reported by the State of Maryland for Baltimore City show a decrease of 13.9% compared to the prior year. Sales generated in the City represent 6.6% of the State's total retail sales during fiscal year 2020 or 0.7 percentage points lower than fiscal year 2019. 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 an even larger impact on the City.

Through the first six months of calendar year 2020, the vacancy rate for retail space in the Downtown area is 4.9%, which remains virtually the same for this period last year. Although this rate remains unchanged 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 2020, the real estate market has remained strong despite the COVID-19 pandemic. The total residential units sold in the City as reported by the Bright MLS increased by 6.7% in Fiscal 2020 from Fiscal 2019 despite restrictions due to the COVID-19 pandemic. The average sales price of residential properties sold in the City increased in Fiscal 2020 by \$7,433 or 4.3% compared to Fiscal 2019 to average \$182,248.

In Fiscal 2020, through March 2020, the City processed 16,018 transactions subject to the Recordation Tax, an 8.6% increase from Fiscal 2019. Of these transactions, 3,941 are estimated to correspond to refinancing transactions (up from 3,035 in Fiscal 2019, through March 2019). Refinancing activities prior to COVID-19 were increasing and it is estimated that this trend will continue as activity responds to historically low interest rates.

### **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 can receive the 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.

The Port was operating at increased general cargo tonnage for the first half of Fiscal 2020, up 1.6% from 2019. The onset of COVID-19 and disruptions in global supply chains diminished global trade and led to a decrease of 11.7% in the second half of Fiscal 2020. The Port's total general cargo tonnage decreased by 5.2% to 10.4 million tons in Fiscal 2020. July 2020 shows signs of a rebound with double-digit increases compared to June 2020 for autos/light trucks (+55%), roll on/roll off farm and construction equipment (+13.5%), containers (+11.7%) and general cargo (+15%).

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**

The City was well positioned at the start of Fiscal 2020, with increased hotel activity and passengers through both BWI and the Port of Baltimore. However, the tourism and travel industries experienced a severe disruption from the onset of COVID-19. 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.

*Baltimore Convention Center.* In Fiscal 2020, the Baltimore Convention Center (BCC) held 69 events, 45 fewer than originally booked and 50 fewer than Fiscal 2019. As a result of COVID-19, all events scheduled after March 2020 were cancelled and in April 2020 the BCC was converted into a field hospital for COVID-19 patients. As a consequence, the revenue generated by BCC in Fiscal 2020 was \$8.4 million, \$2.3 million or 21.5% lower than the \$10.7 million in Fiscal 2019. The facility is expected to continue to operate as a field hospital through the end of the 2020 calendar year. Recovery from COVID-19 and the termination of the field hospital contract will allow events to be booked 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.* Hotel activity for the first eight months of Fiscal 2020 was higher than Fiscal 2019, with occupancy rates averaging 61.2% between July and February compared to 59.5% during the same period of last year. In March 2020, COVID-19 wreaked havoc on the hospitality industry affecting room demand and the occupancy rate sank to 21.2% for the last four months of Fiscal 2020, compared to 69.6% the previous year. Consequently, room supply shrunk as hotels temporarily closed, and the average daily room rate (ADR) declined in an effort to retain a portion of the limited market because of lower demand.

*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 22<sup>nd</sup> busiest airport in the United States. The number of visitors was slightly down from the prior year's 27.2 million passengers, which had set an annual record. The first two months of calendar year 2020 showed a 7% growth in passengers; however, as COVID-19 became a national emergency the travel and airline industry experienced a massive disruption. Passengers at BWI declined a staggering 96% in April 2020 from the previous year, but have slightly rebounded with June 2020 displaying a 70% decline. BWI has seen no commercial international flights since March due to federal travel restrictions, but BWI added a new service provider to its fleet, Sun County, which became the newest airline to offer domestic flights starting on June 25, 2020.

*Port of Baltimore.* In calendar year 2019, the Port of Baltimore had 224,000 passengers use the cruise terminal, an increase

of 2.4% from 2018. The Port ranks sixth in East Coast ports, eleventh in US ports, and twentieth in world ports. It is estimated that cruise-related Port activity generates about \$90 million in business revenue and more than 500 jobs. COVID-19 has had a significant impact on the cruise industry in 2020, and the Port of Baltimore's cruise terminal has remained closed since March. Additionally, the federal Centers for Disease Control (CDC) issued a No Sail Order on March 14, 2020 that is currently active until September 30, 2020.

### **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 various 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 second quarter of calendar year 2020. 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 increased to 13.4% during the second quarter, representing the largest quarterly increase in the 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 second quarter for calendar year 2020 the Downtown retail vacancy rate was 4.9%, only 0.2 percentage points over the 4.7% of the prior quarter, but virtually no change from the 5.0% of the second quarter of calendar year 2019, suggesting that COVID-19 has not had a significant impact on the retail market to date.

Additionally, the City's industrial market continues to have positive net absorption, with low vacancy rate indicating strong demand within the City. As of the second quarter for calendar year 2020, the citywide industrial vacancy rate was 5.3%, which is an improvement of 0.5 percentage points over the prior year. The average quarterly vacancy rate for Fiscal 2020 was 5.2%, representing the lowest average vacancy rate for industrial space in the last five years.

## **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 2020 ADOPTED BUDGET***

The Fiscal 2020 Board of Estimates Budget recommendation represents another major step in our vision for moving Baltimore forward. Building the best budget for Baltimore is a delicate balancing act - between providing critical services that citizens deserve, while maintaining fiscal discipline and encouraging greater investment. The Fiscal 2020 budget delivers on all fronts.

The Fiscal 2020 recommended budget plan includes new funding for an ambitious Community Development Plan, as well as funding to begin delivery of the City's Information Technology (IT) modernization plan. Under Public Safety, the Police budget includes investments in technology and equipment, the professionalization of critical administrative functions, and savings from a more efficient Patrol schedule. These key changes are the first steps to modernizing the Police Department and ensuring compliance with the federal consent decree.

In addition to new investments, the recommended plan maintains core City services, concludes a three-year commitment to City Schools, and achieves a significant milestone in the City's property tax reduction efforts. This year the City will meet its 20 cents by 2020 goal. This reduces the effective property tax rate for owner-occupied properties by 8.9% versus 2012, saving the average taxpayer over \$300 annually.

The Fiscal 2020 recommended budget totals \$3.55 billion across all funding sources, including \$2.9 billion for operating expenses and \$627.5 million for capital investment. The General Fund budget totals \$1.9 billion, a 3.2% increase from the Fiscal 2019 Adopted Budget.

### **Budget Context**

The City's short-term fiscal outlook continues to improve. A number of indicators strengthen the City's fiscal outlook, including: a lengthy economic recovery, rising real and personal property assessments, growing income tax receipts, and successful cost containment strategies on health care and civilian pension costs.

With this context, in August 2018 the Department of Finance began development of its Current Level of Services (CLS) projection for Fiscal 2020. The forecast looked at projected General Fund revenues for the upcoming fiscal year and



compared them to the projected cost to maintain current service levels. Revenues were projected to grow by 3.8% versus operating expenditure growth of 2.8%.

The net effect of these adjustments is a \$33.1 million surplus, beyond what was needed to maintain current service levels. The development of the Fiscal 2020 budget was guided by three principles: prioritize any new spending on high-value programs, offset new costs with recurring savings, and target remaining funds towards capital or one-time investments.

## **Budget Plan**

The Fiscal 2020 recommended budget plan was built around Baltimore's Five Priority Outcomes: Education and Youth Engagement, Public Safety, Quality of Life, Economic Development and Jobs, and Accountability and Transparency. Budget highlights for each Priority Outcome are summarized below:

### **Education and Youth Engagement**

The recommended budget includes \$445.7 million across all funding sources. Key highlights:

- Fiscal 2020 marks the final installment of a three-year bridge funding commitment to help stabilize City School's finances. The City has pledged \$99.2 million above the Fiscal 2017 baseline over the three-year period (Fiscal 2018 to Fiscal 2020). The final contribution in Fiscal 2020 is \$38.5 million above the Fiscal 2017 baseline.
- Total City support for City Schools exceeds \$375.6 million. City funding supports Maintenance of Effort payments, the 21<sup>st</sup> Century School Modernization fund, teacher pension costs, retiree health benefits, school health, and crossing guard services.
- Fiscal 2020 will mark the third year of Charter-required contributions to the Children and Youth Fund. The Fiscal 2020 contribution is \$13.0 million.

### **Public Safety**

The recommended budget plan includes \$952.7 million across all funding sources. Key highlights include:

- The Police Department budget reflects the City's new contract with the Fraternal Order of Police (FOP). It includes a 3% officer pay increase, a new Patrol schedule, and a \$1,000 annual pay premium for officers assigned to Patrol. The new Patrol schedule provides more consistent coverage with less reliance on overtime, which will both reduce City costs and improve officer safety and well-being.
- The Police Department budget includes \$11.8 million of new Information Technology funding to modernize the Police Department's IT systems, which is a key component of consent decree compliance. The funding covers the development of new systems for Records Management, Use of Force, and Early Intervention, among others.
- The Police Department will complete the first phase of a professionalization plan, swapping out 62 sworn positions for 62 civilian positions in functions such as Human Resources, Finance, Asset Management, Crime Lab, and Evidence Control, among others. This effort will redirect sworn officers to critical policing work while improving the quality of administrative and support functions.
- The Fire Department budget reflects the second year of a \$668,200 community paramedicine partnership with the University of Maryland Medical System. This program pairs nurses with EMS units to divert high-need patients to appropriate care.
- The Department of Transportation will continue towards its goal of a network of 100 speed and 100 red light cameras. This is expected to reduce accidents and improve pedestrian, bicyclist, and driver safety.

### **Quality of Life**

The recommended budget plan includes \$1.09 billion across all funding sources and funds projects across a variety of services that improve citizens' overall quality of life such as street and alley cleaning, waste disposal and recycling,

business district cleaning, health and housing services, demolition of vacant housing, recreational opportunities, transportation, and infrastructure investment. Key highlights include:

- New funding will support the Department of Housing and Community Development's Community Development Framework, which will serve as a comprehensive strategy and guide for addressing a variety of neighborhood conditions in Baltimore. An estimated \$15 million will go to the Affordable Housing Trust Fund to support families who earn less than half of the area median income. \$5 million will support the Community Catalyst Grants, which provide both operating and capital support for community-driven revitalization efforts.
- The budget includes \$9.6 million for landfill development, to prepare the City for an eventual expansion of the Quarantine Road site, as the landfill is nearing the end of its useful life.

### **Economic Development and Jobs**

The recommended budget plan totals \$149.5 million across all funding sources in support of strategies to increase jobs, employment, and visitors to Baltimore in Fiscal 2020. Key highlights include:

- The budget includes \$32.2 million for Visit Baltimore and the Convention Center, to enhance Baltimore's reputation as a travel destination. The Convention Center expects over 500,000 attendees from 136 scheduled events in Fiscal 2020. The Maryland Stadium Authority has begun the second phase of a study of options for expanding and/or renovating the Convention Center.
- The budget includes \$30 million for workforce development initiatives targeted for Baltimore City residents. This includes a network of centers to provide residents with assistance in job searching, career counseling, and skills training.
- The budget adds \$500,000 of new funding for the Baltimore Office of Promotion and Arts (BOPA) to promote and enhance visitors' experience for the Preakness, one of Baltimore's marquee events. The new funds will also be used to brand the City as an arts and culture destination.

### **Accountability and Transparency**

The recommended budget plan includes \$193.3 million across all funding sources for financial, legal, information technology, human resources, and other functions that support the delivery of public services to residents. Highly effective support services lead to cost savings and better performance. Key highlights include:

- Baltimore City Information Technology (BCIT) will begin work on an Enterprise Resource Planning (ERP) system which will introduce City-wide efficiencies in key Finance, Payroll, and Human Resources systems.
- The Department of Planning will invest in a new Asset Management system to inventory the condition of City assets, which will lead to better forecasting and prioritization of Capital spending.
- The Department of General Services will invest in a building automation system, placing sensors and meters at key locations in City buildings to better monitor heating, ventilation, and air conditioning (HVAC) systems. This will ultimately lead to more timely work order completion and lower maintenance and energy costs.
- The Mayor's Innovation Team will add three data analysts with a focus on streamlining and automating redundant City processes, which will save time and return more focus to core agency missions.

### **Fiscal Outlook**

Despite the City's fiscal progress in recent years, Baltimore is still in a tenuous position. We are an older city with high service demands, unmet infrastructure needs, and a lower taxable base relative to other Maryland counties. The City faces unique fiscal risks; these give us pause and dictate a cautious approach:

**Schools:** The City's three-year bridge funding commitment to City Schools expires at the end of Fiscal 2020. Concurrently, the Kirwan Commission has been examining statewide education policy and funding formulas. The City

expects school funding issues to be revisited in the 2020 General Assembly session which could affect the City's Fiscal 2021 budget. Local jurisdictions will likely be required to share the cost of new funding proposals.

**Convention Center:** The City's Convention Center was constructed in 1979. It was last expanded and renovated in 1997. The Maryland Stadium Authority is studying options for the Convention Center; a final report is expected in 2021. Any renovation or expansion costs will be borne by both the State and the City.

**Fire and Police pension:** The unions' challenge to the 2010 Fire and Police pension reform continues. The trial in State Court is complete and the City expects a ruling shortly. If the unions prevail, the City could owe retroactive payments and will face an increase in annual pension contributions unless curative legislation is passed.

**Solid Waste disposal:** The Clean Air Act, passed in February 2019, requires stricter emissions standards on incinerators and could ultimately lead to the closure of the Baltimore Refuse Energy Systems Company (BRESKO) facility. The BRESKO incinerator is a critical part of the City's solid waste disposal system, and its loss could lead to higher solid waste disposal costs.

Hovering over these unique City risks is the increasing potential for a broader economic downturn. The national economy is now in its tenth year of recovery since the Great Recession, and this decade-long expansion will soon be the longest recovery period of the post-World War II era. Even a mild economic downturn can put significant pressure on City revenues. Critical City revenue sources such as property tax, income tax, and transfer and recordation taxes, among many others, are highly sensitive to changes in economic conditions and to the real estate market in particular.

Given these risks, I think we have struck the right balance in the Fiscal 2020 recommended budget. We are continually investing in services that our citizens deserve, while remaining faithful to Baltimore's tradition of sound financial management. I ask for your support for the Board of Estimates Budget recommendations.

#### 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 Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual 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,

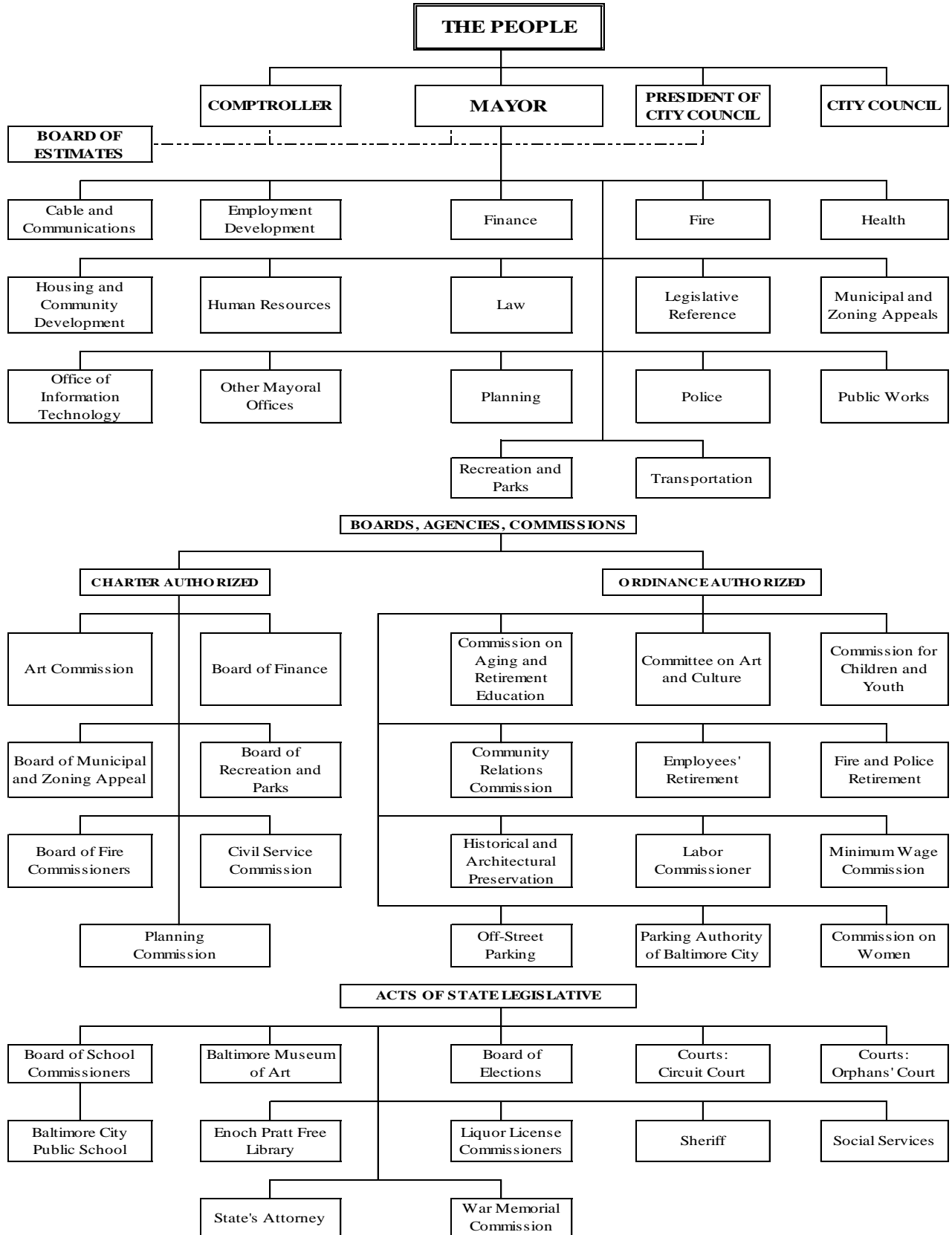


Brandon M. Scott  
Mayor



Henry J. Raymond  
Chief Financial Officer

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**City of Baltimore**  
**Maryland**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2019**

*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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**CITY OF BALTIMORE**  
*Brandon M. Scott*  
Mayor

**DEPARTMENT OF AUDITS**  
Room 321, City Hall  
Baltimore, Maryland 21202

## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

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

### **Report on the Financial Statements**

We have jointly 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, 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 of Baltimore, Maryland (the City), as of and for the year ended June 30, 2020, 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 control 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, 87% of the net position, and 62% of the revenues 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The City Auditor did not have an external peer review by an unaffiliated audit organization as required by Chapter 3 of *Government Auditing Standards* at least once every three years. The last external peer review was for the period ended December 31, 2011. The City Auditor is in the process of engaging an unaffiliated audit organization to conduct an external peer review for the three-year period ending June 30, 2019.

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 control 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 control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business- type activities, the aggregate discretely presented component units, each major fund, 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, 2020, 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 Liabilities 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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**CITY OF BALTIMORE**  
 Brandon M. Scott  
 Mayor

**DEPARTMENT OF AUDITS**  
 Room 321, City Hall  
 Baltimore, Maryland 21202

The combining and individual fund financial statements are the responsibility of management and were derived from and relates 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 is 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 2020 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, a discretely presented component unit of the City, as of and for the year ended June 30, 2020, including the restatement of certain 2020 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 2020 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 2020 financial statements of the School System as a whole.

December 30, 2020

SB & Company, LLC  
 Independent Public Accountants  
 Owings Mills, Maryland

Josh Pasch, CPA  
 City Auditor  
 Department of Audits

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## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the City of Baltimore's (City) Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. 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 2020 by \$3.2 billion (net position). This amount includes \$717.9 million (restricted net position) and is net of an unrestricted deficit of \$3.6 billion. During the fiscal year, the City's total net position decreased by \$115.2 million.

As of June 30, 2020, the City's governmental funds reported combined ending fund balances of \$975.9 million. At the close of the fiscal year, the unassigned fund balance for the general fund was \$139.7 million.

The City's governmental total long term general obligation debt increased by \$21.4 million, during fiscal year 2020.

### 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 Comprehensive Annual Financial Report

C A F F R	<b>Introductory Section</b>				
	<b>Financial Section</b>				
	<b>Management's Discussion and Analysis</b>				
	<b>Fund Statements</b>				
		<b>Government-wide Statements</b>	Governmental Funds	Proprietary Funds	Fiduciary Funds
	<b>View</b>	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		
	<b>TYPES OF FINANCIAL STATEMENTS</b>	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
	<b>Notes to the Basic Financial Statements</b>				
	<b>Required Supplementary Information</b>				
	<b>Combining and Individual Fund Statements and Schedules</b>				
	<b>Statistical Section</b>				

**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 2020 and 2019**  
 (Expressed in Thousands)

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets .....	\$ 1,732,924	\$ 1,672,689	\$ 1,227,466	\$ 1,392,036	\$ 2,960,390	\$ 3,064,725
Capital assets, net.....	3,236,090	3,130,924	5,815,180	5,495,854	9,051,270	8,626,778
Total assets .....	4,969,014	4,803,613	7,042,646	6,887,890	12,011,660	11,691,503
Deferred outflows of resources.....	532,393	534,183	134,108	129,564	666,501	663,747
Total assets and deferred outflows of resources.....	5,501,407	5,337,796	7,176,754	7,017,454	12,678,161	12,355,250
Long-term liabilities outstanding.....	1,738,565	1,703,949	2,735,251	2,786,905	4,473,816	4,490,854
Other liabilities .....	4,198,650	3,790,450	523,314	509,167	4,721,964	4,299,617
Total liabilities .....	5,937,215	5,494,399	3,258,565	3,296,072	9,195,780	8,790,471
Deferred inflows of resources.....	240,300	211,396	21,367	17,519	261,667	228,915
Total liabilities and deferred inflows of resources.....	6,177,515	5,705,795	3,279,932	3,313,591	9,457,447	9,019,386
Net position:						
Net investment in capital assets .....	2,628,359	2,520,881	3,475,643	3,345,821	6,104,002	5,866,702
Restricted.....	533,780	527,293	184,072	181,109	717,852	708,402
Unrestricted.....	(3,838,247)	(3,416,173)	237,107	176,933	(3,601,140)	(3,239,240)
Total net position .....	\$ (676,108)	\$ (367,999)	\$ 3,896,822	\$ 3,703,863	\$ 3,220,714	\$ 3,335,864

## 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 \$3.2 billion at the close of fiscal year 2020. 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, \$717.9 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 \$3.6 billion.



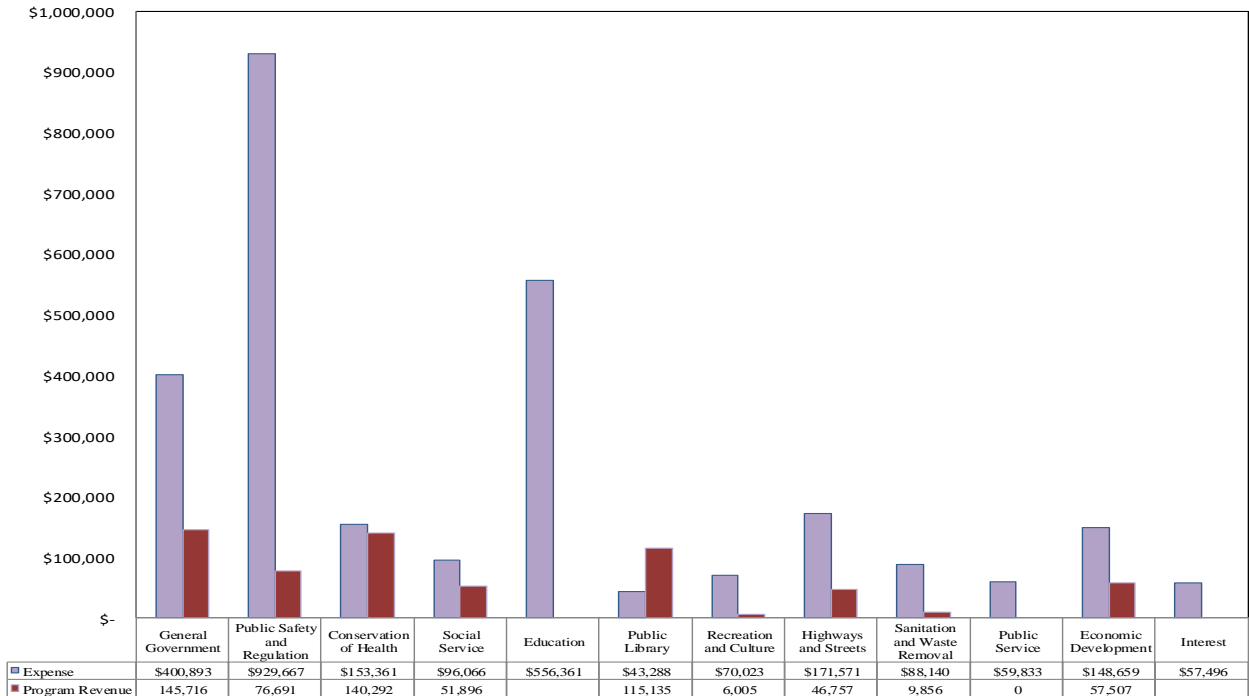
**CITY OF BALTIMORE**  
**Changes in Net Position**  
**For the fiscal years 2020 and 2019**  
(Expressed in Thousands)

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services .....	\$ 119,799	\$ 122,790	\$ 623,786	\$ 592,304	\$ 743,585	\$ 715,094
Operating grants and contributions .....	378,546	365,771			378,546	365,771
Capital grants and contributions .....	151,510	67,257	162,602	161,469	314,112	228,726
General revenues:						
Property taxes .....	882,332	909,254			882,332	909,254
Income taxes .....	396,540	440,144			396,540	440,144
State shared revenue .....	163,417	166,082			163,417	166,082
Transfer and recordation tax .....	78,320	98,405			78,320	98,405
Electric and gas tax .....	22,954	52,987			22,954	52,987
Telecommunications tax .....	36,145	35,877			36,145	35,877
Admission .....	5,939	8,234			5,939	8,234
Other .....	161,358	278,552	9,853	12,493	171,211	291,045
Total revenues .....	2,396,860	2,545,353	796,241	766,266	3,193,101	3,311,619
Expenses:						
General government .....	400,893	524,515			400,893	524,515
Public safety and regulation .....	929,667	1,228,602			929,667	1,228,602
Conservation of health .....	153,361	169,216			153,361	169,216
Social services .....	96,066	103,384			96,066	103,384
Education .....	556,361	494,735			556,361	494,735
Public library .....	43,288	46,150			43,288	46,150
Recreation and culture .....	70,023	68,491			70,023	68,491
Highways and streets .....	171,571	181,100			171,571	181,100
Sanitation and waste removal .....	88,140	98,499			88,140	98,499
Public service .....	59,833	103,340			59,833	103,340
Economic development .....	148,659	188,852			148,659	188,852
Interest .....	57,496	52,787			57,496	52,787
Water .....			202,211	158,089	202,211	158,089
Wastewater .....			276,754	237,396	276,754	237,396
Stormwater .....			27,206	25,299	27,206	25,299
Parking .....			15,145	24,038	15,145	24,038
Nonmajor proprietary .....			11,577	11,142	11,577	11,142
Total expenses .....	2,775,358	3,259,671	532,893	455,964	3,308,251	3,715,635
Decrease in net assets before transfer .....	(378,498)	(714,318)	263,348	310,302	(115,150)	(404,016)
Transfer:						
Transfer in (out) .....	56,482	59,128	(56,482)	(59,128)		
Change in net position .....	(322,016)	(655,190)	206,866	251,174	(115,150)	(404,016)
Net position - beginning, as restated .....	(354,092)	287,191	3,689,956	3,452,689	3,335,864	3,739,880
Net position - ending .....	\$ (676,108)	\$ (367,999)	\$ 3,896,822	\$ 3,703,863	\$ 3,220,714	\$ 3,335,864

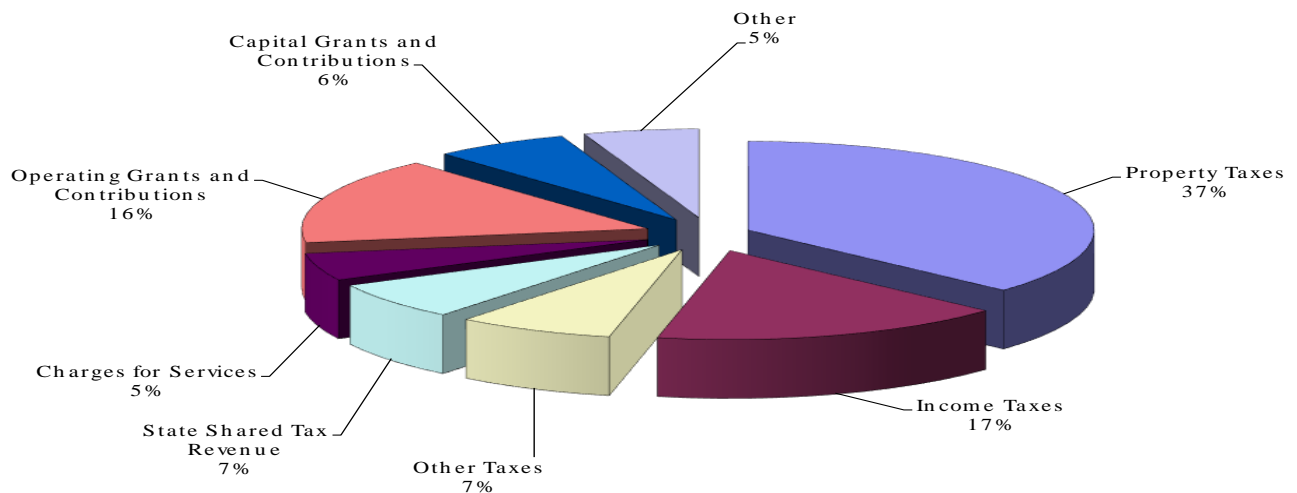
### Analysis of Changes in Net Position

The overall decrease in the City’s net position amounted to \$115.2 million during fiscal year 2020. 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



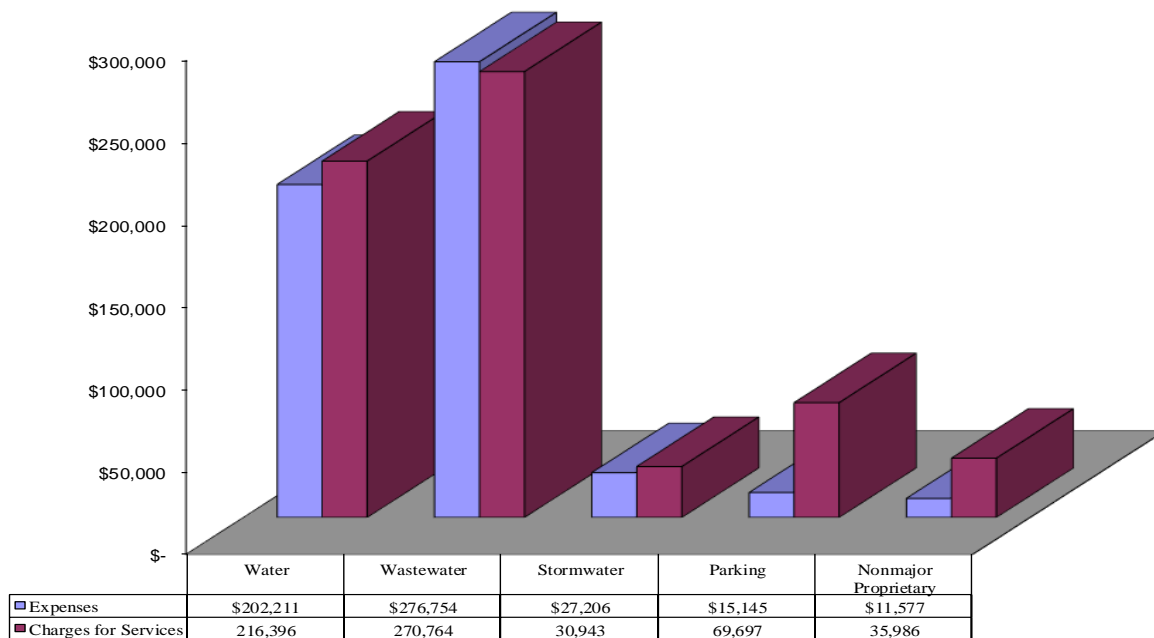
## Governmental Activities

During the current fiscal year, expense related to governmental activities amounted to \$2.8 billion; this is less than revenues by \$378.5 million. Total revenue of \$2.4 billion is comprised of program revenues totaling \$650.0 million, which is 27.1% 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 2020, governmental revenues decreased by \$148.5 million.

Governmental expenses decreased by \$484.3 million during fiscal year 2020. This decrease is primarily attributable to decreases in general government and public safety expenditure during fiscal year 2020. In fiscal year 2019, a benefit change in the OPEB plan caused a one time charge of \$563.7 million, consequently, fiscal year 2020 expenditures decreased in comparison.

### 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 \$796.2 million. Expenses for these activities totaled \$532.9 million, income earned of \$263.3 million and net transfer out of \$56.4 million which resulted in an increase in net position of \$206.9 million.

Operating revenues increased by \$37.2 million in fiscal year 2020 in the Water, Wastewater and Stormwater Utility Funds. Capital assets increased by \$319.3 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 are still being developed. One issue that remained at year end necessitated the City to estimate billings.

## **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 2020 and 2019**  
(Expressed in Thousands)

	2020	2019	Variance Amount
<b>Revenues:</b>			
<b>General fund:</b>			
Property taxes .....	\$ 950,661	\$ 909,254	\$ 41,407
Income taxes .....	396,540	440,144	(43,604)
Other local - taxes .....	143,507	185,603	(42,096)
Total local taxes .....	<u>1,490,708</u>	<u>1,535,001</u>	<u>(44,293)</u>
Licenses and permits .....	34,042	38,880	(4,838)
Interest, rentals, and other investment income .....	32,027	46,140	(14,113)
Federal grants .....	16,719		16,719
State grants .....	107,973	98,528	9,445
Other .....	239,159	238,581	578
Total revenues-general fund .....	<u>1,920,628</u>	<u>1,957,130</u>	<u>(36,502)</u>
<b>Other governmental funds:</b>			
Grants revenue fund .....	236,726	242,604	(5,878)
Capital projects fund .....	167,792	149,195	18,597
Other funds .....	66,619	64,161	2,458
Total revenues other governmental funds .....	<u>471,137</u>	<u>455,960</u>	<u>15,177</u>
Total revenues all governmental funds .....	<u>2,391,765</u>	<u>2,413,090</u>	<u>(21,325)</u>
<b>Expenditures:</b>			
<b>General fund:</b>			
General government .....	259,968	267,831	(7,863)
Public safety and regulation .....	799,401	831,453	(32,052)
Conservation of health .....	37,785	36,077	1,708
Social services .....	56,519	68,539	(12,020)
Education .....	288,912	289,410	(498)
Public library .....	27,886	26,784	1,102
Recreation and culture .....	51,897	45,574	6,323
Highways and streets .....	99,702	102,468	(2,766)
Sanitation and waste removal .....	81,719	78,238	3,481
Public service .....	49,689	44,863	4,826
Economic development .....	63,843	52,998	10,845
Debt service .....	123,596	105,347	18,249
Total expenditures - general fund .....	<u>1,940,917</u>	<u>1,949,582</u>	<u>(8,665)</u>
<b>Other governmental funds:</b>			
Grants revenue fund .....	273,949	242,441	31,508
Capital projects fund .....	258,800	241,506	17,294
Other funds .....	41,958	37,119	4,839
Total expenditures other governmental funds .....	<u>574,707</u>	<u>521,066</u>	<u>53,641</u>
Total expenditures all governmental funds .....	<u>2,515,624</u>	<u>2,470,648</u>	<u>44,976</u>
Excess of expenditures over revenue .....	<u>(123,859)</u>	<u>(57,558)</u>	<u>(66,301)</u>
<b>Other financing sources:</b>			
Transfers in .....	216,848	182,999	33,849
Transfers out .....	(158,966)	(118,222)	(40,744)
Proceeds from bond issuances .....	47,209	(8,004)	55,213
Refunding of bonds .....	(36,720)		(36,720)
<b>Capital Projects Fund:</b>			
Transportation revenue bonds .....		3,675	(3,675)
Refunding of obligation bonds .....	5,976	8,792	(2,816)
Premium on general obligation bonds .....	65,803	83,584	(17,781)
Face value of funding and refunding general obligation bonds .....	<u>(22,243)</u>	<u>37,822</u>	<u>(60,065)</u>
Total other financing sources .....	<u>117,907</u>	<u>190,646</u>	<u>(72,739)</u>
Net changes in fund balances .....	<u>(5,952)</u>	<u>133,088</u>	<u>(139,040)</u>
Fund balances - beginning .....	981,857	848,769	133,088
Fund balances - ending .....	<u>\$ 975,905</u>	<u>\$ 981,857</u>	<u>\$ (5,952)</u>

Revenues for governmental functions overall totaled approximately \$2.4 billion in the fiscal year ended June 30, 2020, which represents a decrease of 0.9% from the fiscal year ended June 30, 2019. Expenditures for governmental functions, totaling \$2.5 billion, increased by approximately 1.8% from the fiscal year ended June 30, 2019. In the fiscal year ended June 30, 2020, expenditures for governmental functions exceeded revenue by \$123.9 million.

The General Fund is the chief operating fund of the City. Revenue in the General Fund decreased \$36.5 million as compared to fiscal year 2019. The total expenditures for the General Fund decreased by \$8.7 million, or 0.4%, compared to fiscal year 2019.

At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$139.7 million, while total fund balance was \$808.7 million. The fund balance in the City’s General Fund decreased by \$28.6 million during the fiscal year, which was caused by a financing use of \$8.3 million plus higher expenditures. The Capital Fund has an assigned and restricted fund balance of \$109.5 million, an increase of \$21.5 million over prior year. This increase was primarily caused by proceeds from the sale of general obligation bonds.

The Grants Revenue Fund is used to account for the spending of various Federal, State and special purpose grant 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 \$21.6 million over prior year. This decrease was primarily caused by higher expenditures in the Grants Revenue Fund.

**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	
	2020	2019	2020	2019	2020	2019
Operating revenues .....	\$ 518,103	\$ 480,876	\$ 69,697	\$ 76,801	\$ 35,986	\$ 34,627
Operating expenses .....	446,990	380,142	9,634	10,632	11,812	11,187
Operating income (loss) .....	71,113	100,734	60,063	66,169	24,174	23,440
Non operating revenues (expenses), capital contribution, and transfers .....	117,758	132,711	(61,993)	(72,534)	367	26
<b>Change in net position .....</b>	<b>\$ 188,871</b>	<b>\$ 233,445</b>	<b>\$ (1,930)</b>	<b>\$ (6,365)</b>	<b>\$ 24,541</b>	<b>\$ 23,466</b>

As discussed in the Business-type activities section, the Water and Wastewater Utilities Fund experienced operating revenue increases in fiscal year 2020. These increases are attributable to rate increases implemented in fiscal year 2020.

## 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, 2020**

(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Original Budget Positive (Negative)	Variance with Final Budget Positive (Negative)
Total revenues .....	\$ 1,924,697	\$ 1,922,497	\$ 1,918,235	\$ (6,462)	\$ (4,262)
Expenditures and encumbrances:					
General government .....	385,850	388,350	304,534	81,316	83,816
Public safety and regulation .....	812,086	825,086	799,406	12,680	25,680
Conservation of health .....	47,081	52,581	58,145	(11,064)	(5,564)
Social services .....	4,280	4,280	2,858	1,422	1,422
Education .....	290,444	290,444	288,123	2,321	2,321
Public library .....	28,772	28,772	24,733	4,039	4,039
Recreation and culture .....	49,773	49,773	49,193	580	580
Highways and streets .....	139,050	139,050	118,804	20,246	20,246
Sanitation and waste removal .....	86,747	86,747	82,364	4,383	4,383
Public service .....	42,092	42,092	36,438	5,654	5,654
Economic development .....	73,530	79,030	68,149	5,381	10,881
Total expenditures and encumbrances .....	1,959,705	1,986,205	1,832,747	\$ 126,958	\$ 153,458
Excess (deficiency) of revenue over expenditures and encumbrances .....	(35,008)	(63,708)	85,488		
Other Financing uses:					
Transfers in .....	36,796	36,796	111,882		
Transfers out .....	(142,540)	(142,540)	(130,711)		
Total other financing uses .....	(105,744)	(105,744)	(18,829)		
Net changes in fund balances .....	(140,752)	(169,452)	66,659		
Fund balances --- beginning .....	915,070	915,070	915,070		
Fund balances --- ending .....	\$ 774,318	\$ 745,618	\$ 981,729		

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 2020, supplemental appropriations totaling \$35.2 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 \$127.0 million, but were \$153.5 million lower than adjusted appropriations. This amount was primarily related to the governmental activities: lower than budgeted costs for general government operations amounted to \$83.8 million; lower than budgeted costs for public safety and regulation amounted to \$25.7 million; lower than budgeted costs for highways and streets to \$20.2 million; lower than budgeted costs for public service amounted to \$5.7 million; and lower than budgeted costs for economic development amounted to \$10.9 million

On a budgetary basis, revenues for fiscal year 2020 totaled \$1.9 billion and expenditures and transfers totaled \$1.8 billion. The excess of expenditures and transfers over revenues resulted in a budgetary basis fund balance at June 30, 2020 of \$981.7 billion, an increase of \$66.7 million.

## Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2020, amounted to \$9.1 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 4.9% (3.4% increase for governmental activities and an 5.8% increase for business-type activities) as shown in the table below.

### Capital Assets, Net of Depreciation For the Fiscal Years 2020 and 2019

(Expressed in Thousands)

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Land and other .....	\$ 369,916	\$ 369,049	\$ 36,920	\$ 36,920	\$ 406,836	\$ 405,969
Building and improvements .....	958,293	878,679	2,572,727	2,639,236	3,531,020	3,517,915
Equipment .....	127,364	114,489	170,895	182,050	298,259	296,539
Infrastructure .....	1,531,784	1,513,012	1,661,082	1,465,351	3,192,866	2,978,363
Library books .....	15,852	17,800			15,852	17,800
Construction in progress .....	232,881	237,895	1,373,556	1,172,297	1,606,437	1,410,192
<b>Total .....</b>	<b>\$ 3,236,090</b>	<b>\$ 3,130,924</b>	<b>\$ 5,815,180</b>	<b>\$ 5,495,854</b>	<b>\$ 9,051,270</b>	<b>\$ 8,626,778</b>

See note number 5 on capital assets.

## Debt Administration

As of June 30, 2020, the City had total long-term obligations outstanding of \$4.0 billion. Of this amount, \$589.1 million was general obligation bonds backed by the full faith and credit of the City, \$358.5 million was revenue bonds for governmental activity at the Convention Center, the Convention Center Hotel, and transportation bonds, and \$2.6 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 2020, the City sold \$19.2 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 2020	FY 2019
Net general bonded debt (expressed in thousands) .....	\$ 484,187	\$ 461,074
Ratio of net general bonded debt to net assessed value .....	1.13%	1.10%

See note number 7 on long-term obligations.

As of June 30, 2020, the City had \$593.3 million in authorized, outstanding property tax-supported general obligation bonds. This amount is reduced by net restricted assets in the Debt Service Fund (which is part of the General Fund beginning in Fiscal Year 2017) of \$109.1 million for net tax-supported bonded debt of \$484.2 million, which is equal to approximately 1.13% of the assessed value of property (net of exemptions). There are an additional \$367.1 million in bonds that are authorized, but unissued.

## Economic Factors and Next Year's Budget and Rates

The fiscal year 2021 budget submitted by the Board of Estimates to the Baltimore City Council proposed total appropriations of \$3,869,668,000 of which \$1,932,800,000 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 May 6, 2020.



## **Fiscal 2020 Budget – Economic Factors**

The US was experiencing the longest period of economic recovery since World War II with 128 consecutive months of economic growth at the start of Fiscal 2020. This expansion halted with the onset of COVID-19 in March 2020, which transformed the economy at the global, national and local level. The mitigation of COVID-19 has required communities to respond with social and economic restrictions intended to control the disease and preserve the general public health. These limits have led to both immediate short-term economic effects and long-term ramifications.

The City's labor force had remained stable since 2010 but the disruptions brought about by COVID-19 led to a 4.3% decline from an average of 291,000 since 2010 to 279,000 as of March 2020. Employment of City residents had grown 5.6% from 262,300 in 2010 to 277,000 through the first three months of 2020, but decreased 5.3% to 248,400 for the second quarter of 2020 because of COVID-19. Consequently, the average unemployment rate in the City increased to 11.0% in the second quarter of 2020, the highest since the Great Recession. In April 2020 it hit a peak of 11.6%, just below the peak of 11.8% recorded in August 2010.

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 2020, the City placed as the sixth largest county in generation of the Maryland Sales and Use tax with 6.6% of the States total; however, its participation has declined by 0.7 percentage points from 7.3% in Fiscal 2019.

The City has experienced a decline in its household size and the number of income tax returns filed; however, data from the Census Bureau and the Comptroller of Maryland indicate that the City has compensated for these reductions and become wealthier. The City's household size declined from 2.53 individuals in 2010 to 2.49 in 2019, but the mean household income has grown 38.4% from \$54,165 in 2010 to \$74,942 in 2019, 20.8% above inflation. Recent data from the annual State's Income Tax Summary reports show the number of high-income households, defined as those earning above \$100,000, has increased by 59.0% during the period of 2010 to 2018, making up 14.0% of all taxable returns. The City has also seen an increase in the taxable value of filed returns, showing that the population in Baltimore City is earning a higher level of income than in years past. The average taxable value per return for tax year 2018 was \$1,320, up 8.4% from tax year 2017 and 34.2% from tax year 2010. This is a continued trend of the City's taxable income base strengthening considerably over the last decade; however, the repercussions of the COVID-19 pandemic paint an uncertain picture for the future.

A large number of City residents find employment in industries like leisure and hospitality, retail, restaurants, manufacturing, and trade and transportation. These industries have experienced significant disruptions such as limitations on travel, and facility and establishment closures or restrictions. Unemployment is going to remain at historically high levels reminiscent of the Great Recession, and the economy will take years to rebound to pre-pandemic levels.

In Fiscal 2020, the real estate market has remained strong despite the COVID-19 pandemic. Total residential units sold in the City as reported by the Bright MLS increased 6.7% in Fiscal 2020 from Fiscal 2019 despite restrictions put in place for COVID-19. The average sales price of residential properties sold in the City increased in Fiscal 2020 by \$7,433 or 4.3% compared to Fiscal 2019 to an average \$182,248. Refinancing activities prior to the pandemic were increasing, and this trend is expected to continue as activity responds to historically low interest rates.

Preparation for the Fiscal 2021 budget is conservative as the US economy at the national, State and local level continues to respond to the COVID-19 pandemic. Additionally, the City continues to monitor the impact of the negative changes in the City's population to its taxable base – which has experienced a fourth year of consecutive decline and is down -4.4%, or more than 27,400 residents, from the 2010 Census to 593,490 residents as of July 2019.

Other major concerns include the financial and fiscal impact of the Kirwan Commission to City school's funding. The Kirwan Commission report provides recommendations into five categories: Early Childhood Education, High-Quality and Diverse Teachers and Leaders, College and Career Readiness Pathways, More Resources to Ensure All Students are Successful and Governance and Accountability.

The Kirwan legislation, Blueprint for Maryland's Future, House Bill 1300 (HB1300) was passed by the Maryland General Assembly in 2020, and while it was vetoed by the Governor, this veto is set to be overridden in the 2021 General Assembly session. The bill, as passed, would require additional State Aid of \$209.3 million over the amount required by current law in Fiscal 2022 for City Schools, growing to \$613.2 million in Fiscal 2030. The bill also requires a significant increase in local support for City Schools, growing from \$46.4 million in additional support over the amount required by current law in Fiscal 2022 to \$170.6 million by Fiscal 2030. This represents a 55% increase in the level of direct local support for City

Schools by Fiscal 2030, the highest rate of increase of local support proposed among Maryland's jurisdictions. With the disruption in economic circumstances brought about by COVID-19, changes to this bill are expected when the General Assembly reconvenes.

**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, 2020**  
(Expressed in Thousands)

	Primary Government			Component Units	
	Governmental	Business-type	Total	Baltimore City	Baltimore
	Activities	Activities		Public School	Hotel
			Total	System	Corporation
Assets and deferred outflows of resources:					
Assets:					
Cash and cash equivalents .....	\$ 640,031	\$ 719,073	\$ 1,359,104	\$ 56,156	\$ 2,907
Investments .....	506,950		506,950	427,879	42,552
Property taxes receivable, net .....	17,154		17,154		
Service receivable, net .....		126,277	126,277		
Other receivables, net .....	54,475	2,812	57,287	5,142	4,019
Due from other governments .....	153,476	365,633	519,109	48,105	
Internal balances .....	28,216	(28,216)			
Due from primary government .....				29,746	
Inventories, at cost .....	9,328	10,407	19,735	1,749	101
Notes and mortgages receivable, net .....	265,727	31,480	297,207		
Other assets .....	48,446		48,446	438	3,565
Net pension asset .....	9,121		9,121		
Capital assets being depreciated, net of accumulated depreciation .....	2,633,293	4,404,704	7,037,997	1,017,827	181,196
Capital assets not being depreciated .....	602,797	1,410,476	2,013,273	162,058	
<b>Total assets .....</b>	<b>4,969,014</b>	<b>7,042,646</b>	<b>12,011,660</b>	<b>1,749,100</b>	<b>234,340</b>
Deferred outflow of resources:					
Deferred amortization on early extinguishment of debt .....		53,431	53,431		
Deferred loss on bond refunding .....	4,876	14,156	19,032		
Deferred outflows related to pension .....	330,329	27,678	358,007	40,190	
Deferred outflows related to OPEB .....	196,095	24,574	220,669	67,109	
Interest rate swaps .....	1,093	14,269	15,362		
<b>Total deferred outflows of resources .....</b>	<b>532,393</b>	<b>134,108</b>	<b>666,501</b>	<b>107,299</b>	
<b>Total assets and deferred outflows of resources .....</b>	<b>5,501,407</b>	<b>7,176,754</b>	<b>12,678,161</b>	<b>1,856,399</b>	<b>234,340</b>
Liabilities and deferred inflows of resources:					
Liabilities:					
Accounts payable and accrued liabilities .....	401,386	195,184	596,570	248,707	13,498
Accrued interest payable .....	10,213	49,411	59,624		4,420
Unearned revenue .....	98,091		98,091	2,807	2,015
Notes payable .....					290,790
Due to other governments .....		8,271	8,271		
Deposits subject to refund .....	29,082		29,082		4,576
Estimated claims in progress:					
Due within one year .....	93,807		93,807		
Due in more than one year .....	296,348		296,348		
Revenue bond payable, net:					
Due within one year .....	14,212	81,503	95,715		
Due in more than one year .....	397,913	2,691,489	3,089,402		
Derivative instrument liability .....	1,093	28,740	29,833		
Long term debt payable:					
Due within one year .....	55,527	480	56,007	12,608	
Due in more than one year .....	772,667	3,795	776,462	51,557	
Capital leases payable:					
Due within one year .....	28,194	106	28,300	3,568	
Due in more than one year .....	129,016	437	129,453	2,841	
Compensated absences:					
Due within one year .....	45,479	5,111	50,590	5,994	
Due in more than one year .....	114,495	10,790	125,285	48,493	
Landfill closure due in more than one year .....	27,033		27,033		
Other liabilities due in more than one year:					
Net pension liability .....	1,746,671	129,040	1,875,711	132,948	
Net OPEB liability .....	1,196,458	49,208	1,245,666	223,437	
Other liabilities .....	479,530	5,000	484,530	49,608	
<b>Total liabilities .....</b>	<b>5,937,215</b>	<b>3,258,565</b>	<b>9,195,780</b>	<b>782,568</b>	<b>315,299</b>
Deferred inflows of resources:					
Deferred inflows related to pension .....	37,155	293	37,448	9,241	
Deferred inflows related to OPEB .....	149,428	21,074	170,502	81,854	
Deferred inflow for service concession arrangement .....	53,717		53,717		
<b>Total deferred inflows of resources .....</b>	<b>240,300</b>	<b>21,367</b>	<b>261,667</b>	<b>91,095</b>	
<b>Total liabilities and deferred inflows of resources .....</b>	<b>6,177,515</b>	<b>3,279,932</b>	<b>9,457,447</b>	<b>873,663</b>	<b>315,299</b>
Net position:					
Net investment in capital assets .....	2,628,359	3,475,643	6,104,002	1,109,311	(109,594)
Restricted for:					
Construction .....	10,689		10,689	51,988	
Debt service, sanitation, and capital leases .....	480,554	184,072	664,626		
Perpetual care:					
Expendable .....	32,687		32,687		
Nonexpendable .....	9,850		9,850		
Unrestricted (deficits) .....	(3,838,247)	237,107	(3,601,140)	(178,563)	28,635
<b>Total net position .....</b>	<b>\$ (676,108)</b>	<b>\$ 3,896,822</b>	<b>\$ 3,220,714</b>	<b>\$ 982,736</b>	<b>\$ (80,959)</b>

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, 2020**  
(Expressed In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position				
		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
<b>Primary Government:</b>									
<b>Governmental activities:</b>									
General government .....	\$ 400,893	\$ 47,564	\$ 98,152		\$ (255,177)		\$ (255,177)		
Public safety and regulation .....	929,667	47,420	29,271		(852,976)		(852,976)		
Conservation of health .....	153,361	1,831	138,461		(13,069)		(13,069)		
Social services .....	96,066		51,896		(44,170)		(44,170)		
Education .....	556,361				(556,361)		(556,361)		
Public library .....	43,288	52	21,941	\$ 93,142	71,847		71,847		
Recreation and culture .....	70,023	155	820	5,030	(64,018)		(64,018)		
Highways and streets .....	171,571	1,758	95	44,904	(124,814)		(124,814)		
Sanitation and waste removal .....	88,140	9,856			(78,284)		(78,284)		
Public service .....	59,833				(59,833)		(59,833)		
Economic development .....	148,659	11,163	37,910	8,434	(91,152)		(91,152)		
Interest .....	57,496				(57,496)		(57,496)		
<b>Total governmental activities .....</b>	<b>2,775,358</b>	<b>119,799</b>	<b>378,546</b>	<b>151,510</b>	<b>(2,125,503)</b>		<b>(2,125,503)</b>		
<b>Business-type activities:</b>									
Water .....	202,211	216,396		55,604	\$ 69,789		69,789		
Wastewater .....	276,754	270,764		106,998	101,008		101,008		
Stormwater .....	27,206	30,943			3,737		3,737		
Parking .....	15,145	69,697			54,552		54,552		
Nonmajor proprietary .....	11,577	35,986			24,409		24,409		
<b>Total business-type activities .....</b>	<b>532,893</b>	<b>623,786</b>		<b>162,602</b>	<b>253,495</b>		<b>253,495</b>		
<b>Total primary government .....</b>	<b>\$ 3,308,251</b>	<b>\$ 743,585</b>	<b>\$ 378,546</b>	<b>\$ 314,112</b>	<b>(2,125,503)</b>	<b>253,495</b>	<b>(1,872,008)</b>		
<b>Component units:</b>									
Baltimore City Public School System .....	\$ 1,448,620	\$ 39	\$ 192,979	\$ 84,480				\$ (1,171,122)	
Baltimore Hotel Corporation .....	64,025	64,961							\$ 936
<b>General revenues:</b>									
Property taxes .....					882,332		882,332		
Income taxes .....					396,540		396,540		
Transfer and recordation tax .....					78,320		78,320		
Electric and gas tax .....					22,954		22,954		
Telecommunications tax .....					36,145		36,145		
Admission tax .....					5,939		5,939		
Other local taxes .....					32,412		32,412		
State shared tax revenues .....					163,417		163,417	1,203,024	
State, federal, and City grants .....								7,573	
Unrestricted investment income .....					34,734	9,853	44,587		686
Miscellaneous .....					94,212		94,212	223,576	
Transfers .....					56,482	(56,482)			
<b>Total general revenues and transfers .....</b>					<b>1,803,487</b>	<b>(46,629)</b>	<b>1,756,858</b>	<b>1,434,173</b>	<b>686</b>
Changes in net position .....					(322,016)	206,866	(115,150)	263,051	1,622
Net position -- beginning, as restated .....					(354,092)	3,689,956	3,335,864	719,685	(82,581)
<b>Net position -- ending .....</b>					<b>\$ (676,108)</b>	<b>\$ 3,896,822</b>	<b>\$ 3,220,714</b>	<b>\$ 982,736</b>	<b>\$ (80,959)</b>

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

**CITY OF BALTIMORE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**  
(Expressed In Thousands)

	General Fund	Grants Revenue Fund	Capital Projects Fund	Nonmajor Funds	Total
<b>Assets:</b>					
Cash and cash equivalents	\$ 408,456		\$ 113,434	\$ 48,776	\$ 570,666
Investments	493,112		4,625	9,213	506,950
Property taxes receivable, net	17,154				17,154
Other receivables, net	53,150		224	1,101	54,475
Due from other governments	95,493	\$ 40,937	14,365	2,681	153,476
Due from other funds	50,379		1,586		51,965
Notes and mortgages receivable, net	265,727				265,727
Inventories, at cost	1,601				1,601
Other assets	21,327				21,327
<b>Total assets</b>	<b>\$ 1,406,399</b>	<b>\$ 40,937</b>	<b>\$ 134,234</b>	<b>\$ 61,771</b>	<b>\$ 1,643,341</b>
<b>Liabilities, deferred inflows of resources and fund balances (deficits):</b>					
<b>Liabilities :</b>					
Accounts payable and accrued liabilities	\$ 332,544	\$ 31,641	\$ 14,297	\$ 2,400	\$ 380,882
Retainages payable			10,471		10,471
Estimated liability for claims in progress	93,807				93,807
Due to other funds	17,900	7,966		1,622	27,488
Deposits subject to refund	29,082				29,082
Unearned revenue	96,761	1,330			98,091
<b>Total liabilities</b>	<b>570,094</b>	<b>40,937</b>	<b>24,768</b>	<b>4,022</b>	<b>639,821</b>
<b>Deferred inflows of resources:</b>					
Unavailable property taxes	14,275				14,275
Unavailable income taxes and other	13,340				13,340
<b>Total deferred inflows of resources</b>	<b>27,615</b>				<b>27,615</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>597,709</b>	<b>40,937</b>	<b>24,768</b>	<b>4,022</b>	<b>667,436</b>
<b>Fund balances:</b>					
Nonspendable	3,179				3,179
Restricted	428,824		10,689	42,537	482,050
Assigned	237,026		98,777	16,644	352,447
Unassigned	139,661			(1,432)	138,229
<b>Total fund balances</b>	<b>808,690</b>		<b>109,466</b>	<b>57,749</b>	<b>975,905</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,406,399</b>	<b>\$ 40,937</b>	<b>\$ 134,234</b>	<b>\$ 61,771</b>	

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	3,118,286
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	565,999
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. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	74,448
Unavailable revenue is not due and payable in the current period and, therefore, is not reported in the funds	27,615
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	(5,438,361)
<b>Net position of governmental activities</b>	<b>\$ (676,108)</b>

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, 2020**  
(Expressed in Thousands)

	General Fund	Grants Revenue Fund	Capital Projects Fund	Nonmajor Funds	Total
<b>Revenues:</b>					
Taxes -- local .....	\$ 1,490,708			\$ 32,263	\$ 1,522,971
State shared revenue .....	148,910			14,507	163,417
Licenses and permits .....	34,042				34,042
Fines and forfeitures .....	36,093				36,093
Interest, rentals and other investment income .....	32,027	\$ 449	\$ 267	872	33,615
Federal grants .....	16,719	89,101	43,615	17,577	167,012
State grants .....	107,973	100,856	107,895		316,724
Other grants .....		46,320			46,320
Charges for services .....	49,664				49,664
Miscellaneous .....	4,492		16,015		20,507
Other revenue .....				1,400	1,400
Total revenues .....	1,920,628	236,726	167,792	66,619	2,391,765
<b>Expenditures:</b>					
<b>Current:</b>					
General government .....	259,968	29,581		20,497	310,046
Public safety and regulation .....	799,401	48,265		1,817	849,483
Conservation of health .....	37,785	112,935			150,720
Social services .....	56,519	38,428			94,947
Education .....	288,912			7,068	295,980
Public library .....	27,886	11,084		30	39,000
Recreation and culture .....	51,897	6,681		1,052	59,630
Highways and streets .....	99,702	246			99,948
Sanitation and waste removal .....	81,719			561	82,280
Public service .....	49,689	5,416			55,105
Economic development .....	63,843	21,313	49,481	10,933	145,570
<b>Debt service:</b>					
Principal .....	66,913				66,913
Interest .....	56,683				56,683
Capital outlay .....			209,319		209,319
Total expenditures .....	1,940,917	273,949	258,800	41,958	2,515,624
Excess (deficiency) of revenues over (under) expenditures .....	(20,289)	(37,223)	(91,008)	24,661	(123,859)
<b>Other financing sources (uses):</b>					
Transfers in .....	111,882	27,234	66,115	11,617	216,848
Transfers out .....	(130,711)	(11,617)	(3,123)	(13,515)	(158,966)
Bond Proceeds .....	47,209				47,209
Bond Refunding .....	(36,720)				(36,720)
Premium on general obligation bonds .....			5,976		5,976
Face value of general obligation bonds .....			65,803		65,803
Transfer to Escrow .....			(22,243)		(22,243)
Total other financing sources (uses) .....	(8,340)	15,617	112,528	(1,898)	117,907
Net changes in fund balance .....	(28,629)	(21,606)	21,520	22,763	(5,952)
Fund balances -- beginning .....	837,319	21,606	87,946	34,986	981,857
Fund balances -- ending .....	\$ 808,690	\$	\$ 109,466	\$ 57,749	\$ 975,905

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, 2020**  
(Expressed in Thousands)

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

Net changes in fund balance -- total governmental funds .....	\$ (5,952)
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 .....	123,341
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds .....	(54,930)
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 .....	(311,037)
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 .....	(48,830)
The net income of certain activities of internal service funds is reported with governmental activities .....	<u>(24,608)</u>
Changes in net position of governmental activities .....	<u>\$ (322,016)</u>

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, 2020**  
(Expressed in Thousands)

	Enterprise Funds						Internal Service Funds
	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund	Parking Facilities Fund	Nonmajor Funds	Total	
<b>Assets and deferred outflows of resources:</b>							
<b>Current assets:</b>							
Cash and cash equivalents	\$ 85,769	\$ 143,147	\$ 46,352	\$ 10,710		\$ 285,978	\$ 13,679
Accounts receivable, net:							
Service billings	36,303	81,869	8,105			126,277	
Other	453	3	724	1,632		2,812	2,634
Due from other governments	66,023	244,675	468			311,166	
Inventories	10,123	284				10,407	7,727
<b>Restricted assets:</b>							
Cash and cash equivalents	50,026	67,871	5,192			123,089	
Notes and mortgages receivable				2,527		2,527	
<b>Total current assets</b>	<b>248,697</b>	<b>537,849</b>	<b>60,841</b>	<b>14,869</b>		<b>862,256</b>	<b>24,040</b>
<b>Noncurrent assets:</b>							
<b>Restricted assets:</b>							
Cash and cash equivalents	38,221	170,540	46,352	18,637	\$ 36,256	310,006	55,686
Due from other governments	29,943	20,341	4,183			54,467	
Notes and mortgages receivable				28,953		28,953	
Capital assets, net of accumulated depreciation	1,374,649	2,635,366	237,138	69,283	88,268	4,404,704	117,804
Capital assets not being depreciated	510,268	773,564	37,446	15,252	73,946	1,410,476	
<b>Total noncurrent assets</b>	<b>1,953,081</b>	<b>3,599,811</b>	<b>325,119</b>	<b>132,125</b>	<b>198,470</b>	<b>6,208,606</b>	<b>173,490</b>
<b>Total assets</b>	<b>2,201,778</b>	<b>4,137,660</b>	<b>385,960</b>	<b>146,994</b>	<b>198,470</b>	<b>7,070,862</b>	<b>197,530</b>
<b>Deferred outflows of resources</b>							
Deferred amortization on early extinguishment of debt	27,813	25,618				53,431	
Deferred loss on bond refunding				14,156		14,156	
Deferred outflows related to pension	13,270	11,751	1,843		814	27,678	
Deferred outflows related to OPEB	11,341	10,503	1,958		772	24,574	
Interest rate swaps				14,269		14,269	
<b>Total deferred outflows of resources</b>	<b>52,424</b>	<b>47,872</b>	<b>3,801</b>	<b>28,425</b>	<b>1,586</b>	<b>134,108</b>	
<b>Total assets and deferred outflows of resources</b>	<b>2,254,202</b>	<b>4,185,532</b>	<b>389,761</b>	<b>175,419</b>	<b>200,056</b>	<b>7,204,970</b>	<b>197,530</b>
<b>Liabilities and deferred inflows of resources:</b>							
<b>Current liabilities:</b>							
Accounts payable and accrued liabilities	13,950	24,310	774	2,825	335	42,194	10,773
Accrued interest payable	22,008	22,675	1,198	3,530		49,411	
Due to other funds					22,769	22,769	1,708
Due to other governments		8,271				8,271	
Compensated absences	2,184	2,446	322		159	5,111	1,052
Other liabilities					5,000	5,000	
Accounts payable from restricted assets	42,516	99,464	2,210		8,800	152,990	
Leases payable		106				106	19,488
Revenue bonds payable	28,018	45,196	2,471	4,775		80,460	
General long-term debt payable			480			480	
<b>Total current liabilities</b>	<b>108,676</b>	<b>202,468</b>	<b>7,455</b>	<b>11,130</b>	<b>37,063</b>	<b>366,792</b>	<b>33,021</b>
<b>Noncurrent liabilities:</b>							
Leases payable		437				437	92,621
Revenue bonds payable, net	1,068,809	1,466,548	73,132	84,043		2,692,532	
Derivative instrument liability	988			27,752		28,740	
Compensated absences	5,268	4,587	649		286	10,790	2,684
General long-term debt payable			3,795			3,795	
Net pension liability	61,866	54,788	8,591		3,795	129,040	
Net OPEB liability	22,457	21,565	3,489		1,697	49,208	
<b>Total noncurrent liabilities</b>	<b>1,159,388</b>	<b>1,547,925</b>	<b>89,656</b>	<b>111,795</b>	<b>5,778</b>	<b>2,914,542</b>	<b>95,305</b>
<b>Total liabilities</b>	<b>1,268,064</b>	<b>1,750,393</b>	<b>97,111</b>	<b>122,925</b>	<b>42,841</b>	<b>3,281,334</b>	<b>128,326</b>
<b>Deferred inflows of resources:</b>							
Deferred inflows related pension	140	124	20		9	293	
Deferred inflows related OPEB	9,680	9,013	1,610		771	21,074	
<b>Total deferred inflows of resources</b>	<b>9,820</b>	<b>9,137</b>	<b>1,630</b>		<b>780</b>	<b>21,367</b>	
<b>Total liabilities and deferred inflows of resources</b>	<b>1,277,884</b>	<b>1,759,530</b>	<b>98,741</b>	<b>122,925</b>	<b>43,621</b>	<b>3,302,701</b>	<b>128,326</b>
<b>Net position:</b>							
Net investment in capital assets	858,696	2,083,291	256,428	31,965	162,213	3,392,593	5,694
<b>Restricted for:</b>							
Debt service	63,399	83,020	3,490	31,473		181,382	
Unrestricted (deficit)	54,223	259,691	31,102	(10,944)	(5,778)	328,294	63,510
<b>Total net position</b>	<b>\$ 976,318</b>	<b>\$ 2,426,002</b>	<b>\$ 291,020</b>	<b>\$ 52,494</b>	<b>\$ 156,435</b>	<b>3,902,269</b>	<b>\$ 69,204</b>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds						(5,447)	
<b>Net position of business-type activities</b>						<b>\$ 3,896,822</b>	

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, 2020**  
(Expressed In Thousands)

	Enterprise Funds						Internal Service Funds
	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund	Parking Facilities Fund	Nonmajor Funds	Total	
<b>Operating revenues:</b>							
Charges for sales and services.....							\$ 116,916
Water, sewer and stormwater service .....	\$ 211,729	\$ 270,716	\$ 30,756			\$ 513,201	
Rents and fees .....	3,935	48	187	\$ 69,697	\$ 35,986	109,853	
Other income .....	732					732	
Total operating revenues .....	216,396	270,764	30,943	69,697	35,986	623,786	116,916
<b>Operating expenses:</b>							
Salaries and wages .....	38,070	46,456	7,386		4,215	96,127	22,002
Other personnel costs .....	20,972	23,843	3,489		2,724	51,028	8,670
Contractual services and other .....	70,214	74,238	6,474	6,821	2,855	160,602	49,999
Materials and supplies .....	6,834	17,397	399		157	24,787	2,804
Minor equipment .....	924	1,208	77		206	2,415	12,206
Postage and delivery services .....							3,260
Depreciation .....	39,003	84,868	5,138	2,813	1,655	133,477	20,239
Total operating expenses .....	176,017	248,010	22,963	9,634	11,812	468,436	119,180
Operating income (loss) .....	40,379	22,754	7,980	60,063	24,174	155,350	(2,264)
<b>Nonoperating revenues (expenses):</b>							
Loss on sale of assets .....							(4,415)
Other .....			(2,115)		367	(1,748)	
Interest income .....	4,358	4,304	1,191			9,853	
Interest expense .....	(24,539)	(26,168)	(1,875)	(5,511)		(58,093)	
Total nonoperating expenses, net .....	(20,181)	(21,864)	(2,799)	(5,511)	367	(49,988)	(4,415)
Income before capital contributions and transfers .....	20,198	890	5,181	54,552	24,541	105,362	(6,679)
Capital contributions .....	55,604	106,998				162,602	
Transfers out .....				(56,482)		(56,482)	(1,400)
Changes in net position .....	75,802	107,888	5,181	(1,930)	24,541	211,482	(8,079)
Total net position - beginning .....	900,516	2,318,114	285,839	54,424	131,894	3,690,787	77,283
Total net position - ending .....	\$ 976,318	\$ 2,426,002	\$ 291,020	\$ 52,494	\$ 156,435	3,902,269	\$ 69,204
Adjustment to reflect the consolidation of internal service activities related to enterprise funds .....						(5,447)	
Net position of business-type activities .....						\$ 3,896,822	

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, 2020**  
(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.....	\$	211,482
The net expense of certain activities of internal service funds is reported with business-type activities .....		4,616
Change in net position of business-type activities .....	\$	206,866

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, 2020**  
(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 .....	\$ 204,165	\$ 274,448	\$ 32,593	\$ 69,832	\$ 36,212	\$ 617,250	\$ 117,946
Payments to employees .....	(47,281)	(68,691)	(11,504)		(6,198)	(133,674)	(30,068)
Payments to suppliers .....	(53,217)	(88,046)	(7,026)	(4,989)	(3,231)	(156,509)	(68,722)
Net cash provided by operating activities .....	103,667	117,711	14,063	64,843	26,783	327,067	19,156
Cash flows from noncapital financing activities:							
Transfers out .....				(56,482)		(56,482)	(1,400)
Net cash (used) by noncapital financing activities .....				(56,482)		(56,482)	(1,400)
Cash flows from capital and related financing activities:							
Mortgages receivable principal payments .....				2,596		2,596	
Proceeds from revenue bonds .....			10,585			10,585	
Proceeds from water quality loans .....		9,602				9,602	
Principal paid on revenue bonds .....	(20,800)	(22,705)	(993)	(4,453)		(48,951)	
Principal paid on State water quality loans .....	(1,076)	(18,680)	(368)			(20,124)	
Principal paid on general long-term debt .....			(380)			(380)	
Interest received .....	4,359	4,304	1,191			9,854	
Interest paid .....	(19,158)	(25,595)	(5,175)	(5,483)		(55,411)	
Acquisition and construction of capital assets .....	(168,134)	(257,954)	(10,781)	(280)	(34,805)	(471,954)	(13,905)
Other financing sources .....							3,936
Capital contributions (distribution) received .....	25,297	196,178	(2,115)		367	219,727	
Net cash (used) by capital and related financing activities .....	(179,512)	(114,850)	(8,036)	(7,620)	(34,438)	(344,456)	(9,969)
Net increase (decrease) in cash and cash equivalents .....	(75,845)	2,861	6,027	741	(7,655)	(73,871)	7,787
Cash and cash equivalents, beginning of year .....	249,861	378,697	91,869	28,606	43,911	792,944	61,578
Cash and cash equivalents, end of year .....	\$ 174,016	\$ 381,558	\$ 97,896	\$ 29,347	\$ 36,256	\$ 719,073	\$ 69,365
Reconciliation of operating income to net cash provided by operating activities:							
Operating income (loss) .....	\$ 40,379	\$ 22,754	\$ 7,980	\$ 60,063	\$ 24,174	\$ 155,350	\$ (2,264)
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation expense .....	39,003	84,868	5,138	2,813	1,655	133,477	20,239
Effect of changes in non cash operating assets and liabilities:							
Accounts receivables .....	13,769	3,684	1,651	135		19,239	(1,144)
Inventories .....	(773)	(23)	6			(790)	753
Deferred outflows - pension .....	4,270	(3,596)	(424)		(338)	(88)	
Deferred outflows - OPEB .....	832	793	119		96	1,840	
Other assets .....					226	226	
Accounts payable and accrued liabilities .....	(576)	1,196	(110)	1,832	25	2,367	(188)
Compensated absences .....	566	328	(50)		52	896	70
Due (from) other funds .....		3,581				3,581	1,422
Deferred inflows - pension .....	140	(130)	(25)		(6)	(21)	
Deferred inflows - OPEB .....	1,875	1,787	268		218	4,148	
Pension liability - current period .....	5,164	3,405	(350)		796	9,015	
OPEB liability .....					(115)	(115)	
Other liabilities .....	(982)	(936)	(140)			(2,058)	268
Total adjustments .....	63,288	94,957	6,083	4,780	2,609	171,717	21,420
Net cash provided by operating activities .....	\$ 103,667	\$ 117,711	\$ 14,063	\$ 64,843	\$ 26,783	\$ 327,067	\$ 19,156
Noncash activity from capital and related financing activities:							
New capital leases .....							\$ 37,088
Acquisition and construction of capital assets financed by debt .....	\$ (10,402)	\$ (3,602)	\$ 1			\$ (14,003)	
Increase in issuance of State water quality loans .....		9,602				9,602	
Total noncash activity from capital and related financing activities .....	\$ (10,402)	\$ 6,000	\$ 1			\$ (4,401)	\$ 37,088

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, 2020**  
(Expressed In Thousands)

	Pension/OPEB	
	Trust Funds	Custodial Funds
<b>Assets:</b>		
Cash and cash equivalents .....	\$ 227,636	\$ 247
<b>Investments:</b>		
Stocks .....	2,714,156	
Bonds .....	991,043	578
Real Estate .....	555,597	
Private equity and hedge fund .....	574,598	
Securities lending collateral .....	83,681	
<b>Accounts receivable, net:</b>		
Other .....		440
Forward foreign contracts .....	8,404	
Other assets .....	61,616	
<b>Total assets .....</b>	<b>5,216,731</b>	<b>1,265</b>
<b>Liabilities:</b>		
Obligations under securities lending program .....	85,187	
Forward foreign contracts .....	8,405	
Accounts payable .....	76,807	440
Pension benefits payable .....	13	
Other .....		825
<b>Total liabilities .....</b>	<b>170,412</b>	<b>1,265</b>
<b>Net position:</b>		
<b>Net position restricted for Pension and OPEB .....</b>	<b>\$ 5,046,319</b>	

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, 2020**  
(Expressed In Thousands)

	Pension/OPEB Funds Total
<hr/>	
Additions:	
Contributions:	
Employer .....	\$ 354,788
Employee .....	98,702
Total contributions .....	453,490
Investment income:	
Net depreciation in fair value of investments .....	(102,924)
Securities lending income .....	589
Interest and dividend income .....	128,549
Total investment income .....	26,214
Less: investment expense .....	28,256
Net investment income .....	(2,042)
Total additions .....	451,448
Deductions:	
Retirement benefits .....	399,296
Health benefits .....	154,644
Death benefits .....	4,495
Administrative expenses .....	5,476
Other .....	21,691
Total deductions .....	585,602
Changes in net position .....	(134,154)
Net position restricted for Pensions and OPEB - beginning of the year .....	5,180,473
Net position restricted for Pensions and OPEB - end of year .....	\$ 5,046,319

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. 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, 2019 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. 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 2020, 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.

*Custodial Funds account for assets held by the City as custodians. Custodial funds include:*

- Unpresented Stock and Coupon Bonds account for principal payments held by the City for matured bonds not yet presented for payment.

## CITY OF BALTIMORE

### Notes to Basic Financial Statements

(Continued)

- Property Sold for Taxes accounts for the proceeds of tax sales in excess of the City liens that remain unclaimed by the taxpayer.
- Bid Deposit Refunds account for bid deposits held by the City to secure vendors' bids not yet awarded.
- Recreation Accessory accounts for assets held by the City for the benefit of recreation centers throughout the City.
- Waterloo Summit accounts for assets held by the City as a surety deposit from a developer.

#### *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 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, 2019, 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.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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 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, 2020. 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

## CITY OF BALTIMORE

### Notes to Basic Financial Statements

(Continued)

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 2020 was \$35,108,000,000 which was approximately 86.9% of the estimated market value.

The tax rate in Baltimore City for real property taxes for fiscal year 2020 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 96.0% of the total tax levy.

As of June 30, 2020, the City had property taxes receivable of \$17,154,000, net of an allowance for uncollectible accounts of \$14,003,000.

#### *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 1<sup>st</sup>, and expire on June 30<sup>th</sup> 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, 2020, 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, 2020, 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 2020 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 2020, the City adopted Governmental Accounting Standards Board Statement No. 84, “Fiduciary Activities” and Statement No. 90, “Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61”, and portions of Statement No. 92, “*Omnibus 2020*”, Statement No. 95, “*Postponement of the Effective Dates of Certain Authoritative Guidance*”, 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*”. 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 2021 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 2021 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 2022 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

## CITY OF BALTIMORE

### Notes to Basic Financial Statements

(Continued)

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.

#### *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. 95*

In May 2020, the GASB issued Statement No. 95, “*Postponement of the Effective Dates of Certain Authoritative Guidance*”. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The City is required to adopt GASB No. 95 for its fiscal year 2020 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.

## CITY OF BALTIMORE

### Notes to Basic Financial Statements

(Continued)

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.

#### **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 .....	\$ 6,251,788
Less accumulated depreciation .....	(3,133,502)
Total .....	\$ 3,118,286
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Net pension asset .....	\$ 9,121
Other asset .....	24,485
Deferred loss on bond refundings .....	4,876
Deferred outflow of resources (pension).....	330,329
Deferred outflow of resources (OPEB).....	196,095
Interest rate swaps .....	1,093
Total .....	\$ 565,999
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. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position .....	
	\$ 74,448
Deferred revenue is not due and payable in the current period, and therefore, is not reported in the funds .....	
	\$ 27,615
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 .....	\$ 943
Accrued interest payable .....	(10,213)
Long-term bonds .....	(828,194)
Revenue bonds .....	(412,125)
Capital leases .....	(45,101)
Compensated absences and other .....	(156,238)
Estimated claims in progress .....	(296,348)
Landfill closure liability .....	(27,033)
Derivative instrument liability .....	(1,093)
Net pension liability .....	(1,746,671)
Net OPEB liability .....	(1,196,458)
Other liabilities .....	(479,530)
Deferred inflow of resources (pension).....	(37,155)
Deferred inflow of resources (service concession arrangement).....	(53,717)
Deferred inflow of resources (OPEB).....	(149,428)
Total .....	\$ (5,438,361)

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 .....	\$ 231,250
Capital leases .....	12,883
Depreciation .....	(120,792)
Total .....	\$ 123,341
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 .....	12,280
Revenues not received for several months after the fiscal year end are not considered as available revenues in the governmental funds .....	(68,329)
Total .....	\$ (54,930)
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:	
Expenses related to the Industrial Development Authority .....	\$ (27,814)
Debt service principal .....	(912)
Debt service interest (capital leases, GO bonds, and accrued interest) .....	1,137
Claims liability .....	(801)
Landfill closure liability .....	(1,610)
Compensated absences .....	627
Miscellaneous other liability .....	(242,298)
Changes in net OPEB liability.....	(39,366)
Total .....	\$ (311,037)
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 .....	
	\$ (48,830)
The net income of certain activities of internal service funds is reported with governmental activities:	
Internal service funds net expenses attributed to governmental activities .....	\$ (24,608)

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, 2020 (expressed in thousands):

	Government-wide Statements of Net Position	Fiduciary Funds Statement of Net Position Total	Total
Cash and cash equivalents .....	\$ 870,323	\$ 227,883	\$ 1,098,206
Investments .....	506,950	4,990,113	5,497,063
Restricted cash and cash equivalents .....	488,781		488,781
<b>Total .....</b>	<b>\$ 1,866,054</b>	<b>\$ 5,217,996</b>	<b>\$ 7,084,050</b>

B. CASH DEPOSITS

As of June 30, 2020, the carrying amount of the City's bank deposits was \$323,871,000 and the respective bank balances totaled \$327,959,000. 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, 2020, BCPSS and BHC had demand deposits with carrying values of \$12,100,000 and \$2,869,000, 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, 2020, 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
<b>Debt Securities:</b>				
U.S. Agencies .....	\$ 434,049	\$ 432,049	\$ 2,000	
Repurchase agreements .....	100,000	100,000		
Money market mutual funds .....	989,550	989,550		
Commercial paper .....	2,048	2,048		
	1,525,647	\$ 1,523,647	\$ 2,000	
<b>Other investments:</b>				
Equity mutual funds .....	10,080			
	1,535,727			
Less: cash equivalents .....	1,028,777			
<b>Total investments</b> .....	<b>\$ 506,950</b>			

*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
<b>Debt Securities:</b>				
U.S. Agencies .....	\$ 434,049	\$ 434,049		
Repurchase agreements .....	100,000	100,000		
Equity mutual funds .....	10,080	10,080		
Money market mutual funds .....	989,550	989,550		
Commercial paper .....	2,048	2,048		
	1,535,727	\$ 1,535,727		
Less: cash equivalents .....	1,028,777			
<b>Total investments</b> .....	<b>\$ 506,950</b>			

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, 2020 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+	A1-P1
<b>Debt Securities:</b>			
U.S. Agencies .....	\$ 405,466	\$ 405,466	
Money market mutual funds .....	989,550	989,550	
Commercial paper .....	2,048		\$ 2,048
<b>Total investments .....</b>	<b>\$ 1,397,064</b>	<b>\$ 1,395,016</b>	<b>\$ 2,048</b>

*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, 2020, that were more than five percent of total investments (expressed in thousands):

Investment	Fair Value	Percentage of Portfolio
Cantor Repurchase Agreement .....	\$ 100,000	6.45%

**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, 2020 are as follows (expressed in thousands):

Investment Type	Carrying Value			Total
	Employees' Retirement System	Elected Officials' Retirement System	Fire and Police Employees' Retirement System	
<b>Debt Securities:</b>				
U.S. Treasury notes and bonds .....	\$ 6,930		\$ 46,750	\$ 53,680
U.S. government agency bonds .....			31,467	31,467
Corporate bonds .....	72,056	\$ 6,310	137,749	216,115
Commingled fixed income fund .....	229,642		266,792	496,434
U.S. Quasi and Foreign Government .....	63,356			63,356
Mutual funds .....	45,682	223	147,740	193,645
Total debt securities .....	417,666	6,533	630,498	1,054,697
<b>Other:</b>				
Domestic equities .....	461,445	9,892	323,390	794,727
International equities .....	361,936	5,019	478,253	845,208
Defensive equities .....	80,159	1,162		81,321
Dynamic US equity fund .....			92,526	92,526
Hedge funds .....	44,502		205,006	249,508
Commingled equity fund .....			192,960	192,960
Private equity funds .....	143,287		287,903	431,190
Energy master limited partnerships .....			88,962	88,962
Private energy funds .....			81,689	81,689
Real estate .....	224,582	2,733	251,880	479,195
Total other .....	1,315,911	18,806	2,002,569	3,337,286
Total investments .....	1,733,577	25,339	2,633,067	4,391,983
Less: Cash and cash equivalents .....	45,682	223	147,740	193,645
<b>Total net investment .....</b>	<b>\$ 1,687,895</b>	<b>\$ 25,116</b>	<b>\$ 2,485,327</b>	<b>\$ 4,198,338</b>

*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, 2020 is presented on the following table (expressed in thousands):

Currency	Employees' Retirement System	Fire and Police Employees' Retirement System	Total
Euro Currency Unit .....	\$ 71,215	\$ 149,251	\$ 220,466
Australian Dollar .....	13,580	3,990	17,570
Brazil Real .....	1,780	2,985	4,765
British Pound Sterling .....		64,049	64,049
Canadian Dollar .....	17,483	6,783	24,266
Danish Krone .....	1,890	13,489	15,379
Hong Kong Dollar .....	19,858	30,133	49,991
Indonesian Rupian .....	235	2,399	2,634
Israeli Shekel .....	233		233
Japanese Yen .....	44,006	50,091	94,097
Malaysian Ringgit .....	147		147
Mexican Peso .....	673		673
New Taiwan Dollar .....	4,013	1,915	5,928
New Zealand Dollar .....	858		858
Norwegian Krone .....	1,712	1,346	3,058
Polish Zloty .....	1,111		1,111
Pound Sterling .....	31,241		31,241
Russian Ruble .....	157		157
Singapore Dollar .....	9,567		9,567
South African Comm Rand .....	378		378
South Korean Won .....	5,636	2,366	8,002
Swedish Krona .....	8,469	13,515	21,984
Swiss Franc .....	18,187	35,230	53,417
Thai Baht .....	689	381	1,070
Turkish Lira .....	85		85
UAE Dirham .....	55		55
<b>Total Foreign Currency .....</b>	<b>\$ 253,258</b>	<b>\$ 377,923</b>	<b>\$ 631,181</b>

*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, 2020, 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 .....	17.08	\$ 6,930	\$ 6,930			
US Quasi and Foreign government .....	2.63	63,356	25,513	\$ 4,129		\$ 33,714
Corporate bonds .....	3.47	72,056	37,394	17,820	\$ 118	16,724
Commingled fixed income funds .....	13.31	229,642		166		229,476
Total debt securities .....		<u>\$ 371,984</u>	<u>\$ 69,837</u>	<u>\$ 22,115</u>	<u>\$ 118</u>	<u>\$ 279,914</u>
<i>Elected Officials' Retirement System:</i>						
Aggregate bond index fund .....	6.15	\$ 4,613				\$ 4,613
US Senior loan fund .....	0.48	1,697				1,697
Total debt securities .....		<u>\$ 6,310</u>				<u>\$ 6,310</u>
<i>Fire and Police Employees' Retirement System:</i>						
U.S. Treasury notes and bonds .....	7.83	\$ 46,750	\$ 46,750			
U.S. Government agency bonds .....	3.58	31,467	29,844			\$ 1,623
Barclay aggregate index .....	6.50	1,601	1,601			
NHIT agency mbs trust .....	1.74	21,751	21,751			
Corporate bonds .....	4.42	137,749	58,091	\$ 61,742		17,916
Emerging market debt fund .....	6.56	130,219		130,219		
MCM TIPS .....	7.90	108,362	108,362			
Senior floating rate fund .....	N/A	4,859		4,859		
Total debt securities .....		<u>\$ 482,758</u>	<u>\$ 266,399</u>	<u>\$ 196,820</u>		<u>\$ 19,539</u>

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, 2020, 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, 2020, was \$209,000,000, and the market value of the collateral received for those securities on loan was \$220,981,000 which included collateral received in cash in the amount of \$84,211,000. 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

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**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, 2020, are as follows (expressed in thousands):

Investment Type	Fair Value	Investment Maturities (In Months)	
		Less than 6	Greater than 12
Cash and cash equivalents .....	\$ 33,991	\$ 33,991	
U.S. Treasury obligations .....	13,737		\$ 13,737
U.S. Government agencies .....	15,820		15,820
Corporate bonds .....	100,433		100,433
Subtotal .....	163,981	\$ 33,991	\$ 129,990
Real estate .....	76,403		
Stocks .....	430,664		
Total investments .....	671,048		
Less: cash and cash equivalents .....	33,991		
Total net investments .....	\$ 637,057		

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)
<b>Debt securities</b>				
U.S. Treasury Notes and Bonds .....	\$ 13,736	\$ 13,736		
U.S. Government Agency Bonds .....	15,820		\$ 15,820	
Corporate Bonds .....	32,430		32,430	
Total debt securities at fair value level .....	<u>61,986</u>	<u>13,736</u>	<u>\$ 48,250</u>	
<b>Equity securities</b>				
Domestic equities .....	95,229	95,229		
International equities .....	16,961	16,961		
Total equity securities at fair value level .....	<u>112,190</u>	<u>\$ 112,190</u>		
Total investments by fair value level .....	<u>174,176</u>			
<b>Investments measured at the net asset value (NAV)</b>				
Commingled fixed income .....	68,004			
Domestic equities .....	98,216			
Defensive equities .....	32,944			
International equities .....	129,460			
Real estate .....	76,403			
Hedge funds .....	41,939			
Private equities .....	15,915			
Total investments measured at the NAV .....	<u>462,881</u>			
<b>Total net investments</b> .....	<u>\$ 637,057</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.....	\$ 68,004		Daily, weekly & monthly	0 - 30 days (1)
Domestic equities.....	98,216		Daily, weekly & monthly	0 - 30 days (2)
Defensive equities.....	32,944		Daily, weekly & monthly	0 - 30 days (3)
International equities.....	129,460		Quarterly	90-100 days (4)
Real estate.....	76,403		Quarterly	90-100 days (5)
Hedge funds.....	41,939		Quarterly	90-100 days (6)
Private equities.....	15,915	\$ 29,900	Not eligible	N/A (7)
<b>Total investments measured at the NAV</b>	<u>\$ 462,881</u>	<u>\$ 29,900</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) The system's hedge fund investment is in a multi-strategy fund. The fund has a deep and thorough research process that is harnessed through a dynamic risk budgeting framework. The investment is eligible for redemption with a 90-100 days notice period.

(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 7 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, 2020, 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 .....	\$ 48,951	\$ 48,951		10.2%	100.0%
Commercial paper .....	18,143		\$ 18,143	3.8%	5.0
Fixed income .....	597	597		0.1%	100.0
Equity funds .....	466	466		0.1%	100.0
U.S. Government agencies .....	274,805		274,805	57.5%	100.0
U.S. Treasury obligations .....	134,931		134,931	28.2%	100.0
Total invested funds .....	477,893	\$ 50,014	\$ 427,879	100.0%	
Less: cash equivalents .....	50,014				
Total net investments .....	\$ 427,879				

*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, 2020:

	Level 1	Level 2	Level 3	Balance June 30, 2020
<b>Investments by fair value level:</b>				
Debt Securities:				
Equity Funds .....	\$ 466			\$ 466
US Government Obligations .....		\$ 274,805		274,805
US Treasury Obligations .....		134,931		134,931
Total Debt Securities .....	466	409,736		410,202
Equity Securities:				
Fixed Income .....	597			597
Commercial Paper .....		18,143		18,143
Total Equity Securities .....	597	18,143		18,740
Total Investment by fair value level .....	<u>\$ 1,063</u>	<u>\$ 427,879</u>		428,942
<b>Investments carried at amortized cost:</b>				
Deposits .....				8,960
Money Market Mutual Funds .....				48,951
Total Investments at amortized cost .....				<u>57,911</u>
Total Investments .....				<u>\$ 486,853</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 .....	85.4%	\$ 407,974	AAA .....	0.0%	\$ 206
Aaa .....	0.4	1,967	AA+ .....	85.0	404,735
P-1 .....	3.8	18,143	A-1+ .....	3.0	12,995
Not rated .....	10.4	49,809	A-1 .....	1.0	5,148
	<u>100.0%</u>	<u>\$ 477,893</u>	Not rated .....	11.0	54,809
				<u>100.0%</u>	<u>\$ 477,893</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.

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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 \$42,552,000 consisting of repurchase agreements with various financial institutions and government money market funds.

**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 .....	\$ 17,154					\$ 17,154
Service billings .....				\$ 126,277		126,277
Due from other governments .....	95,493	\$ 40,937	\$ 14,365	365,633	\$ 2,681	519,109
Notes and mortgages receivable .....	265,727			31,480		297,207
Other .....	53,150		224	2,812	3,735	59,921
<b>Total .....</b>	<b>\$ 431,524</b>	<b>\$ 40,937</b>	<b>\$ 14,589</b>	<b>\$ 526,202</b>	<b>\$ 6,416</b>	<b>\$ 1,019,668</b>

Unavailable property taxes include prepaid property taxes. Service billings are reported net of an allowance for doubtful accounts of \$146,019,000. Bad debt expense for fiscal year 2020 was \$24,093,000.

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, 2020, were as follows (expressed in thousands):

*Governmental Activities Capital Assets:*

Class	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<b>Capital assets, not being depreciated:</b>				
Land .....	\$ 248,215			\$ 248,215
Other .....	120,834	\$ 3,029	\$ 2,162	121,701
Construction in progress .....	237,895	211,390	216,404	232,881
<b>Total capital assets, not being depreciated .....</b>	<b>606,944</b>	<b>214,419</b>	<b>218,566</b>	<b>602,797</b>
<b>Capital assets, being depreciated</b>				
Building and improvements .....	2,206,382	116,581		2,322,963
Equipment .....	452,658	45,161	17,981	479,838
Infrastructure .....	2,960,060	92,218		3,052,278
Library books .....	37,725	1,359	4,654	34,430
<b>Total capital assets, being depreciated .....</b>	<b>5,656,825</b>	<b>255,319</b>	<b>22,635</b>	<b>5,889,509</b>
<b>Less: accumulated depreciation for:</b>				
Building and improvements .....	1,327,703	36,967		1,364,670
Equipment .....	338,169	27,300	12,995	352,474
Infrastructure .....	1,447,048	73,446		1,520,494
Library books .....	19,925	3,307	4,654	18,578
<b>Total accumulated depreciation .....</b>	<b>3,132,845</b>	<b>141,020</b>	<b>17,649</b>	<b>3,256,216</b>
<b>Total capital assets, being depreciated, net .....</b>	<b>2,523,980</b>	<b>114,299</b>	<b>4,986</b>	<b>2,633,293</b>
<b>Governmental activities capital assets, net .....</b>	<b>\$ 3,130,924</b>	<b>\$ 328,718</b>	<b>\$ 223,552</b>	<b>\$ 3,236,090</b>

CITY OF BALTIMORE  
Notes to Basic Financial Statements  
(Continued)

*Business-type Activities Capital Assets:*

Class	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Capital assets, not being depreciated:				
Land .....	\$ 36,920			\$ 36,920
Construction in progress .....	1,172,297	\$ 460,765	\$ 259,506	1,373,556
Total capital assets, not being depreciated .....	1,209,217	460,765	259,506	1,410,476
Capital assets, being depreciated				
Building and improvements .....	3,882,947	6,490	20	3,889,417
Equipment .....	309,698	1,435	3,886	307,247
Infrastructure .....	1,714,234	244,461	808	1,957,887
Total capital assets, being depreciated .....	5,906,879	252,386	4,714	6,154,551
Less: accumulated depreciation for:				
Building and improvements .....	1,243,711	72,979		1,316,690
Equipment .....	127,648	12,575	3,871	136,352
Infrastructure .....	248,883	47,923	1	296,805
Total accumulated depreciation .....	1,620,242	133,477	3,872	1,749,847
Total capital assets, being depreciated, net .....	4,286,637	118,909	842	4,404,704
Business-type activities capital assets, net .....	\$ 5,495,854	\$ 579,674	\$ 260,348	\$ 5,815,180

Depreciation expense was charged to functions/programs of the City for the fiscal year ended June 30, 2020 (expressed in thousands):

<i>Governmental activities</i>	
General government .....	\$ 8,414
Public safety and regulation .....	8,615
Conservation of health .....	381
Education .....	14,783
Public library .....	5,233
Recreation and parks .....	9,062
Highways and streets .....	68,644
Sanitation and waste removal .....	2,221
Public service .....	2,564
Economic development .....	875
Internal service funds .....	20,228
Total .....	\$ 141,020
<i>Business-type activities:</i>	
Water .....	\$ 39,003
Wastewater .....	84,868
Stormwater .....	5,138
Parking .....	2,813
Conduits .....	1,655
Total .....	\$ 133,477

As of June 30, 2020, the outstanding commitments relating to projects of the City of Baltimore amounted to approximately \$167,278,000 for governmental activities and \$779,827,000 for business-type activities. Interest is capitalized on business-type capital assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest cost incurred from the date of borrowing until completion of the project, with interest earned on invested proceeds over the period. During fiscal year 2020, net interest cost of \$40,309,000 (net of interest income of \$8,126,000) was capitalized.

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



CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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, \$53,717,000 is reflected as a deferred inflow of resources (initial rent payment of \$55,955,000 less \$2,238,000 recognized as revenue). The parking garages are continuing to be depreciated and are reflected in the above governmental activities capital asset table.

**6. Interfund Balances and Activity**

A. BALANCE DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at June 30, 2020, were as follows (expressed in thousands):

Fund	Interfund	
	Receivable	Payable
General .....	\$ 50,379	\$ 17,900
Grants revenue .....		7,966
Capital projects .....	1,586	
Proprietary .....		22,769
Nonmajor governmental .....		1,622
Internal service .....		1,708
<b>Totals .....</b>	<b>\$ 51,965</b>	<b>\$ 51,965</b>

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, 2020, certain transactions between funds had not been completed.

B. TRANSFERS TO/FROM OTHER FUNDS

Transfers to/from other funds at June 30, 2020, were as follows (expressed in thousands):

Fund	General	Grants Revenue	Capital Projects	Nonmajor Governmental	Parking	Internal Service Fund	Total Transfer To
General .....	\$ 58,058		\$ 3,123		\$ 50,701		\$ 111,882
Grants revenues .....	21,453				5,781		27,234
Capital projects .....	51,200			\$ 13,515		\$ 1,400	66,115
Nonmajor governmental .....		\$ 11,617					11,617
<b>Total transfers from .....</b>	<b>\$ 130,711</b>	<b>\$ 11,617</b>	<b>\$ 3,123</b>	<b>\$ 13,515</b>	<b>\$ 56,482</b>	<b>\$ 1,400</b>	<b>\$ 216,848</b>

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, 2020, (expressed in thousands):

Special revenue funds:	
Baltimore Casino .....	\$ 1,432
Internal service funds:	
Municipal communication .....	449
Reproduction and printing .....	218

Deficits in the above funds are temporary and are not expected to continue.

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, 2020, are as follows (expressed in thousands):

	June 30, 2019	New Debt Issued	Debt Retired	June 30, 2020	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES*</b>					
<i>General Obligation Bonds:</i>					
Highways .....	\$ 1,201		\$ 184	\$ 1,017	\$ 218
Health .....	1,458		166	1,292	180
Public safety .....	1,725	\$ 7	180	1,552	211
Off-street parking .....	5,216		647	4,569	1,137
Recreation and parks .....	33,408	933	1,979	32,362	2,369
Public buildings and facilities .....	94,288	25,763	4,675	115,376	6,839
School .....	181,864	7,652	12,070	177,446	16,596
Urban renewal .....	250,304	23,065	20,661	252,708	20,789
Unallocated .....	3,423		691	2,732	730
Total general obligation bonds .....	572,887	57,420	41,253	589,054	49,069
<i>Special Obligation Bonds</i>					
Special Obligation Bonds .....	196,203	47,125	39,135	204,193	3,557
<i>Long-term financing with the Federal Government:</i>					
Federal economic development loans .....	16,707		2,788	13,919	2,901
Total Governmental Activities .....	\$ 785,797	\$ 104,545	\$ 83,176	\$ 807,166	\$ 55,527
<b>BUSINESS-TYPE ACTIVITIES</b>					
<i>General Obligation Bonds:</i>					
Stormwater .....	\$ 4,656		\$ 381	\$ 4,275	\$ 480
Total Business-Type Activities .....	\$ 4,656		\$ 381	\$ 4,275	\$ 480
 <b>COMPONENT UNIT - BALTIMORE CITY PUBLIC</b>					
<b>SCHOOL SYSTEM</b>					
<i>Bonds:</i>					
Schools .....	\$ 76,821		\$ 12,656	\$ 64,165	\$ 12,608

\*Included in the Statement of Net Position for Governmental Activities is a remaining unamortized premium of \$21,028,000

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

*Fixed Rate General Obligation Bonds*

On June 29, 2020, the City issued general obligation bonds, Series 2020-A and 2020-B, in the amounts of \$44,610,000 and \$12,810,000, respectively, and totaling \$57,420,000 for various capital projects. Interest on the bonds is due each April 15<sup>th</sup> and October 15<sup>th</sup>, and mature on October 15, 2040.

*Variable Rate General Obligation Bonds*

As of June 30, 2020, the City had \$15,460,000 of taxable variable rate demand Consolidated Public Improvement Bonds 2003 Series C and D outstanding, to construct various capital projects throughout the City. The bonds mature on October 15, 2020 and 2022, respectively.

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 \$15,790,000 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 2020, the City made no draws under the Agreement, and there were no amounts drawn against the Agreement outstanding at June 30, 2020.

*Compensated Absences*

Compensated absences as of June 30, 2020, totaled \$159,974,000 for governmental activities and \$15,901,000 for business-type activities, of which \$45,479,000 and \$5,111,000, respectively, were due within one year. For the Baltimore City Public School System, compensated absences and early retirement incentive plan amounts totaled \$54,487,000.

Changes in compensated absences during fiscal year 2020, are as follows (expressed in thousands):

	Governmental Activities	Business-type Activities	Total
Balance, June 30, 2019 .....	\$ 156,375	\$ 15,003	\$ 171,378
Leave earned .....	49,078	6,009	55,087
Leave used .....	(45,479)	(5,111)	(50,590)
Balance, June 30, 2020 .....	\$ 159,974	\$ 15,901	\$ 175,875
Due in one year	\$ 45,479	\$ 5,111	\$ 50,590

*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 2020, the Parking Facilities Fund reflected \$450,000 of interest expense and paid \$671,350 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, 2020, 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 Rate Swap Net(a)	Principal	Interest	Principal	Interest
2021	\$ 49,069	\$ 23,760	\$ 647	\$ 2,901	\$ 324	\$ 3,557	\$ 10,437
2022	54,714	21,914	421	3,023	249	4,021	10,267
2023	57,636	19,528	144	2,329	180	4,575	10,098
2024	35,684	17,427		2,410	119	5,138	9,838
2025	37,423	15,692		2,252	58	5,793	9,576
2026-2030	170,800	53,337		1,004	14	38,138	42,959
2031-2035	112,095	22,255				48,523	31,907
2036-2040	67,918	5,220				63,139	18,153
2041-2045	3,715	42				27,684	3,713
2046-2050						3,625	129
<b>Totals</b>	<b>\$ 589,054</b>	<b>\$ 179,175</b>	<b>\$ 1,212</b>	<b>\$ 13,919</b>	<b>\$ 944</b>	<b>\$ 204,193</b>	<b>\$ 147,077</b>

(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, 2020, 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
2021	\$ 480	\$ 176
2022	511	152
2023	539	126
2024	216	107
2025	227	97
2026-2030	720	386
2031-2035	830	235
2036-2040	752	61
<b>Totals</b>	<b>\$ 4,275</b>	<b>\$ 1,340</b>

A summary of general obligation bonds outstanding and bond anticipation notes outstanding, and bonds authorized but unissued (expressed in thousands) at June 30, 2020, 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%	\$ 1,552	\$ 58
Off-street parking	2018 to 2026	1.0% to 5.0%	4,569	345
Recreation and parks	2018 to 2035	1.0% to 6.0%	32,362	9,862
Public buildings and facilities	2018 to 2035	1.0% to 5.0%	115,376	119,178
Schools	2018 to 2035	1.0% to 5.8%	177,446	106,803
Urban renewal and development	2018 to 2035	1.0% to 6.0%	252,708	106,723
Highways	2018 to 2026	1.0% to 5.0%	1,017	21
Finance				20,000
Health	2018 to 2032	1.0% to 6.0%	1,292	4,071
Stormwater	2018 to 2026	1.0% to 5.5%	4,275	
Unallocated	2018 to 2026	1.0% to 5.0%	2,732	
<b>Totals</b>			<b>\$ 593,329</b>	<b>\$ 367,061</b>

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, 2020, the outstanding balance of the Series 2009 Construction Bonds is \$28,687,000.

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, 2020, the outstanding balance on the Series 2011 Bonds is \$35,478,000.

Future minimum bond payments are as follows at fiscal year ending June 30, 2020 (expressed in thousands):

Fiscal Year	Principal	Interest	Total
2021 .....	\$ 12,608	\$ 4,097	\$ 16,705
2022 .....	13,373	4,097	17,470
2023 .....	16,156	4,097	20,253
2024 .....	15,372	4,097	19,469
2025 .....	6,038	5,511	11,549
2026 - 2027 .....	618	5,511	6,129
<b>Totals .....</b>	<b>\$ 64,165</b>	<b>\$ 27,410</b>	<b>\$ 91,575</b>

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 2020, the City's capital lease obligations for governmental activities increased by \$6,602,000 (which is net of new leases in the amount of \$37,144,000 and lease principal payments in the amount of \$30,542,000) from the fiscal year 2019 total of \$150,608,000. During fiscal year 2020, the City's capital lease obligations for business-type activities decreased by \$101,000 for lease principal payments.

	Governmental Activities	Business-type Activities	Total
Balance June 30, 2019 .....	\$ 150,608	\$ 644	\$ 151,252
Lease payments .....	(30,542)	(101)	(30,643)
New leases .....	37,144		37,144
<b>Balance June 30, 2020 .....</b>	<b>\$ 157,210</b>	<b>\$ 543</b>	<b>\$ 157,753</b>
<b>Due in one year .....</b>	<b>\$ 28,194</b>	<b>\$ 106</b>	<b>\$ 28,300</b>

CITY OF BALTIMORE  
Notes to Basic Financial Statements  
(Continued)

Future minimum lease payments at June 30, 2020, are as follows (expressed in thousands):

Fiscal Year	Governmental Fund	Business-type Activities		Total
		Enterprise Fund	Internal Service Fund	
2021 .....	\$ 10,281	\$ 123	\$ 22,645	\$ 33,049
2022 .....	7,386	130	20,707	28,223
2023 .....	6,121	137	19,853	26,111
2024 .....	5,933	141	16,779	22,853
2025 .....	4,506	57	13,298	17,861
2026-2030 .....	13,248		31,173	44,421
2031-2035 .....	5,769			5,769
Total minimum lease payments .....	53,244	588	124,455	178,287
Less: interest .....	(8,143)	(45)	(12,346)	(20,534)
Present value minimum lease payments .....	\$ 45,101	\$ 543	\$ 112,109	\$ 157,753

The following is a schedule of leased property under capital leases by major class at June 30, 2020 (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	\$ 194,294	468,221
Total .....	\$ 464,360	\$ 3,187	\$ 194,294	\$ 661,841

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, 2020, the outstanding balances on the 1st Niagara and M&T Refunding Leases were \$1,347,000 and \$5,062,000, respectively.

Future minimum lease payments as of June 30, 2020, are as follow (expressed in thousands):

Fiscal Year	Capital Leases Principal
2021 .....	\$ 3,694
2022 .....	2,878
Total minimum lease payments .....	6,572
Less: deferred interest .....	(163)
Present value minimum lease payments .....	\$ 6,409

The following is a schedule of leased property under BCPSS capital leases by major class at June 30, 2020 (expressed in thousands):

Buildings .....	\$ 63,252
Equipment .....	3,926
Total .....	\$ 67,178

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 \$149,909,000 at June 30, 2020, and revenues of the Water, Wastewater, and Stormwater Funds are pledged as collateral for the bonds. Bonds outstanding as of June 30, 2020 consist of (expressed in thousands):

	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund
Term bonds series 1993-A with interest at 5.65%, payable semiannually, due July 1, 2020 .....	\$ 4,000	\$ 2,300	
Term bonds series 1994-A with interest at 5.00%, payable semiannually, due July 1, 2022 .....		3,345	
Term bonds series 1994-A with interest at 5.00%, payable semiannually, due July 1, 2024 .....	4,835		
Serial bonds series 1999-B maturing in annual installments from \$92,000 to \$636,000 through February 1, 2021, with interest rate at 2.61%, payable semiannually .....		92	
Serial bonds series 2001-A maturing in annual installments from \$632,000 to \$800,000 through February 1, 2022, with interest rate at 2.30%, payable semiannually .....		1,432	
Serial bonds series, 2003-B maturing in annual installments from \$70,234 to \$73,094 through February 1, 2031, with interest rate at 0.40%, payable semiannually .....	757		
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 .....		942	
Serial bonds series, 2004-A maturing in annual installments from \$207,842 to \$218,042 through February 1, 2032, with interest rate at 0.40%, payable semiannually .....	2,539		
Serial bonds series 2004A maturing in annual installments from \$340,000 to \$369,000 through February 1, 2022, with interest at 0.40%, payable semiannually .....			\$ 709
Serial bonds series, 2004-B maturing in annual installments from \$547,000 to \$972,000 through February 1, 2022, with interest rate at 0.45%, payable semiannually .....		1,519	
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 .....		3,608	
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 .....		3,397	
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 .....		6,652	
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 .....		1,974	
Serial bonds series, 2007-A maturing in annual installments from \$74,303 to \$78,574 through February 1, 2035, with interest rate at 0.40%, payable semiannually .....	1,078		
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 .....		12,493	
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 .....		1,115	
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 .....			356
Serial bonds series, 2009-A maturing in annual installments of \$426,167 through February 1, 2029, with an interest rate at 0.00% .....		3,836	
Serial bonds series, 2009-B maturing in annual installments of \$91,149 through February 1, 2030, with an interest rate at 0.00% .....		828	
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% .....	13,482		
Serial bonds series, 2009-E maturing in annual installments of \$157,842 through February 1, 2032, with an interest rate at 0.00% .....		1,894	
Serial bonds series, 2011-A maturing in annual installments of \$1,230,000 to \$2,000,000 through July 1, 2031, with interest rates from 3.00% to 5.00% .....	6,235		
Term bonds series 2011-A with interest at 4.50%, payable semiannually, due July 1, 2036 .....	10,915		
Term bonds series 2011-A with interest at 5.00%, payable semiannually, due July 1, 2042 .....	16,830		
Serial bonds series, 2011-A maturing in annual installments of \$2,325,000 to \$3,940,000 through July 1, 2031, with interest rates from 4.00% to 5.00% .....		12,440	

CITY OF BALTIMORE  
Notes to Basic Financial Statements  
(Continued)

	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund
Term bond series 2011-A with interest at 5.00%, payable semiannually, due July 1, 2036 .....		\$ 22,870	
Term bond series 2011-A with interest at 5.00%, payable semiannually, due July 1, 2041 .....		29,185	
Serial bonds series, 2011-B maturing in annual installments of \$136,833 to \$172,023 through February 1, 2043, with interest rates of 1.00% .....	\$ 3,554		
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% .....		2,492	
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 .....			\$ 1,668
Serial bonds series, 2013-A maturing in annual installments of \$1,621,982 to \$1,798,836 through February 1, 2034, with interest rate at 0.80%, payable semiannually .....		23,925	
Serial bonds series, 2013-A maturing in annual installments of \$2,640,000 to \$4,980,000 through July 1, 2033, with interest rates from 3.00% to 5.00%, payable semiannually .....	51,735		
Term bond series 2013-A with interest at 5.00%, payable semiannually, due July 1, 2038 .....	28,880		
Term bond series 2013-A with interest at 5.00%, payable semiannually, due July 1, 2043 .....	36,860		
Serial bonds series, 2013-B maturing in annual installments of \$3,335,000 to \$6,815,000 through July 1, 2033, with interest rates from 2.00% to 5.00%, payable semiannually .....	79,560		
Term bond series 2013-B with interest at 5.00%, payable semiannually, due July 1, 2038 .....	26,705		
Term bond series 2013-B with interest at 4.50%, payable semiannually, due July 1, 2038 .....	1,115		
Term bond series 2013-B with interest at 5.00%, payable semiannually, due July 1, 2043 .....	36,900		
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 .....	25,555		
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 .....		49,120	
Term bond series 2013-C with interest at 5.00%, payable semiannually, due July 1, 2038 .....		27,420	
Term bond series 2013-C with interest at 5.00%, payable semiannually, due July 1, 2043 .....		35,000	
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 .....		55,630	
Term bond series 2013-D with interest at 5.00%, payable semiannually, due July 1, 2038 .....		14,835	
Term bond series 2013-D with interest at 5.00%, payable semiannually, due July 1, 2042 .....		15,845	
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 .....		18,120	
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 .....		30,868	
Serial bonds series, 2014-A maturing in annual installments of \$1,910,000 to \$3,785,000 through July 1, 2034, with interest rates from 2.00% to 5.00% payable semiannually .....	41,265		
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 \$1,005,000 to \$4,825,000 through July 1, 2034, with interest rates of 5.00% payable semiannually .....	30,170		
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 \$725,000 to \$3,905,000 through July 1, 2034 with interest rates from 3.00% to 5.00% payable semiannually .....	27,695		
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 .....		36,520	
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 .....		107,715	
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 .....		22,345	
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 .....		15,824	
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 .....		62,094	
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 .....		22,323	



CITY OF BALTIMORE  
Notes to Basic Financial Statements  
(Continued)

	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund
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 .....			\$ 5,740
Serial bonds series 2017-A maturing in annual installments from \$2,785,000 to \$6,080,000 through July 1, 2036, with interest rates of 5.00%, payable semiannually .....	\$ 71,965		
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 .....	26,415		
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 .....	83,509		
Serial bonds series 2017-A maturing in annual installments from \$1,805,000 to \$6,415,000 through July 1, 2036, with interest rates of 5.00%, payable semiannually .....		\$ 46,630	
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 .....		72,470	
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 .....		4,359	
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 .....			5,210
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 .....		11,258	
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 .....	76,335		
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 \$1,620,000 to \$3,755,000 through July 1, 2039, with interest rates of 4.00% to 5.00%, payable semiannually .....		51,185	
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 .....			23,390
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 .....	15,400		
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 \$37,824 to \$41,5830 through Feb 1, 2040, with interest rates of 0.50%, payable semiannually .....		794	
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 .....			9,622
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 .....	9,520		
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 Febr 1, 2040, with interest rates of 0.50%, payable semiannually .....		8,808	
	1,003,329	1,416,940	68,295
Unamortized bond premiums .....	93,498	94,804	7,308
	<u>\$ 1,096,827</u>	<u>\$ 1,511,744</u>	<u>\$ 75,603</u>

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

*Fixed Rate Water, Wastewater and Stormwater Utility Revenue Bonds*

On November 22, 2019, the City entered into two Wastewater loan agreements with the Maryland Water Quality Financing Administration Revolving Loan Fund totaling \$9,602,000. The rate of interest on the loan is set at 0.50%.

On November 22, 2019, the City also entered into a Stormwater loan agreement with the Maryland Water Quality Financing Administration Revolving Loan Fund in the amount of \$9,622,000. The interest rate on the loan is set at 0.50%.

*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 \$28,945,000 at June 30, 2020, and revenues of the Parking Facilities Fund are pledged as collateral for the bonds. Bonds outstanding as of June 30, 2020, consist of (expressed in thousands):

Term bond series 1998-A with interest at 5.25%, payable semiannually, due July 1, 2021 .....	\$ 1,735
Variable rate demand bonds series 2008, payable monthly, due July 1, 2032 .....	63,495
Term bond series 2010 with interest at 6.10%, payable semiannually, due July 1, 2025 .....	785
Term bond series 2010 with interest at 7.00%, payable semiannually, due July 1, 2035 .....	830
Parking Refunding Series 2018 (refunded 2005, 2010) .....	22,595
<b>Total*</b> .....	<b>\$ 89,440</b>

\* Included in the Parking Fund Statement of Net Position is an unamortized portion of bond discount of \$622,000.

The City had \$63,495,000 of Series 2008 refunding taxable variable rate demand revenue bonds outstanding as of June 30, 2020. 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, 2019 through July 1, 2032 range from \$1,620,000 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.

In conjunction with the bonds, Bank of America issued an irrevocable letter of credit with a current value in the amount of \$64,539,000 in favor of the City and Manufacturers and Traders Trust Company as Tender Agent. The agreement expires December 1, 2021. 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 0.42% per annum of the average daily amount of the available commitment. During fiscal year 2020, 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, 2020.

*Stormwater Special Revenue Bond*

The City has issued a Stormwater Special Revenue Bond, Series 2004 with \$709,000 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 \$113,350,000 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.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

*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, 2020, consist of (expressed in thousands):

Serial bond series 2017, maturing in installments from \$2,100,000 to \$10,775,000 through September 2036, with interest rates ranging from 3.0% to 5.00% payable semiannually .....	\$ 113,815
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
<b>Totals .....</b>	<b>\$ 265,205</b>

Changes in revenue bond obligations for the year ending June 30, 2020, are as follows (expressed in thousands):

	June 30, 2019	New Debt Issues	Debt Retired	June 30, 2020	Due within One Year
<i>Governmental Activities*</i>					
Convention Center Hotel .....	\$ 271,730		\$ 6,525	\$ 265,205	\$ 2,500
Transportation .....	107,245		13,932	93,313	11,712
<b>Total Governmental Activities .....</b>	<b>\$ 378,975</b>		<b>\$ 20,457</b>	<b>\$ 358,518</b>	<b>\$ 14,212</b>
<i>Business - Type Activities**</i>					
Water .....	\$ 1,025,206		\$ 21,877	\$ 1,003,329	\$ 28,018
Wastewater .....	1,448,724	\$ 9,602	41,386	1,416,940	45,196
Stormwater .....	58,793	9,622	120	68,295	2,471
Parking Facilities .....	93,915		4,475	89,440	4,775
<b>Total Business-Type Activities .....</b>	<b>\$ 2,626,638</b>	<b>\$ 19,224</b>	<b>\$ 67,858</b>	<b>\$ 2,578,004</b>	<b>\$ 80,460</b>

\* Included in the Statement of Net Position for Governmental Activities is a remaining unamortized portion of bond premium of \$53,607,000.

\*\* Included in the Statement of Net Position for Business-Type Activities is a remaining unamortized portion of bond premium of \$194,988,000.

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
2021 .....	\$ 2,500	\$ 13,198	\$ 11,712	\$ 3,880
2022 .....	2,950	13,062	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		
<b>Totals .....</b>	<b>\$ 265,205</b>	<b>\$ 231,246</b>	<b>\$ 93,313</b>	<b>\$ 21,265</b>

CITY OF BALTIMORE  
Notes to Basic Financial Statements  
(Continued)

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)
2021	\$ 28,018	\$ 43,514	\$ 51	\$ 45,196	\$ 43,128	\$ 2,471	\$ 2,585	\$ 4,775	\$ 1,073	\$ 3,663
2022	28,181	42,307	51	47,813	46,086	2,521	2,511	4,995	946	3,537
2023	29,178	41,060	51	47,814	46,990	2,255	2,429	5,190	844	3,375
2024	29,146	39,767	51	53,471	46,493	2,343	2,344	5,565	774	3,172
2025	30,459	177,721	51	53,219	44,961	2,299	2,253	5,720	701	2,957
2026-2030	173,636	135,488	253	276,360	197,890	12,355	9,860	34,220	2,331	10,823
2031-2035	218,250	86,017	234	301,961	145,664	10,579	7,587	27,780	886	2,039
2036-2040	211,120	39,758	162	248,247	91,561	9,547	5,844	1,195	25	
2041-2045	182,206	8,292	31	195,985	46,247	11,298	4,053			
2046-2050	73,135	191		112,295	15,917	12,627	1,579			
2051-2055				34,579	2,501					
<b>Totals</b>	<b>\$ 1,003,329</b>	<b>\$ 614,115</b>	<b>\$ 935</b>	<b>\$ 1,416,940</b>	<b>\$ 727,438</b>	<b>\$ 68,295</b>	<b>\$ 41,045</b>	<b>\$ 89,440</b>	<b>\$ 7,580</b>	<b>\$ 29,566</b>

(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, 2020, 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 \$1,003,329,000, \$1,416,940,000, and \$68,295,000 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 65.3% of pledged revenues. Total principal and interest remaining to be paid on the revenue bonds for the Water, Wastewater and Stormwater Utility Funds are \$1,618,379,000, \$2,144,378,000, and \$109,340,000, respectively. Principal and interest paid for the current year and pledged revenue for the Water Utility Fund were \$63,096,000 and \$106,631,000, respectively. Principal and interest paid for the current year and pledged revenue for the Wastewater Utility Fund were \$83,467,000 and \$109,110,000, respectively. Principal and interest paid for the current year and pledged revenue for the Stormwater Utility Fund were \$3,141,000 and \$13,369,000, respectively.

### *The Parking Facility Fund*

The Parking Facility Fund has pledged future revenue from parking fees and fines to repay \$89,440,000 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 14.9% of pledged revenue. Total principal and interest remaining to be paid on these revenue bonds is \$126,586,000. For the current year, principal and interest payments and current pledged revenue were \$9,369,000 and \$62,876,000, respectively.

### *Tax Increment Revenue Pledges*

The City has pledged a portion of future property tax revenues to repay \$204,193,000 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 \$351,270,000. For the current year, principal and interest payments and current pledged revenue were \$11,604,000 and \$16,224,000, respectively.

## CITY OF BALTIMORE

### Notes to Basic Financial Statements

(Continued)

#### *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 \$265,205,000 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 \$496,451,000. For the current year, principal and interest payments were \$15,402,000.

#### *Baltimore Convention Center*

The City had pledged a portion of future revenue from Convention Center operations to repay revenue bond debt and it was paid off in fiscal year 2020. Proceeds from these revenue bonds were used to expand the Baltimore Convention Center. Annual principal and interest payments on these revenue bonds required 100% of pledged revenue. There is no principal and interest remaining to be paid on these revenue bonds. For the current year, principal and interest payments and current pledged revenue were \$4,536,000 and \$4,563,000, respectively.

### **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, 2020, \$121,525,000 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, 2020, 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, 2020, the City had deferred liabilities for various hedged derivative instruments with the total fair values of these instruments in the amounts of (\$1,089,005) and (\$25,094,185), for governmental and business-type activities, respectively. The notional amounts for these hedged derivative instruments at June 30, 2020, were \$15,460,000 and \$62,900,000, for governmental and business-type activities, respectively. During fiscal year 2020, the fair values of these instruments decreased \$(167,573) for governmental-type and increased by \$16,456,359 for business-type activities. All hedges are cash flow hedges.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

The following schedule provides a detailed analysis of derivative instruments held at June 30, 2020:

MA YOR AND CITY COUNCIL OF BALTIMORE  
SWAP PROFILE as of June 30, 2020

Outstanding Bonds	Effective Date	Termination Date	Interest Rate Paid by City	Interest Rate Received	Notional Amount	Fair Value	Counterparty Credit Rating
<b>Hedged Derivative Instruments - Governmental Activities</b>							
<b>General Obligation Bonds</b>							
<i>Floating to Fixed Swaps</i>							
2003 Bonds	5/14/2003	10/15/2020	4.215%	1M LIBOR	\$ 205,000	\$ (2,762)	BBB+/A3
2003 Bonds	5/14/2003	10/15/2022	4.970%	1M LIBOR	15,255,000	(1,086,243)	BBB+/A3
Total Governmental Activities					<u>\$ 15,460,000</u>	<u>\$ (1,089,005)</u>	
<b>Hedged Derivative Instruments - Business-type Activities</b>							
<b>Parking Revenue Bonds Series</b>							
<i>Floating to Fixed Swaps</i>							
2008 Bonds	6/19/2002	7/1/2032	6.098%	1M LIBOR	\$ 58,400,000	\$ (24,383,850)	A+/Aa3
2008 Bonds	6/19/2002	7/1/2025	5.915%	1M LIBOR	4,500,000	(710,335)	A+/Aa3
Total Parking Facilities Fund					<u>62,900,000</u>	<u>(25,094,185)</u>	
<b>Total Business-type Activities</b>					<u>\$ 62,900,000</u>	<u>\$ (25,094,185)</u>	

*Credit risk* — As of June 30, 2020, 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, two swaps or approximating 20% 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 80% 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 four 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, 2020, LIBOR for the prior 52-weeks ranged from 2.18% to 2.38%, whereas the City's taxable market ranged from 0.17% to 2.44%.

*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.

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**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, 2020 are as follows:

**Investment Derivative Instruments**

	Changes in Fair Value		Classification	Fair Value at June 30, 2020	
	Classification	Amount		Amount	Notional
<b>Business-Type Activities</b>					
<b>Water Utility Fund</b>					
Floating to Floating .....	Investment Revenue	\$ (702,534)	Debt	\$ (988,090)	\$ (71,455,000)
Total Business-Type Activities .....		\$ (702,534)		\$ (988,090)	\$ (71,455,000)

*Credit Risk* - At June 30, 2020, 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 \$702,354 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, 2020:

Currency	Forward Foreign	Forward Foreign	Forward Foreign	Forward Foreign	Unrealized Net
	Contracts Cost	Contracts Cost	Contracts Fair	Contracts Fair	
	Receivable (a)	Payable (b)	Value Receivable (c)	Value Payable (d)	Gain/(Loss) (c-a) + (b-d)
British Pound Sterling .....	\$ 43,886	\$ 43,886	\$ 43,886	\$ 44,032	\$ (146)
Canadian Dollar .....	183,120	183,120	183,120	183,773	(653)
Euro Currency Unit .....	3,273,229	3,273,229	3,328,688	3,385,283	(56,595)
Hong Kong Dollar .....	436,193	436,193	436,184	436,193	(9)
Japanese Yen .....	917	917	917	916	1
Pound Sterling .....	246,651	246,651	246,651	247,276	(625)
Singapore Dollar .....	1,755	1,755	1,755	1,756	(1)
Swedish Krona .....	3,345	3,345	3,345	3,365	(20)
U.S. Dollar .....	4,215,239	4,215,239	4,399,120	4,215,239	183,881
Total .....	\$ 8,404,335	\$ 8,404,335	\$ 8,643,666	\$ 8,517,833	\$ 125,833

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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](http://www.bcercs.org)

For Fire and Police Employees' Retirement System: [www.bcfpers.org](http://www.bcfpers.org)

For the Maryland State Retirement and Pension System: [www.sra.state.md.us](http://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, 2019, the measurement date, the F&P membership consisted of:

Retirees and beneficiaries currently receiving benefits .....	6,334
Active plan members .....	<u>3,983</u>
Total .....	<u><u>10,317</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 service. Members are eligible for early service retirement which is a reduced retirement benefit. To be eligible for early



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Notes to Basic Financial Statements

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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, 2019, the measurement date, the EOS Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits .....	28
Active plan members .....	<u>16</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:

1. An annuity which shall be the actuarial equivalent of accumulated contributions at the time of retirement,

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Notes to Basic Financial Statements

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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, 2019, the measurement date, the ERS Plan membership consisted of:

Active plan members .....	8,204
Retirees and beneficiaries currently receiving benefits .....	9,267
Inactive plan members eligible to but not yet receiving benefits .....	<u>1,024</u>
Total .....	<u><u>18,495</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 2,060 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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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, 2020 was \$3,335,000.

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 subject to pension system provisions on or after July 1, 2011, full service pension allowances equal 2.0% of AFC for the

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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, 2020, the City reported a liability of \$32,972,000 for its proportionate share of the net pension liability of the State System. The net pension liability was measured as of June 30, 2019, 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, 2018. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2020, the City's proportionate share was .1599%.

C. NET PENSION LIABILITY (ASSET)

The measurement date for the City Plans and the State System is June 30, 2019. Measurements are based on the fair value of assets as of June 30, 2019. 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
Total pension liability .....	\$ 3,966,401	\$ 17,001
Less: plan fiduciary net position .....	2,750,257	26,122
Net pension liability (asset) .....	<u>\$ 1,216,144</u>	<u>\$ (9,121)</u>
Plan fiduciary net position as a percentage of total pension liability (asset) .....	69.3%	153.6%

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 .....	\$ 141,326		\$ 89,866
% of Contribution made .....	100.00%		100.00%
Covered payroll .....	322,382		380,367
Actuarial assumptions:			
Investment rate of return:			
Pre-retirement .....	7.50%	7.00%	7.50%
Post retirement .....	7.50%	7.00%	6.50%
Projected salary increases .....	3.00%	2.5%	2.55%
Includes inflation rate at .....	3.00%	2.5%	2.65%
Cost-of-living adjustment .....	3.00%	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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The actuarial assumptions and the current year contributions for the State System are:

(Expressed in Thousands)

	Maryland State Retirement and Pension System
Contributions made .....	\$ 3,335
Actuarial assumptions:	
Investment rate of return: .....	7.40%
Projected salary increases .....	3.10% to 11.6%, including inflation
Inflation rate .....	2.65% general, 3.15% 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, 2019 measurement date. The discount rate used to determine the total pension liability as of June 30, 2019 is 7.25%.

*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

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accordance with the contributions policy in effect for July 1, 2016 actuarial valuation. As of June 30, 2019, 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, 2019, 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 2019 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, 2019 is 7.00% for active and terminated vested participants and 6.00% 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 .....	6.3%/37%
Private equities .....	7.5%/13%
Rate sensitive .....	1.3%/19%
Credit opportunity .....	3.9%/9%
Real assets .....	4.5%/14%
Absolute return .....	3.0%/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, 2019, 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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*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 .....	\$ 1,680,695	\$ 1,216,144	\$ 830,157
Plan fiduciary net position as a percentage of total pension liability .....	62.1%	69.3%	76.8%

(Expressed in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
Elected Officials' Retirement System	5.75%	6.75%	7.75%
Net pension (asset) .....	\$ (7,381)	\$ (9,121)	\$ (10,595)
Plan fiduciary net position as a percentage of total pension (asset) .....	139.4%	153.6%	168.2%

(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 .....	\$ 857,120	\$ 626,596	\$ 431,413
Plan fiduciary net position as a percentage of total pension liability .....	62.8%	69.8%	77.0%

(Expressed in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
Maryland State Retirement and Pension System	6.40%	7.40%	8.40%
LEOPS .....	\$ 36,122	\$ 26,032	\$ 17,786
ERPS .....	10,508	6,939	3,970

(Expressed in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
Total City Plans and State (exclude Baltimore City Public School Portion)			
Net pension liability .....	\$ 2,584,445	\$ 1,875,711	\$ 1,283,326

(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 .....	\$ 181,860	\$ 132,948	\$ 91,535
Plan fiduciary net position as a percentage of total pension liability .....	62.8%	69.8%	77.0%

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
<b>Fire and Police Employees' Retirement System</b>		
Pension contributions subsequent to measurement date .....	\$ 145,884	
Differences between actual and expected experience .....		\$ 21,421
Assumption change .....	43,192	
Differences between actual and projected earnings .....	17,461	
<b>Total .....</b>	<b>\$ 206,537</b>	<b>\$ 21,421</b>

( Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Elected Officials' Retirement System</b>		
Differences between actual and expected experience .....	\$ 994	
Assumption change .....	631	
Differences between actual and projected earnings .....		\$ 65
<b>Total .....</b>	<b>\$ 1,625</b>	<b>\$ 65</b>

( Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Maryland State Retirement and Pension System</b>		
Pension contributions subsequent to measurement date .....	\$ 3,335	
Differences between actual and expected experience .....		\$ 4,738
Assumption change .....	1,536	
Differences between actual and projected earnings .....	1,637	
<b>Total .....</b>	<b>\$ 6,508</b>	<b>\$ 4,738</b>

( Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Employees' Retirement System (City of Baltimore Portion)</b>		
Pension contributions subsequent to measurement date .....	\$ 71,501	
Differences between actual and expected experience .....	8,548	\$ 1,417
Change in proportionate share .....	8,940	9,807
Assumption change .....	40,467	
Differences between actual and projected earnings .....	13,881	
<b>Total .....</b>	<b>\$ 143,337</b>	<b>\$ 11,224</b>

( Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Total City Plans and State (exclude Baltimore City Public School Portion)</b>		
Pension contributions subsequent to measurement date .....	\$ 220,720	
Differences between actual and expected experience .....	9,542	\$ 27,576
Change in proportionate share .....	8,940	9,807
Assumption change .....	85,826	
Differences between actual and projected earnings .....	32,979	65
<b>Total .....</b>	<b>\$ 358,007</b>	<b>\$ 37,448</b>

( Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Employees' Retirement System (Baltimore City Public Schools Portion)</b>		
Pension contributions subsequent to measurement date .....	\$ 17,028	
Differences between actual and expected experience .....	1,814	\$ 301
Change in proportionate share .....	9,807	8,940
Assumption change .....	8,596	
Differences between actual and projected earnings .....	2,945	
<b>Total .....</b>	<b>\$ 40,190</b>	<b>\$ 9,241</b>



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	Elected Officials' Retirement System	Employees' Retirement System (City of Baltimore Portion)	Employees' Retirement System (Baltimore City Public Schools Portion)
2021 .....	\$ 29,910	\$ 628	\$ 24,223	\$ 5,583
2022 .....	(1,432)	303	12,712	2,930
2023 .....	1,989	481	17,615	4,060
2024 .....	8,765	148	6,061	1,349
Total .....	\$ 39,232	\$ 1,560	\$ 60,611	\$ 13,922

(Expressed in Thousands)

Pension expense amounts for years ended June 30:	Maryland State Retirement and Pension System
2021 .....	\$ 597
2022 .....	(583)
2023 .....	(971)
2024 .....	(426)
2025 .....	(180)
Total .....	\$ (1,563)

In addition to the amounts disclosed above \$220,720,000 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	Elected Officials' Retirement System	Employees' Retirement System (City of Baltimore Portion)	Total City Plans (City of Baltimore Portion)	Employees' Retirement System (Baltimore City Public Schools Portion)
\$	189,365	\$ 296	\$ 82,058	\$ 271,719	\$ 12,270

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) .....	\$ 277,540	\$ 1,045
Service cost .....	69,279	243
Changes in assumptions .....		841
Differences between expected and actual experience .....	(9,039)	776
Benefit payments, including refunds of member contribution .....	(255,996)	(1,165)
Net change in total pension liability .....	81,784	1,740
Total pension liability - beginning .....	3,884,617	15,261
Total pension liability - ending .....	\$ 3,966,401	\$ 17,001
Plan fiduciary net position:		
Net investment income .....	\$ 148,059	\$ 1,056
Contributions - employer .....	141,325	
Contributions - member .....	30,711	70
Benefit payments, including refunds of member contribution .....	(255,996)	(1,165)
Administrative expense .....	(5,144)	(36)
Net change in plan fiduciary net position .....	58,955	(75)
Plan fiduciary net position - beginning .....	2,691,302	26,197
Plan fiduciary net position - ending .....	2,750,257	26,122
Net pension liability (asset) - ending .....	\$ 1,216,144	\$ (9,121)
Plan fiduciary net position as a percentage of the total pension liability .....	69.34%	153.6%
Covered payroll .....	\$ 322,382	\$ 1,399
Net pension liability (asset) as a percentage of covered employee payroll .....	377.24%	-652.0%

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		
	Retirement System	Governmental Activities	Water	Wastewater	Stormwater	Proprietary Fund	Baltimore City Public Schools	
Net pension liability (asset), end of year .....	\$ 759,544	\$ 497,556	\$ 61,866	\$ 54,788	\$ 8,591	\$ 3,795	\$ 132,948	

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 .....	\$ 1,216,144	\$ (9,121)	\$ 626,596	\$ 32,971	\$ 1,866,590

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

G. THE UNFUNDED POLICE DEPARTMENT RETIREMENT PLAN

Additionally, the City’s Police Department is the administrator of the City’s unfunded single-employer defined benefit local retirement plan. The plan is managed by the City’s Police Department under the Code of Local Laws of Baltimore. All employees eligible for this plan were hired prior to January 1, 1947. All 7 members of this plan are currently retired and the City plans to pay benefits on a pay-as-you-go basis until all obligations have been fulfilled. The unfunded accrued liability represents the actuarial present value of future benefits based on assumed annual salary increases of 3.0% , and a discount rate of 2.45%. There is no covered payroll for the plan. The City’s annual contributions equal the employee benefits paid under the terms of the plan. The City’s employer contributions for the last three years are as follows:

**Three - Year Trend Information**

(Expressed in Thousands)

	Employer Contribution	Net Pension Liability
June 30, 2020 .....	\$ 182	\$ 633
June 30, 2019 .....	189	677
June 30, 2018 .....	241	763

H. 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, 2020, the State paid \$62.4 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, 2020, was \$2,393,000. This amount has also been recognized as both revenue and expenditure in the accompanying Statement of Activities.

I. 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.

CITY OF BALTIMORE

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:

Post Retirement Medical Benefit Eligibility Requirement*	
Employee Group	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, 2018 per actuary report was as follows:

	Number of Participants		
	City	Baltimore City Public School	Total
Active employees .....	12,214	8,727	20,941
Inactive employees or beneficiaries currently receiving benefits .....	9,234	5,743	14,977
Inactive employees entitled to but not yet receiving benefits .....	1,026		1,026
Totals .....	22,474	14,470	36,944

**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 \$57 to \$2,193 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 5.30% healthcare trend for fiscal year 2020, reduced by decrements to a rate of 3.84% in 2075. Salary increases were not considered as OPEB benefits and OPEB benefits are not based on pay.

Inflation .....	2.75%
Salary increases, including wage inflation .....	2.75%-3.50%
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 .....	5.30% for 2020 decreasing to an ultimate rate of 3.84% 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, 2020 and the valuation date is as of June 30, 2019. 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, 2020 is as follows:

(Expressed in Thousands)

	BCPSS		
	City Portion	Portion	Total
Total OPEB liability .....	\$ 1,810,694	\$ 324,787	\$ 2,135,481
Less: plan fiduciary net position .....	565,028	101,350	666,378
Net OPEB liability .....	<u>\$ 1,245,666</u>	<u>\$ 223,437</u>	<u>\$ 1,469,103</u>
Plan fiduciary net position as a percentage of the total OPEB liability .....	31.2%	31.2%	31.2%

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%
<b>Health Care Cost Trend Rates</b>			
1% decrease .....		\$ 1,159,897	
Current .....	\$ 1,213,149	1,469,103	\$ 1,764,365
1% increase .....		1,861,787	

(Expressed in Thousands)

	1% Increase 8.00%	Current Discount Rate 7.00%	1% Decrease 6.00%
<b>Health Care Cost Trend Rates (City Portion)</b>			
1% decrease .....		\$ 983,487	
Current .....	\$ 1,028,640	1,245,666	\$ 1,496,021
1% increase .....		1,578,626	

(Expressed in Thousands)

	1% Increase 8.00%	Current Discount Rate 7.00%	1% Decrease 6.00%
<b>Health Care Cost Trend Rates (BCPSS Portion)</b>			
1% decrease .....		\$ 176,410	
Current .....	\$ 184,509	223,437	\$ 268,344
1% increase .....		283,161	

F. DEFERRED INFLOWS AND OUTFLOWS

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

(Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>OPEB</b>		
Differences between actual and expected experience .....		\$ 226,529
Change in assumptions or other inputs .....	\$ 218,629	
Net difference between projected and actual earnings on OPEB plan investments ...	43,323	
<b>Total .....</b>	<b>\$ 261,952</b>	<b>\$ 226,529</b>

(Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>OPEB (City of Baltimore Portion)</b>		
Differences between actual and expected experience .....		\$ 169,889
Change in assumptions or other inputs .....	\$ 162,576	
Net difference between projected and actual earnings on OPEB plan investments ...	32,533	
Change in proportionate share .....	25,560	613
<b>Total .....</b>	<b>\$ 220,669</b>	<b>\$ 170,502</b>

(Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>OPEB (Baltimore City Public School Portion)</b>		
Differences between actual and expected experience .....		\$ 56,640
Change in assumptions or other inputs .....	\$ 56,053	
Net difference between projected and actual earnings on OPEB plan investments ...	10,790	
Change in proportionate share .....	266	25,213
<b>Total .....</b>	<b>\$ 67,109</b>	<b>\$ 81,853</b>

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)

Deferred outflows for years ended June 30:	Baltimore City Public		
	City Portion	Schools Portion	Total
2021 .....	\$ 21,727	\$ (6,386)	\$ 15,341
2022 .....	21,727	(6,386)	15,341
2023 .....	20,428	(6,004)	14,424
2024 .....	10,638	(3,127)	7,511
2025 .....	(24,354)	7,158	(17,196)
<b>Total .....</b>	<b>\$ 50,166</b>	<b>\$ (14,745)</b>	<b>\$ 35,421</b>

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 .....	\$ 41,437	\$ 11,217	\$ 52,654
Interest on total OPEB liability .....	118,001	31,944	149,945
Difference between expected and actual experience in the total OPEB liability .....	(41,184)	(11,149)	(52,333)
Expensed portion of current-period difference between expected and actual return on investment .....	9,239	2,501	11,740
Expected investment return net of investment expenses .....	44,018	11,916	55,934
Projected earnings on plan investments .....	(36,185)	(9,795)	(45,980)
<b>OPEB expense June 30, 2020.....</b>	<b>\$ 135,326</b>	<b>\$ 36,634</b>	<b>\$ 171,960</b>

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 .....	\$ 1,492,496	\$ 1,209,179	\$ 23,438	\$ 22,501	\$ 3,629	\$ 1,812	\$ 231,937	
OPEB Expense .....	171,960	120,657	6,631	6,320	947	771	36,634	
Employer Contributions .....	(121,951)	(81,292)	(4,906)	(4,676)	(701)	(571)	(29,805)	
Deferred Outflows/(Inflows) .....	(73,402)	(52,086)	(2,706)	(2,580)	(386)	(315)	(15,329)	
<b>Net OPEB Liability, End of Year .....</b>	<b>\$ 1,469,103</b>	<b>\$ 1,196,458</b>	<b>\$ 22,457</b>	<b>\$ 21,565</b>	<b>\$ 3,489</b>	<b>\$ 1,697</b>	<b>\$ 223,437</b>	

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 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.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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, 2020, the City has determined that the range of potential claims liability for the program to be between \$390,155,000 and \$424,291,000. 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, 2020 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 2020 and 2019 were (amounts expressed in thousands):

	2020	2019
Unpaid claims, beginning .....	\$ 362,948	\$ 358,505
Claims incurred .....	284,496	256,719
Claims paid .....	(257,289)	(252,276)
Unpaid claims, ending .....	<u>\$ 390,155</u>	<u>\$ 362,948</u>

The City estimates that \$93,807,000 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, 2020, future minimum lease payments are as follows (amounts expressed in thousands):

2021 .....	\$ 6,489
2022 .....	6,154
2023 .....	5,860
2024 .....	4,557
2025 .....	3,016
2026-2030 .....	4,394
2031-2035 .....	2,119
<b>Total</b> .....	<u>\$ 32,589</u>

All leases contain cancellation provisions and are subject to annual appropriations by the City Council. During fiscal year 2020, rent expenditures approximated \$30,444,000 for all types of leases. Approximately \$26,081,000 in expenditures are related to governmental activities and \$4,363,000 are related to business-type activities. These expenditures were made primarily from the General Fund.

The BCPSS has entered into a lease for rental of office equipment. During the year ended June 30, 2020, rent and lease expenditures approximated \$1,000,000. These expenditures were made primarily from the General Fund. As of June 30, 2020, future minimum lease payments approximate \$9,587,000, which relates to July 1, 2020 through July 1, 2023 when the leases expire.

**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 \$27,033,000 as of June 30, 2020, which is based on 82.80% usage (filled capacity) of the landfill. This is a increase in the liability of \$1,610,000, and a increase in the usage of 2%, since June 30, 2019. It is estimated that an additional \$5,616,000 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is



CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

expected to be filled to capacity (the year 2024). The estimated total current cost of the landfill closure and postclosure care, \$32,649,000, 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, 2020. 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 2021.

	Governmental Activities
Balance June 30, 2019 .....	\$ 25,423
Increase in Estimate .....	1,610
Balance June 30, 2020 .....	\$ 27,033
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, 2020, cash and cash equivalents of \$26,616,000 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, 2020, consist of the following:

- A. The General Fund has notes receivable of \$265,727,000 net of a \$1,000,000 allowance for losses. A note receivable from the Baltimore Hotel Corporation for \$265,205,000 bears interest at rates ranging from 3% to 5% and mature over 30 years. A portion of this note receivable totaling \$262,705,000 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 \$522,000 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 \$31,480,000 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 \$28,953,000 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, 2020, are as follows (amounts expressed in thousands):

	General*	Grants Revenue	Capital Projects	Other Funds	Governmental Funds
Fund Balances					
Nonspendable:					
Reserved for other assets .....	\$ 3,179				\$ 3,179
Restricted:					
General government .....				\$ 8,550	8,550
Education .....				24,137	24,137
Highways and streets .....			\$ 10,689		10,689
Sanitation and waste removal .....	54,474				54,474
Debt service.....	374,350				374,350
Public library .....				2,430	2,430
Recreation and culture .....				7,420	7,420
Total restricted .....	428,824		10,689	42,537	482,050
Assigned to:					
General government .....	62,020		98,777	4,632	165,429
Public safety and regulation .....	89,323				89,323
Conservation of health .....	19,951				19,951
Social services .....	4,089				4,089
Education .....	30,000			3,806	33,806
Public library .....	1,953				1,953
Recreation and culture .....	3,535				3,535
Highways and streets .....	13,191				13,191
Sanitation and waste removal .....	3,232				3,232
Public service .....	2,809				2,809
Economic development .....	6,923			8,206	15,129
Total assigned** .....	237,026		98,777	16,644	352,447
Unassigned	139,661			(1,432)	138,229
Total fund balances .....	\$ 808,690	\$	\$ 109,466	\$ 57,749	\$ 975,905

\* General fund unassigned fund balance includes \$139,661,000 for the budget stabilization reserve.

\*\* The assigned fund balance include encumbrances as follows: General Fund \$118,525,000, Grants Revenue Fund \$98,880,000, Capital Projects \$168,278,000, and Other Funds \$132,807,000

**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, 2020, 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, 2020. 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 2020 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 2020 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 2020 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 voluntarily 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 \$2.7 billion, which is comprised of \$1.7 billion in costs incurred through June 2020; \$90 million projected for completion of Phase I through January 1, 2021 (capital only); \$691 million projected for completion of Phase II through December 31, 2030 (capital only); and \$303 million projected for related costs, including program management, flow monitoring, asset management, and preventative maintenance.

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. The City is also implementing an Expedited Reimbursement Program that budgets up to \$2 million per year from the Wastewater Utility to reimburse City homeowners up to \$5,000 per dwelling, per incident for reasonable, verified disinfection and cleanup costs arising from verified sewage backups resulting from surcharging in the sanitary sewer system caused by wet weather. Applicants must exhaust applicable insurance coverage before seeking reimbursement, and applications must be filed within 90 days after the incident – historical backups are not eligible. In exchange for reimbursement of reasonable, verified expenses, applicants must sign a waiver for any claim to compensation for cleanup or disinfection arising from the incident. Eligibility under the Expedited Reimbursement Program is not premised on a determination of liability, and the program is limited to City homeowners and renters who meet the above criteria. 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”). Plaintiffs have recently amended the lawsuit to include additional claims under the Act.

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.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

**20. Beginning Balance Adjustments**

*Governmental Activities and Business-type Activities*

As of and for the year ended June 30, 2020, the Industrial Development Authority (IDA) is included in governmental activities in the government-wide financials statements and is not reported separately, due to IDA's inactivity and immateriality. As of and for the year ended June 30, 2019, the Industrial Development Authority was reported separately as a non-major proprietary fund under business-type activities in the government wide financials statements. As such, the City has restated the beginning net position for governmental and business-type activities.

The adjustments recorded are listed below:

(Expressed in Thousands)

	June 30, 2019 Net Position	IDA Reporting change	Restated June 30, 2019 Net Position
Governmental activities .....	\$ (367,999)	\$ 13,907	\$ (354,092)
Business-type activities .....	\$ 3,703,863	\$ (13,907)	\$ 3,689,956

*Discretely Presented Component Units*

As of and for the year ended June 30, 2020, 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, 2020, 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 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, 2020 and related deferred outflows, deferred inflows and expense. 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 .....		\$ 40,190	\$ 67,109	\$ 107,299
Net pension liability .....		132,948		132,948
Net OPEB liability .....			223,437	223,437
Deferred inflows .....		9,241	81,854	91,095
Expenses .....	\$ 1,446,826	(5,035)	6,829	1,448,620
Net position, June 30, 2020 .....	1,322,915	(101,997)	(238,182)	982,736

**21. Tax Abatement**

As of June 30, 2020, 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

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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 .....	\$ 5,510
Business development .....	11,703
Garages .....	311
Affordable housing .....	9,188
State of Maryland Port Authority .....	2,689
<b>Total .....</b>	<b>\$ 29,401</b>

**22. Subsequent Events**

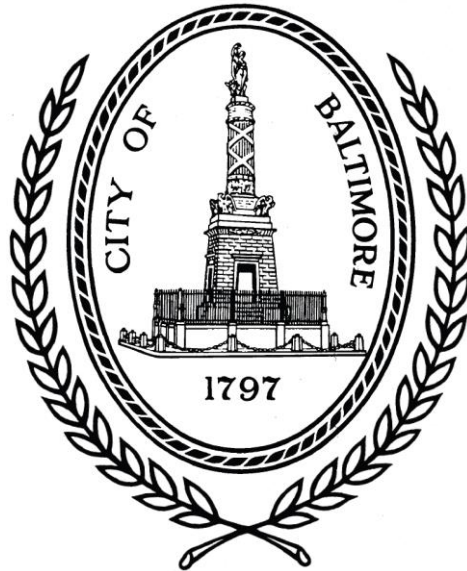
On December 2, 2020, the City issued Water Revenue Bonds, Series 2020-A and 2020-B in the amounts of \$107,375,000 and \$301,475,000, respectively, and totaling \$408,850,000. Of these amounts, \$107,375,000 was issued to fund various capital projects, and \$301,475,000 was refunding bonds that advance refunded certain outstanding maturities totaling \$267,440,000. The Series 2020-B Water Refunding Revenue Bond issuance reduced total debt service to obtain an economic gain of approximately \$43,149,000. Interest on the bonds is due July 1st and January 1st, and mature between 2021 and 2050 depending on the particular bond series.

On December 2, 2020, the City issued Wastewater Revenue Bonds, Series 2020-A in the amount of \$254,930,000. The bonds were issued to advance refunded certain outstanding maturities totaling \$229,170,000, which reduced total debt service to obtain an economic gain of approximately \$44,231,000. Interest on the bonds is due July 1st and January 1st, and mature between 2021 and 2043 depending on the particular bond series.

On December 3, 2020, the City entered into two Master Lease Purchase Agreements with Banc of America Public Capital Corp totaling \$24,450,000 to purchase motor vehicles and heavy equipment for the Department of General Services. One Agreement was for \$9,868,000 with a 5-year term and an interest rate of 1.7754%. The other agreement was for \$14,582,000 with a 10-year term and an interest rate of 2.0932%.

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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, 2020**  
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes - local.....	\$ 1,512,585	\$ 1,512,585	\$ 1,490,708	\$ (21,877)
State shared revenue.....	157,350	157,350	148,910	(8,440)
Licenses and permits.....	33,670	33,670	34,042	372
Fines and forfeitures.....	30,496	30,496	36,093	5,597
Interest, rentals and other investment income.....	28,548	28,548	32,027	3,479
Federal grants.....	300	300	16,719	16,419
State grants.....	101,896	101,896	105,580	3,684
Other grants.....	25	25		(25)
Charges for current services.....	56,464	54,264	49,664	(4,600)
Miscellaneous.....	3,363	3,363	4,492	1,129
<b>Total revenues.....</b>	<b>1,924,697</b>	<b>1,922,497</b>	<b>1,918,235</b>	<b>(4,262)</b>
<b>Expenditures and encumbrances:</b>				
Baltimore City Public School System.....	278,412	278,412	278,412	
Board of Liquor License Commissioners.....	2,462	2,462	2,054	408
City Council.....	8,602	8,602	7,262	1,340
Civil Service Commission.....	13,374	13,374	7,085	6,289
Comptroller.....	8,648	8,648	7,446	1,202
Courts.....	19,213	19,213	17,715	1,498
Department of Finance.....	35,138	35,138	20,174	14,964
Department of Fire.....	252,381	263,381	257,441	5,940
Department of General Services.....	13,875	16,375	11,185	5,190
Department of Health.....	47,081	52,581	58,145	(5,564)
Department of Housing and Community Development.....	69,970	75,470	65,554	9,916
Department of Law.....	11,251	11,251	10,986	265
Department of Legislative Reference.....	1,335	1,335	1,153	182
Department of Municipal and Zoning Appeals.....	663	663	567	96
Department of Planning.....	7,116	7,116	6,040	1,076
Department of Police.....	529,650	531,650	516,111	15,539
Department of Public Works.....	114,340	114,340	106,164	8,176
Department of Recreation and Parks.....	43,746	43,746	42,399	1,347
Department of Transportation.....	139,050	139,050	118,804	20,246
Enoch Pratt Free Library.....	28,772	28,772	24,733	4,039
Mayoralty.....	264,044	264,044	209,941	54,103
Office of Civil Rights.....	2,664	2,664	2,429	235
Office of Financial Review.....	780	780	743	37
Office of Sheriff.....	21,346	21,346	19,976	1,370
Office of State's Attorney.....	38,105	38,105	32,895	5,210
Supervisor of Elections.....	7,687	7,687	7,333	354
<b>Total expenditures and encumbrances.....</b>	<b>1,959,705</b>	<b>1,986,205</b>	<b>1,832,747</b>	<b>153,458</b>
<b>Excess of revenues over expenditures and encumbrances.....</b>	<b>(35,008)</b>	<b>(63,708)</b>	<b>85,488</b>	<b>149,196</b>
<b>Other financing sources (uses):</b>				
Transfers in.....	36,796	36,796	111,882	75,086
Transfers out.....	(142,540)	(142,540)	(130,711)	11,829
<b>Total other financing sources (uses).....</b>	<b>(105,744)</b>	<b>(105,744)</b>	<b>(18,829)</b>	<b>86,915</b>
<b>Net changes in fund balances.....</b>	<b>(140,752)</b>	<b>(169,452)</b>	<b>66,659</b>	<b>236,111</b>
Fund balances - beginning.....	915,070	915,070	915,070	
Fund balances - ending.....	<b>\$ 774,318</b>	<b>\$ 745,618</b>	<b>981,729</b>	<b>\$ 236,111</b>
<b>Adjustments to reconcile to GAAP basis:</b>				
<b>Residual Equity Transfer In</b>				
Addition of encumbrances outstanding.....			82,200	
Less: Accounts payable not recorded for budgetary purposes and other GAAP adjustments.....			(255,239)	
<b>Fund balance - June 30, 2020 (GAAP basis).....</b>			<b>\$ 808,690</b>	

(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 \$2,393,000 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, 2020**  
(Expressed in Thousands)

	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%
City's proportionate share of the net pension liability .....	\$ 610,998	\$ 614,236	\$ 644,079	\$ 597,470	\$ 565,892	\$ 626,594
City's covered payroll .....	344,809	347,656	319,693	318,999	304,333	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%
Plan fiduciary net position as a percentage of the total pension liability .....	67.83%	68.00%	65.17%	65.17%	71.11%	69.80%

The reporting date is June 30, 2020 and the measurement date is June 30, 2019.

**CITY OF BALTIMORE**  
**Schedule of Employer Contributions**  
**Employees' Retirement System Plan**  
**For the Year Ended June 30, 2020**  
(Expressed in Thousands)

Description	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution .....	\$ 78,437	\$ 77,088	\$ 60,712	\$ 68,895	\$ 63,481	\$ 73,025	\$ 78,177
Contribution in relation to the actuarially determined contribution .....	81,558	82,780	61,704	68,904	63,481	73,025	78,177
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
Contribution as a percentage of covered payroll .....	23.65%	23.81%	19.30%	21.60%	20.86%	21.41%	21.41%

**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, 2020**  
(Expressed in Thousands)

	2016	2017	2018	2019	2020
City's share of the net pension liability .....	0.02%	0.02%	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
City's covered payroll .....	952	850	1,400	1,423	1,486
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%
Plan fiduciary net position as a percentage of the total pension liability .....	66.27%	62.97%	66.71%	68.36%	67.98%

Note: The reporting date is June 30, 2020 and the measurement date is June 30, 2019.

**CITY OF BALTIMORE**  
**Schedule of Employer Contributions**  
**Maryland State Retirement and Pension System-ERPS**  
**For the Year Ended June 30, 2020**  
(Expressed in Thousands)

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

Note: 2020 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, 2020**  
(Expressed in Thousands)

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

Note: The reporting date is June 30, 2020 and the measurement date is June 30, 2019.

**CITY OF BALTIMORE**  
**Schedule of Employer Contributions**  
**Maryland State Retirement and Pension System-LEOPS**  
**For the Year Ended June 30, 2020**  
(Expressed in Thousands)

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

Note: 2020 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, 2020**  
(Expressed in Thousands)

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

The reporting date is June 30, 2020 and the measurement date is June 30, 2019.

**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, 2020**  
(Expressed in Thousands)

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

The reporting date is June 30, 2020 and the measurement date is June 30, 2019.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Fire and Police Employees' Retirement System:</b>										
Actuarially determined contribution .....	\$ 107,540	\$ 107,488	\$ 107,779	\$ 113,843	\$ 119,020	\$ 121,115	\$ 129,689	\$ 137,738	\$ 141,326	\$ 146,795
Contribution in relation to the actuarially determined contribution .....	107,540	107,488	104,779	113,843	119,020	121,115	129,689	137,738	141,326	146,795
Covered payroll .....	275,648	284,601	277,524	292,739	322,667	300,855	296,357	323,351	322,382	326,640
Contribution as a percentage of covered payroll .....	39.01%	37.77%	38.84%	38.89%	36.39%	40.26%	43.76%	42.60%	43.84%	44.94%
<b>Elected Officials' Retirement System:</b>										
Actuarially determined contribution .....	\$ 957	\$ 998	\$ 419	\$ 307	\$ 85					
Contribution in relation to the actuarially determined contribution .....	957	998	419	307	85					
Covered payroll .....	1,206	1,237	1,236	1,267	1,299	1,334	1,297	1,399	1,363	1,470
Contribution as a percentage of covered payroll .....	79.35%	80.68%	33.90%	24.23%	6.54%	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
<b>Total OPEB Liability</b>				
Service Cost at end of year .....	\$ 29,652	\$ 30,838	\$ 29,956	\$ 52,654
Interest .....	93,367	94,514	100,281	149,945
Changes of benefit term .....			563,734	
Difference between expected and actual experience .....			(210,824)	(103,175)
Changes of assumption or other inputs .....		30,644	304,959	
Benefits payments .....	(106,880)	(106,352)	(97,821)	(104,936)
Net changes in Total OPEB Liability .....	16,139	49,644	690,285	(5,512)
Total OPEB Liability - beginning .....	1,384,925	1,401,064	1,450,708	2,140,993
Total OPEB Liability - ending (a) .....	\$ 1,401,064	\$ 1,450,708	\$ 2,140,993	\$ 2,135,481
<b>Plan Fiduciary Net Position</b>				
Contribution - Employer .....	\$ 138,931	\$ 145,466	\$ 124,579	\$ 121,951
Net investment income .....	46,166	32,933	33,133	866
Benefit payments .....	(106,880)	(106,352)	(97,821)	(104,936)
Net change in Plan Fiduciary Net Position .....	78,217	72,047	59,891	17,881
Plan Fiduciary Net Position - beginning .....	438,342	516,559	588,606	648,497
Plan Fiduciary Net Position - ending (b) .....	516,559	588,606	648,497	666,378
Net OPEB liability - ending (a) - (b) .....	\$ 884,505	\$ 862,102	\$ 1,492,496	\$ 1,469,103

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

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

Note: This is the fourth 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
City's share of the net OPEB liability .....	71.4%	71.3%	84.5%	84.8%
City's proportionate share of the net OPEB liability .....	\$ 625,170	\$ 614,351	\$ 1,260,559	\$ 1,245,666
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%
Plan fiduciary net position as a percentage of the total OPEB liability .....	36.9%	40.6%	30.3%	31.2%

Note: This is the fourth 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
Actuarial determined contribution .....	\$ 175,567	\$ 182,546
Contributions in relations to the actuarial determined contributions .....	124,579	121,951
Contribution deficiency (excess) .....	\$ 50,988	\$ 60,595
Covered payroll .....	\$ 1,196,671	\$ 1,352,753
Contributions as a percentage of covered payroll .....	10.4%	9.0%

Note: This is the second 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 2020, a supplemental appropriation ordinance was required for the general fund in the amount of \$26,500,000.

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.bcercs.org](http://www.bcercs.org)

For Fire and Police Employees' Retirement System: [www.bcfpers.org](http://www.bcfpers.org)

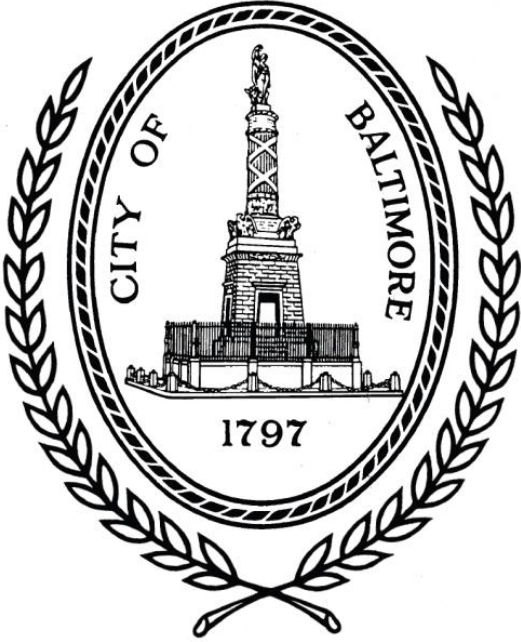
For the Maryland State Retirement and Pension System: [www.sra.state.md.us](http://www.sra.state.md.us)

**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, 2020**  
(Expressed in Thousands)

	Special Revenue Funds									Permanent Funds			Total Nonmajor Governmental Funds													
	Community	School	Baltimore	State Video	Lottery	Affordable	Children and	Enoch	Total	Pratt Free	Memorial	Total														
	Development	Construction	Casino	Terminal	Scholarship	Table Game	Housing Trust	Youth Fund	Library	Memorial																
	Block Grant Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund														
<b>Assets:</b>																										
Cash and cash equivalents.....	\$	8,077	\$	2,686	\$	3,248	\$	5,684	\$	1,417	\$	8,574	\$	17,657	\$	47,343	\$	69	\$	1,364	\$	1,433	\$	48,776		
Investments.....								796						796		796		2,361		6,056		8,417		9,213		
Other receivables, net.....				1,101										1,101		1,101								1,101		
Due from other government.....		2,155		19	\$	402				105				2,681		2,681								2,681		
Total assets.....	\$	10,232	\$	3,806	\$	402	\$	3,248	\$	6,480	\$	1,522	\$	8,574	\$	17,657	\$	51,921	\$	2,430	\$	7,420	\$	9,850	\$	61,771
<b>Liabilities, deferred inflows of resources and fund balances:</b>																										
<b>Liabilities:</b>																										
Accounts payable and accrued liabilities.....	\$	2,026		\$	212	\$	119		\$	19	\$	24		\$	2,400										\$	2,400
Due to other funds.....					1,622										1,622										1,622	
Total liabilities.....		2,026		1,834	119				19	24				4,022		4,022									4,022	
Total liabilities.....		2,026		1,834	119				19	24				4,022		4,022									4,022	
<b>Fund balances:</b>																										
Restricted.....							\$	6,480		\$	8,550	\$	17,657	\$	32,687	\$	2,430	\$	7,420	\$	9,850	\$		\$	42,537	
Assigned.....	\$	8,206	\$	3,806		\$	3,129		\$	1,503				16,644		16,644									16,644	
Unassigned.....				\$	(1,432)									(1,432)		(1,432)									(1,432)	
Total fund balances.....		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										57,749	
Total liabilities, deferred inflows of resources and fund balances.....	\$	10,232	\$	3,806	\$	402	\$	3,248	\$	6,480	\$	1,522	\$	8,574	\$	17,657	\$	51,921	\$	2,430	\$	7,420	\$	9,850	\$	61,771

**CITY OF BALTIMORE**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**  
(Expressed in Thousands)

	Special Revenue Funds									Permanent Funds			Total Nonmajor Governmental Funds
	Community Development		School Construction	State Video Lottery			Affordable Housing		Children and Youth	Enoch Pratt Free Library		Memorial	
	Block Grant Fund	Fund	Casino Fund	Terminal Fund	Scholarship Fund	Table Game Fund	Trust Fund	Youth Fund	Total	Fund	Fund	Total	
<b>Revenues:</b>													
Taxes - local .....		\$ 12,903					\$ 6,255	\$ 13,105	\$ 32,263				\$ 32,263
State shared revenue .....			\$ 1,559	\$ 5,107	\$ 6,197	\$ 1,644			14,507				14,507
Interest, rentals and other investment income .....					\$ 96				96	\$ 93	\$ 683	\$ 776	872
Federal grants .....	\$ 17,577								17,577				17,577
Other revenue .....		1,400							1,400				1,400
Total revenues .....	17,577	15,862	5,107	6,197	96	1,644	6,255	13,105	65,843	93	683	776	66,619
<b>Expenditures:</b>													
<b>Current:</b>													
General government .....	1,762	15,787	1,209	1,574			165		20,497				20,497
Public safety and regulation .....			1,817						1,817				1,817
Education .....					3			7,065	7,068				7,068
Public library .....				5					5	25		25	30
Recreation and culture .....			201	3		737			941		111	111	1,052
Sanitation and waste removal .....			527	34					561				561
Economic development .....	10,507		426						10,933				10,933
Total expenditures .....	12,269	15,787	4,180	1,616	3	737	165	7,065	41,822	25	111	136	41,958
Excess (deficiency) of revenues over (under) expenditures .....	5,308	75	927	4,581	93	907	6,090	6,040	24,021	68	572	640	24,661
<b>Other financing sources (uses):</b>													
Transfers in .....									11,617	11,617			11,617
Transfers out .....	(4,494)		(3,000)	(6,021)					(13,515)				(13,515)
Total other financing sources (uses) .....	(4,494)		(3,000)	(6,021)					11,617	(1,898)			(1,898)
Net change in fund balances .....	814	75	(2,073)	(1,440)	93	907	6,090	17,657	22,123	68	572	640	22,763
Fund balances - beginning .....	7,392	3,731	641	4,569	6,387	596	2,460		25,776	2,362	6,848	9,210	34,986
Fund balances - ending .....	\$ 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

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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, 2020**  
(Expressed in Thousands)

	Conduit Fund
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents.....	\$ 36,256
Capital assets, net of accumulated depreciation.....	88,268
Capital assets not being depreciated.....	73,946
Total noncurrent assets.....	198,470
Total assets.....	198,470
Deferred outflows of resources	
Deferred outflows related to pension .....	814
Deferred outflows related to OPEB .....	772
Total deferred outflows of resources.....	1,586
Total assets and deferred outflows of resources.....	200,056
Liabilities and deferred inflows of resources:	
Current liabilities:	
Accounts payable and accrued liabilities.....	335
Due to other funds.....	22,769
Compensated absences.....	159
Other liabilities.....	5,000
Current liabilities payable from restricted assets:	
Accounts payable from restricted assets.....	8,800
Total current liabilities.....	37,063
Noncurrent liabilities:	
Net pension liability .....	3,795
Net OPEB liability .....	1,697
Compensated absences.....	286
Total noncurrent liabilities.....	5,778
Total liabilities.....	42,841
Deferred inflows of resources:	
Deferred inflows related to pension .....	9
Deferred inflows related to OPEB .....	771
Total deferred inflows of resources.....	780
Total liabilities and deferred inflows of resources.....	43,621
Net position:	
Net investment in capital assets .....	162,213
Unrestricted.....	(5,778)
Total net position.....	\$ 156,435



**CITY OF BALTIMORE**  
**Combining Statement of Revenues, Expenses,**  
**and Changes in Net Position**  
**Nonmajor Proprietary Fund**  
**For the Year Ended June 30, 2020**  
(Expressed in Thousands)

	Conduit Fund
<hr/>	
Operating revenues:	
Rents, fees, and other income.....	\$ 35,986
Total operating revenues.....	<u>35,986</u>
Operating expenses:	
Salaries and wages.....	4,215
Other personnel costs.....	2,724
Contractual services.....	2,855
Materials and supplies.....	157
Minor equipment.....	206
Depreciation.....	1,655
Total operating expenses.....	<u>11,812</u>
Operating income .....	24,174
Capital contributions .....	<u>367</u>
Changes in net position.....	24,541
Total net position - beginning .....	<u>131,894</u>
Total net position - ending.....	<u>\$ 156,435</u>

**CITY OF BALTIMORE**  
**Combining Statement of Cash Flows**  
**Nonmajor Proprietary Fund**  
**For the Year Ended June 30, 2020**  
(Expressed in Thousands)

	Conduit Fund
<hr/>	
Cash flows from operating activities:	
Receipts from customers.....	\$ 36,212
Payments to employees.....	(6,198)
Payments to suppliers.....	(3,231)
Net cash provided by operating activities.....	26,783
Cash flow from capital and related financing activities:	
Acquisition and construction of capital assets.....	(34,805)
Capital contributions (reduction).....	367
Net cash provided (used) by capital and related financing activities.....	(34,438)
Net increase (decrease) in cash and cash equivalents.....	(7,655)
Cash and cash equivalents, beginning of year.....	43,911
Cash and cash equivalents, end of year.....	\$ 36,256
Reconciliation of operating income to net cash provided by operating activities:	
Operating income .....	\$ 24,174
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense.....	1,655
Other assets.....	226
Deferred outflows - pension .....	(338)
Deferred outflows - OPEB .....	96
Accounts payable and accrued liabilities.....	25
Compensated absences .....	52
Pension liability - current period .....	796
OPEB liability .....	(115)
Deferred inflows - pension.....	(6)
Deferred inflows - OPEB.....	218
Total adjustments.....	2,609
Net cash provided by operating activities.....	\$ 26,783

# 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.

*Energy Conservation Fund* - This fund accounts for the operation of the City's energy conservation office.

*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, 2020**  
(Expressed in Thousands)

	Energy Conservation Fund	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
<b>Assets:</b>									
<b>Current assets:</b>									
Cash and cash equivalents.....	\$ 987	\$ 1,442			\$ 616	\$ 1,468	\$ 6,063	\$ 3,103	\$ 13,679
<b>Accounts receivable, net:</b>									
Other.....			\$ 247	\$ 141		18	2,228		2,634
Inventories.....			6,813	797	117				7,727
<b>Total current assets.....</b>	<b>987</b>	<b>1,442</b>	<b>7,060</b>	<b>938</b>	<b>733</b>	<b>1,486</b>	<b>8,291</b>	<b>3,103</b>	<b>24,040</b>
<b>Noncurrent assets:</b>									
Restricted cash.....		3,956	51,730						55,686
Capital assets, net.....		8,328	109,386		90				117,804
<b>Total noncurrent assets.....</b>		<b>12,284</b>	<b>161,116</b>		<b>90</b>				<b>173,490</b>
<b>Total assets.....</b>	<b>987</b>	<b>13,726</b>	<b>168,176</b>	<b>938</b>	<b>823</b>	<b>1,486</b>	<b>8,291</b>	<b>3,103</b>	<b>197,530</b>
<b>Liabilities:</b>									
<b>Current liabilities:</b>									
Accounts payable and accrued liabilities.....	55	941	6,515	468	20	404	1,634	736	10,773
Due to other funds.....			1,167	541					1,708
Leases payable.....		1,694	17,794						19,488
Compensated absences.....	5	15	708	43	17	49	215		1,052
<b>Total current liabilities.....</b>	<b>60</b>	<b>2,650</b>	<b>26,184</b>	<b>1,052</b>	<b>37</b>	<b>453</b>	<b>1,849</b>	<b>736</b>	<b>33,021</b>
<b>Noncurrent liabilities:</b>									
Leases payable.....		11,424	81,197						92,621
Compensated absences.....		101	1,687	104	12	155	625		2,684
<b>Total noncurrent liabilities.....</b>		<b>11,525</b>	<b>82,884</b>	<b>104</b>	<b>12</b>	<b>155</b>	<b>625</b>		<b>95,305</b>
<b>Total liabilities.....</b>	<b>60</b>	<b>14,175</b>	<b>109,068</b>	<b>1,156</b>	<b>49</b>	<b>608</b>	<b>2,474</b>	<b>736</b>	<b>128,326</b>
<b>Net position:</b>									
Net investment in capital assets.....		(4,790)	10,394		90				5,694
Unrestricted (deficit).....	927	4,341	48,714	(218)	684	878	5,817	2,367	63,510
<b>Total net position.....</b>	<b>\$ 927</b>	<b>\$ (449)</b>	<b>\$ 59,108</b>	<b>\$ (218)</b>	<b>\$ 774</b>	<b>\$ 878</b>	<b>\$ 5,817</b>	<b>\$ 2,367</b>	<b>\$ 69,204</b>

**CITY OF BALTIMORE**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**  
(Expressed in Thousands)

	Energy Conservation Fund	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.....	\$ 500	\$ 5,558	\$ 60,283	\$ 2,618	\$ 3,272	\$ 8,574	\$ 30,755	\$ 5,356	\$ 116,916
Operating expenses:									
Salaries and wages.....	133	490	14,618	639	302	1,251	4,545	24	22,002
Other personnel costs.....	156	156	5,831	237	136	452	1,700	2	8,670
Contractual services.....	265	969	23,626	1,002	16	6,181	17,929	11	49,999
Materials and supplies.....	22		1,151	922		4	705		2,804
Minor equipment.....	8	6,442			151	5	198	5,402	12,206
Postage and delivery service.....					3,260				3,260
Depreciation.....		994	19,214		31				20,239
Total operating expenses.....	584	9,051	64,440	2,800	3,896	7,893	25,077	5,439	119,180
Operating income (loss).....	(84)	(3,493)	(4,157)	(182)	(624)	681	5,678	(83)	(2,264)
Nonoperating revenues:									
Loss on sale of equipment.....			(4,415)						(4,415)
Total nonoperating revenues, net.....			(4,415)						(4,415)
Other financing sources (uses):									
Transfer out.....							(1,400)		(1,400)
Change in net position.....	(84)	(3,493)	(8,572)	(182)	(624)	681	4,278	(83)	(8,079)
Total net position - beginning.....	1,011	3,044	67,680	(36)	1,398	197	1,539	2,450	77,283
Total net position - ending.....	\$ 927	\$ (449)	\$ 59,108	\$ (218)	\$ 774	\$ 878	\$ 5,817	\$ 2,367	\$ 69,204

**CITY OF BALTIMORE**  
**Combining Statement of Cash Flows**  
**Internal Services Funds**  
**For the Year Ended June 30, 2020**  
(Expressed in Thousands)

	Energy Conservation Fund	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
<b>Cash flows from operating activities:</b>									
Receipts from customers.....	\$ 704	\$ 5,558	\$ 62,241	\$ 2,761	\$ 3,244	\$ 8,649	\$ 29,433	\$ 5,356	\$ 117,946
Payments to employees.....	(334)	(616)	(20,604)	(838)	(431)	(1,652)	(5,567)	(26)	(30,068)
Payments to suppliers.....	(496)	(6,870)	(25,588)	(1,923)	(3,426)	(6,221)	(19,510)	(4,688)	(68,722)
Net cash provided (used) by operating activities.....	(126)	(1,928)	16,049		(613)	776	4,356	642	19,156
<b>Cash flows from noncapital financing activities:</b>									
Transfers out.....							(1,400)		(1,400)
Net cash provided by noncapital financing activities.....							(1,400)		(1,400)
<b>Cash flows from capital and related financing activities:</b>									
Acquisition and construction of capital assets.....			(13,859)		(46)				(13,905)
Other financing sources.....		3,936							3,936
Net cash (used) by capital and related financing activities.....		3,936	(13,859)		(46)				(9,969)
Net increase (decrease) in cash and cash equivalents....	(126)	2,008	2,190		(659)	776	2,956	642	7,787
Cash and cash equivalents, beginning of year.....	1,113	3,390	49,540		1,275	692	3,107	2,461	61,578
Cash and cash equivalents, end of year.....	\$ 987	\$ 5,398	\$ 51,730	\$	\$ 616	\$ 1,468	\$ 6,063	\$ 3,103	\$ 69,365
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>									
Operating income (loss).....	\$ (84)	\$ (3,493)	\$ (4,157)	\$ (182)	\$ (624)	\$ 681	\$ 5,678	\$ (83)	\$ (2,264)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>									
Depreciation.....		994	19,214		31				20,239
<b>Changes in noncash operating assets and liabilities:</b>									
Accounts receivable.....	204		(3)	(99)		76	(1,322)		(1,144)
Inventories.....			794	(13)	(28)				753
Accounts payable and accrued liabilities.....	(244)	532	(723)	10	6	(8)	(486)	725	(188)
Compensated Absences.....		39		29	2				70
Due to other funds.....			1,167	255					1,422
Other liabilities.....	(2)		(243)			27	486		268
Total adjustments.....	(42)	1,565	20,206	182	11	95	(1,322)	725	21,420
Net cash provided (used) by operating activities.....	\$ (126)	\$ (1,928)	\$ 16,049	\$	\$ (613)	\$ 776	\$ 4,356	\$ 642	\$ 19,156
<b>Noncash activity from capital and related financing activities:</b>									
New capital leases.....		\$ 13,118	\$ 23,970						\$ 37,088
Total noncash activity from capital and related financing activities....		\$ 13,118	\$ 23,970						\$ 37,088

# 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.

*Custodial Fund* - This fund accounts for assets held by the City as a custodian.

**CITY OF BALTIMORE**  
**Combining Statement of Fiduciary Net Position**  
**Pension and OPEB Trust Funds**  
**June 30, 2020**  
(Expressed In Thousands)

	Employees' Retirement System	Elected Officials' Retirement System	Fire and Police Employees' Retirement System	OPEB Trust Fund	Total
<b>Assets:</b>					
Cash and cash equivalents .....	\$ 45,682	\$ 223	\$ 147,740	\$ 33,991	\$ 227,636
<b>Investments:</b>					
Stocks .....	1,091,329	16,073	1,176,090	430,664	2,714,156
Bonds .....	371,984	6,310	482,758	129,991	991,043
Real estate .....	224,582	2,733	251,880	76,402	555,597
Private equity and hedge fund .....			574,598		574,598
Securities lending collateral .....	62,117		21,564		83,681
Forward foreign contracts .....	7,391		1,013		8,404
Other assets .....	41,929	3	18,556	1,128	61,616
<b>Total assets .....</b>	<b>1,845,014</b>	<b>25,342</b>	<b>2,674,199</b>	<b>672,176</b>	<b>5,216,731</b>
<b>Liabilities:</b>					
Obligations under securities lending program .....	63,623		21,564		85,187
Forward foreign contracts .....	7,391		1,014		8,405
Accounts payable .....	64,846		6,163	5,798	76,807
Pension benefits payable .....		13			13
<b>Total liabilities .....</b>	<b>135,860</b>	<b>13</b>	<b>28,741</b>	<b>5,798</b>	<b>170,412</b>
<b>Net position:</b>					
<b>Net position restricted for pensions .....</b>	<b>\$ 1,709,154</b>	<b>\$ 25,329</b>	<b>\$ 2,645,458</b>	<b>\$ 666,378</b>	<b>\$ 5,046,319</b>



**CITY OF BALTIMORE**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension and OPEB Trust Funds**  
**For the year Ended June 30, 2020**  
(Expressed In Thousands)

	Employees' Retirement System	Elected Officials' Retirement System	Fire and Police Employees' Retirement System	OPEB Trust Fund	Total
<b>Additions:</b>					
Contributions:					
Employer .....	\$ 86,954		\$ 145,883	\$ 121,951	\$ 354,788
Employee .....	17,787	\$ 76	32,265	48,574	98,702
Total contributions .....	104,741	76	178,148	170,525	453,490
Investment income:					
Net appreciation fair value of investments .....	(19,610)	175	(77,054)	(6,435)	(102,924)
Securities lending income, net .....	289		300		589
Interest and dividend income .....	43,740	175	74,512	10,122	128,549
Total investment income .....	24,419	350	(2,242)	3,687	26,214
Less: investment expense .....	12,545	57	12,833	2,821	28,256
Net investment income .....	11,874	293	(15,075)	866	(2,042)
Total additions .....	116,615	369	163,073	171,391	451,448
<b>Deductions:</b>					
Retirement benefits .....	157,252	1,125	240,919		399,296
Health benefits .....	838		296	153,510	154,644
Death benefits .....	4,495				4,495
Administrative expenses .....	471	38	4,967		5,476
Other .....			21,691		21,691
Total deductions .....	163,056	1,163	267,873	153,510	585,602
Changes in net position .....	(46,441)	(794)	(104,800)	17,881	(134,154)
Net position restricted for pensions - beginning of the year .....	1,755,595	26,123	2,750,258	648,497	5,180,473
Net position restricted for pensions - end of the year .....	\$ 1,709,154	\$ 25,329	\$ 2,645,458	\$ 666,378	\$ 5,046,319

**CITY OF BALTIMORE**  
**Combining Statement of Assets and Liabilities**  
**Custodial Funds**  
**June 30, 2020**  
(Expressed in Thousands)

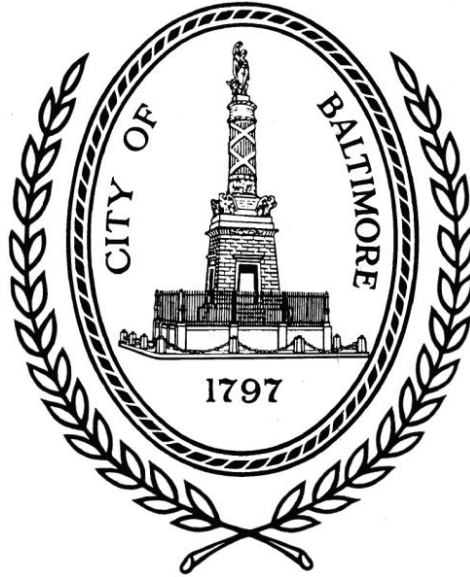
	Unpresented Stock and Coupon Bonds	Property Sold for Taxes	Bid Deposit Refunds	Waterloo Summit	Recreation Accessory	Total
<b>Assets:</b>						
Cash and cash equivalents.....	\$ 55	\$ 86	\$ 106			\$ 247
Investments.....				\$ 578		578
Accounts receivable.....					\$ 440	440
<b>Total assets.....</b>	<b>55</b>	<b>86</b>	<b>106</b>	<b>578</b>	<b>440</b>	<b>1,265</b>
<b>Liabilities:</b>						
Accounts payable and accrued liabilities .....					440	440
Other.....	55	86	106	578		825
<b>Total liabilities.....</b>	<b>\$ 55</b>	<b>\$ 86</b>	<b>\$ 106</b>	<b>\$ 578</b>	<b>\$ 440</b>	<b>\$ 1,265</b>

**CITY OF BALTIMORE**  
**Combining Statement of Changes in Assets and Liabilities**  
**Custodial Funds**  
**For the Year Ended June 30, 2020**  
(Expressed in Thousands)

	Balance		Balance	
	June 30, 2019	Additions	Deductions	June 30, 2020
<i>Unpresented Stock and Coupon Bonds</i>				
Assets:				
Cash.....	\$ 55			\$ 55
Total assets.....	55			55
Liabilities:				
Other.....	55			55
Total liabilities.....	55			55
<i>Property Sold for Taxes</i>				
Assets:				
Cash.....	86			86
Total assets.....	86			86
Liabilities:				
Other.....	86			86
Total liabilities.....	86			86
<i>Bid Deposit Refunds</i>				
Assets:				
Cash.....	69	\$ 37		106
Total assets.....	69	37		106
Liabilities:				
Other.....	69			69
Total liabilities.....	69			69
<i>Waterloo Summit</i>				
Assets:				
Investments.....	56	522		578
Total assets.....	56	522		578
Liabilities:				
Other.....	56			56
Total liabilities.....	56			56
<i>Recreation Accessory</i>				
Assets:				
Cash.....	230	2,168	\$ 1,958	440
Total assets.....	230	2,168	1,958	440
Liabilities:				
Other.....	230			230
Total liabilities.....	230			230
<i>Total All Agency Funds</i>				
Assets:				
Cash.....	440	2,205	1,958	687
Investments.....	56	522		578
Total assets.....	496	2,727	1,958	1,265
Liabilities:				
Other.....	496	2,727	1,958	1,265
Total liabilities.....	\$ 496	\$ 2,727	\$ 1,958	\$ 1,265

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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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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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental activities</b>										
Net investment in capital assets .....	\$ 2,989,607	\$ 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
Restricted.....	14,931	13,013	40,548	22,598	15,946	24,669	400,063	483,623	527,293	533,780
Unrestricted.....	(595,687)	(321,033)	(650,914)	(442,540)	(1,759,089)	(1,662,259)	(1,951,655)	(2,771,072)	(3,416,173)	(3,838,247)
<b>Total governmental activities</b>										
net position.....	\$ 2,408,851	\$ 2,431,741	\$ 2,378,590	\$ 2,149,289	\$ 777,730	\$ 827,372	\$ 976,524	\$ 287,191	\$ (367,999)	\$ (676,108)
<b>Business-type activities</b>										
Net investment in capital assets .....	\$ 1,461,618	\$ 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
Restricted.....	142,070	160,955	152,197	180,965	157,613	165,076	162,084	161,308	181,109	184,072
Unrestricted.....	172,004	83,148	133,419	123,976	136,251	413,302	85,565	(92,013)	176,933	237,107
<b>Total business-type activities</b>										
net position.....	\$ 1,775,692	\$ 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
<b>Primary government</b>										
Net investment in capital assets .....	\$ 4,451,225	\$ 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
Restricted.....	157,001	173,968	192,745	203,563	173,559	189,745	562,147	644,931	708,402	717,852
Unrestricted.....	(423,683)	(237,885)	(517,495)	(318,564)	(1,622,838)	(1,248,957)	(1,866,090)	(2,863,085)	(3,239,240)	(3,601,140)
<b>Total primary government</b>										
net position.....	\$ 4,184,543	\$ 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

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
General government .....	\$ 452,449	\$ 443,957	\$ 399,166	\$ 278,892	\$ 294,987	\$ 303,696	\$ 249,415	\$ 404,025	\$ 524,515	\$ 400,893
Public safety and regulation .....	525,792	577,963	661,829	673,680	692,155	744,940	764,040	781,830	1,228,602	929,667
Conservation of health .....	151,192	154,105	130,911	125,383	112,575	116,592	119,811	134,743	169,216	153,361
Social services .....	14,581	31,156	125,515	112,301	102,809	109,591	120,630	95,107	103,384	96,066
Education .....	265,204	260,935	288,227	306,128	302,568	299,699	278,881	383,934	494,735	556,361
Public library .....	33,309	33,390	33,184	34,550	35,063	34,150	34,531	35,189	46,150	43,288
Recreation and culture .....	48,165	49,291	50,297	52,540	51,367	53,657	58,124	59,049	68,491	70,023
Highways and streets .....	140,309	162,290	159,022	172,330	185,601	192,487	169,147	165,800	181,100	171,571
Sanitation and waste removal .....	61,605	65,677	73,536	63,623	67,445	70,823	76,638	81,877	98,499	88,140
Public service .....	25,059	26,676	50,710	50,260	51,041	49,475	53,188	50,052	103,340	59,833
Economic development .....	183,331	169,896	170,002	208,870	141,772	126,430	133,594	131,347	188,852	148,659
Interest .....	47,391	32,624	29,605	41,967	41,078	30,518	28,857	77,530	52,787	57,496
Total governmental activities expenses .....	1,948,387	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
Business-type Activities:										
Water .....	120,736	131,271	136,171	155,308	160,208	170,637	167,667	147,289	158,089	202,211
Waste water .....	159,776	173,106	178,221	179,306	182,769	193,563	193,055	207,730	237,396	276,754
Stormwater .....				18,292	15,747	19,365	21,521	26,175	25,299	27,206
Parking .....	19,853	25,332	17,681	23,528	19,183	18,125	27,939	17,797	24,038	15,145
Nonmajor proprietary .....	13,860	13,287	11,826	10,753	11,607	12,148	13,703	10,087	11,142	11,577
Total business-type activities expenses .....	314,225	342,996	343,899	387,187	389,514	413,838	423,885	409,078	455,964	532,893
Total primary government expenses .....	\$ 2,262,612	\$ 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
<b>Program Revenues</b>										
Governmental activities:										
Charges for services (a) .....	\$ 109,872	\$ 118,556	\$ 114,163	\$ 103,331	\$ 107,482	\$ 103,190	\$ 103,151	\$ 111,154	\$ 122,790	\$ 119,799
Operating grants and contributions .....	399,844	400,678	385,841	431,515	318,266	347,636	344,684	324,457	365,771	378,546
Capital grants and contributions .....	72,758	71,258	109,488	71,806	54,788	25,284	83,501	41,095	67,257	151,510
Total governmental activities revenue .....	582,474	590,492	609,492	606,652	480,536	476,110	531,336	476,706	555,818	649,855
Business-type activities:										
Charges for services:										
Water .....	129,292	132,340	154,680	158,678	176,439	160,865	163,563	178,367	175,492	216,396
Waste water .....	160,076	179,873	183,521	221,181	216,428	229,300	235,133	258,386	276,844	270,764
Stormwater .....				27,511	25,971	27,807	29,309	28,552	28,540	30,943
Parking .....	83,040	81,476	83,542	87,398	85,634	87,145	88,454	85,257	76,801	69,697
Nonmajor proprietary .....	9,979	12,046	18,400	14,385	13,916	37,505	11,744	28,639	34,627	35,986
Capital Grants and Contributions .....	72,257	100,922	129,608	131,574	201,880	259,288	217,959	169,154	161,469	162,602
Total Business-type Activities Revenue .....	454,644	506,657	569,751	640,727	720,268	801,910	746,162	748,355	753,773	786,388
Total Primary Government Revenues .....	1,037,118	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
<b>Net (Expense)/Revenue</b>										
Government Activities .....	(1,365,913)	(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)
Business-type Activities .....	140,419	163,661	225,852	253,540	330,754	388,072	322,277	339,277	297,809	253,495
Total Primary Government Net Expenses .....	\$ (1,225,494)	\$ (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)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property taxes .....	\$ 813,613	\$ 769,094	\$ 806,258	\$ 810,824	\$ 816,199	\$ 852,114	\$ 853,197	\$ 886,417	\$ 909,254	\$ 882,332
Income taxes .....	234,955	257,893	276,111	284,437	300,014	346,727	335,923	346,797	440,144	396,540
Other local taxes .....	147,366	178,441	188,803	204,391	193,595	242,426	240,278	187,754	263,381	175,770
State shared revenues .....	127,433	130,286	128,707	131,180	147,608	153,195	159,022	170,240	166,082	163,417
Unrestricted investment income .....	23,905	17,404	17,879	16,722	19,431	34,782	21,634	28,296	48,730	34,734
Miscellaneous .....	35,695	36,794	43,861	32,581	88,734	33,073	32,523	124,395	161,944	94,212
Transfers .....	55,522	50,446	47,742	(195,564)	61,495	100,737	62,095	59,295	59,128	56,482
Total Governmental Activities .....	1,438,489	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
Business-type Activities:										
Unrestricted investment income .....	5,743	3,075	2,135	2,186	5,809	4,591	3,849	5,535	12,493	9,853
Transfers .....	(55,522)	(50,446)	(47,742)	195,564	(61,495)	(100,737)	(62,095)	(59,295)	(59,128)	(56,482)
Total Business-type activities .....	(49,779)	(47,371)	(45,607)	197,750	(55,686)	(96,146)	(58,246)	(53,760)	(46,635)	(46,629)
Total primary government .....	1,388,710	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
<b>Change in Net Position</b>										
Governmental activities .....	72,576	22,890	(53,151)	(229,301)	29,151	107,106	149,152	(120,583)	(655,190)	(322,016)
Business-type activities .....	90,640	116,290	180,245	451,290	275,068	291,926	264,031	285,517	251,174	206,866
Total primary government .....	\$ 163,216	\$ 139,180	\$ 127,094	\$ 221,989	\$ 304,219	\$ 399,032	\$ 413,183	\$ 164,934	\$ (404,016)	\$ (115,150)

(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									
	2011 (1)	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Fund</b>										
Nonspendable .....	\$ 6,154	\$ 5,519	\$ 5,519	\$ 5,519	\$ 5,519	\$ 297,255	\$ 2,260	\$ 2,210	\$ 3,028	\$ 3,179
Restricted .....		30,338					380,996	423,673	431,094	428,824
Assigned .....	104,862	128,415	203,425	188,946	174,647	244,257	197,220	221,658	257,252	237,026
Unassigned .....	93,884	91,700	90,070	106,022	112,642	134,300	134,327	163,604	145,945	139,661
<b>Total General Fund .....</b>	<b>\$ 204,900</b>	<b>\$ 255,972</b>	<b>\$ 299,014</b>	<b>\$ 300,487</b>	<b>\$ 292,808</b>	<b>\$ 675,812</b>	<b>\$ 714,803</b>	<b>\$ 811,145</b>	<b>\$ 837,319</b>	<b>\$ 808,690</b>
<b>All Other Governmental Funds</b>										
Nonspendable										
Motor vehicle fund .....	\$ 2,658									
Other nonmajor funds .....	2,811									
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	
Other nonmajor funds .....	\$ 13,013	13,148	13,342	13,756	13,926	13,986	14,688	18,057	42,537	
Assigned										
Motor vehicle fund .....	15,177									
Capital projects fund .....	128,813	7,128	5,702					5,064	56,946	98,777
Other nonmajor funds .....	48,837	37,333	46,060	53,217	58,095	10,068	11,234	8,794	16,929	16,644
Unassigned										
Grants revenue fund .....	(32,688)	(40,248)	(62,864)	(83,355)	(77,836)	(36,799)	(13,584)			
Capital projects fund .....	(80,539)	(12,393)	(3,490)	(13,612)	(7,576)	(14,628)	(8,966)			
Other nonmajor funds .....	(10,733)	(7,192)	(9,255)	(9,451)	(12,399)			(1,819)		(1,432)
<b>Total all other Governmental Funds .....</b>	<b>\$ 74,336</b>	<b>\$ (2,359)</b>	<b>\$ 16,701</b>	<b>\$ (30,603)</b>	<b>\$ (23,770)</b>	<b>\$ (16,690)</b>	<b>\$ 7,751</b>	<b>\$ 37,624</b>	<b>\$ 144,538</b>	<b>\$ 167,215</b>

(1) During fiscal year 2011, the City implemented GASB Statement No.54 which changed the format for fund balance presentation.

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenue:</b>										
<b>General fund:</b>										
Taxes - local .....	\$ 1,176,038	\$ 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
State shared revenue .....			\$ 128,707	131,180	137,714	142,213	140,451	146,174	146,085	148,910
Licenses and permits .....	42,129	37,585	40,572	41,457	41,584	48,829	44,450	41,043	38,880	34,042
Fines and forfeitures .....	8,055	6,604	29,445	14,673	15,325	8,365	7,192	27,085	34,939	36,093
Interest, rentals, and other investment income .....	21,903	16,244	16,816	15,833	17,181	33,991	21,082	27,071	46,140	32,027
Federal grants .....		226	245	261	275	217	480	79		16,719
State grants .....	89,453	95,651	93,376	102,786	105,059	104,585	105,705	104,644	98,528	107,973
Other grants .....	25	25	25	26	26	26	26	27	26	
Charges for services .....	26,654	35,044	44,146	47,201	50,573	45,996	51,509	43,026	48,971	49,664
Miscellaneous .....	18,579	9,976	4,365	5,757	5,730	459	7,300		8,560	4,492
<b>Total revenues - general fund .....</b>	<b>1,382,836</b>	<b>1,407,939</b>	<b>1,577,353</b>	<b>1,617,292</b>	<b>1,657,982</b>	<b>1,810,967</b>	<b>1,788,788</b>	<b>1,795,552</b>	<b>1,957,130</b>	<b>\$ 1,920,628</b>
<b>Other governmental funds:</b>										
Motor vehicle fund .....	160,974	169,768								
Grants revenue fund .....	292,887	285,240	251,949	242,805	223,148	222,291	226,145	233,957	242,604	236,726
Capital projects fund .....	84,230	93,966	121,065	91,069	66,983	45,370	105,487	62,019	149,195	167,792
Other funds .....	26,245	29,339	21,860	36,279	41,327	40,792	47,068	56,090	64,161	66,619
<b>Total revenues - other governmental funds .....</b>	<b>564,336</b>	<b>578,313</b>	<b>394,874</b>	<b>370,153</b>	<b>331,458</b>	<b>308,453</b>	<b>378,700</b>	<b>352,066</b>	<b>455,960</b>	<b>471,137</b>
<b>Total revenues all government funds .....</b>	<b>1,947,172</b>	<b>1,986,252</b>	<b>1,972,227</b>	<b>1,987,445</b>	<b>1,989,440</b>	<b>2,119,420</b>	<b>2,167,488</b>	<b>2,147,618</b>	<b>2,413,090</b>	<b>\$ 2,391,765</b>
<b>Expenditures:</b>										
<b>General fund:</b>										
General government .....	375,814	387,650	223,730	216,329	258,028	281,616	249,579	155,606	267,831	259,968
Public safety and regulation .....	452,977	463,410	594,077	625,432	679,202	702,632	730,093	766,230	831,453	799,401
Conservation of health .....	44,076	44,033	20,811	23,778	20,887	19,663	21,882	38,648	36,077	37,785
Social services .....	1,361	707	89,235	76,857	64,249	73,851	86,353	59,899	68,539	56,519
Education .....	247,074	254,626	257,770	273,241	265,939	269,937	276,324	293,355	289,410	288,912
Public library .....	23,890	23,829	23,131	24,577	24,942	24,856	24,812	24,505	26,784	27,886
Recreation and culture .....	37,981	34,749	39,235	39,796	39,349	41,884	44,392	43,845	45,574	51,897
Highways and streets .....	16,838	19,336	83,051	102,308	113,452	125,440	96,537	99,848	102,468	99,702
Sanitation and waste removal .....	39,503	40,936	69,381	59,837	64,422	72,642	72,380	75,384	78,238	81,719
Public service .....	16,403	17,350	43,024	41,241	43,895	42,947	44,769	42,579	44,863	49,689
Economic development .....	36,589	46,741	48,544	49,348	49,069	39,499	34,276	41,634	52,998	63,843
Debt service-Principal .....						42,956	60,646	51,466	60,922	66,913
Debt service-Interest .....						24,786	37,042	43,247	44,425	56,683
Other bonds cost .....						2,033	6,318			
<b>Total expenditures - general fund .....</b>	<b>1,292,506</b>	<b>1,333,367</b>	<b>1,491,989</b>	<b>1,532,744</b>	<b>1,623,434</b>	<b>1,764,742</b>	<b>1,785,403</b>	<b>1,736,246</b>	<b>1,949,582</b>	<b>1,940,917</b>
<b>Other government funds:</b>										
Motor vehicle fund .....	140,223	148,769								
Grants revenue fund .....	292,497	298,287	280,319	275,977	223,964	238,344	218,716	221,811	242,441	273,949
Capital projects fund .....	199,217	208,837	202,458	160,874	172,688	173,201	154,671	186,541	241,506	258,800
<b>Debt service fund:</b>										
Principal .....	61,282	64,781	69,877	44,483	38,912					
Interest .....	38,256	32,624	23,678	31,708	31,005					
Other bond costs .....	5,882			6,178	6,135					
Other funds .....	14,330	17,116	22,600	23,133	31,107	29,565	34,101	41,857	37,119	41,958
<b>Total expenditures - other government funds .....</b>	<b>751,687</b>	<b>770,414</b>	<b>598,932</b>	<b>542,353</b>	<b>503,811</b>	<b>441,110</b>	<b>407,488</b>	<b>450,209</b>	<b>521,066</b>	<b>574,707</b>
<b>Total expenditures all governmental funds .....</b>	<b>2,044,193</b>	<b>2,103,781</b>	<b>2,090,921</b>	<b>2,075,097</b>	<b>2,127,245</b>	<b>2,205,852</b>	<b>2,192,891</b>	<b>2,186,455</b>	<b>2,470,648</b>	<b>2,515,624</b>
<b>Excess (deficiency) of revenues over expenditures .....</b>	<b>(97,021)</b>	<b>(117,529)</b>	<b>(118,694)</b>	<b>(87,652)</b>	<b>(137,805)</b>	<b>(86,432)</b>	<b>(25,403)</b>	<b>(38,837)</b>	<b>(57,558)</b>	<b>(123,859)</b>
<b>Other financing sources (uses):</b>										
Transfers, net .....	27,422	50,446	76,110	56,828	61,495	100,038	60,289	57,703	64,777	57,882
Capital leases .....	11,020	41,460	11,804			8,978		29,618		
Refunding capital leases .....								(4,563)		
Face value of bonds and loans .....	54,730		283,535	5,414	64,249	92,317	1,907	225,155	121,406	43,560
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
Swap termination .....			(18,760)							
Premium (discount) on sale of bonds .....			42,443		1,606	3,220		35,923		5,976
Proceeds from bond issuances .....							403,750		8,792	
Capital contributions .....				(20,421)						
Payoff of bond anticipation note .....								(60,148)		
<b>Total other financing sources .....</b>	<b>93,172</b>	<b>91,906</b>	<b>180,796</b>	<b>41,821</b>	<b>136,959</b>	<b>190,720</b>	<b>88,835</b>	<b>165,052</b>	<b>190,646</b>	<b>117,907</b>
<b>Net changes in fund balances .....</b>	<b>\$ (3,849)</b>	<b>\$ (25,623)</b>	<b>\$ 62,102</b>	<b>\$ (45,831)</b>	<b>\$ (846)</b>	<b>\$ 104,288</b>	<b>\$ 63,432</b>	<b>\$ 126,215</b>	<b>\$ 133,088</b>	<b>\$ (5,952)</b>
<b>Debt service as a percentage of noncapital expenditures .....</b>	<b>5.24%</b>	<b>5.03%</b>	<b>4.87%</b>	<b>3.89%</b>	<b>3.52%</b>	<b>3.26%</b>	<b>4.66%</b>	<b>4.61%</b>	<b>4.53%</b>	<b>5.36%</b>

# 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
2011	\$ 777,332	\$ 750,144	96.5	\$ 10,643	\$ 770,399	99.9 %
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	774,648	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		887,452	96.0

**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		
2011	\$ 29,613,826	\$ 36,799,638	\$ 1,767,656	\$ 1,767,656	\$ 31,381,482	\$ 38,567,294	81.4	\$ 2.380
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	2,374,927	37,364,065	42,787,922	87.3	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)
2011	\$ 2.268	\$ 0.112	\$ 2.380
2012	2.268	0.112	2.380
2013	2.268	0.112	2.380
2014	2.248	0.112	2.360
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

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)

	2020			2011		
	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).....	\$ 933,751	1	2.5%	\$ 628,619	1	2.0%
Harbor East Parcel D.....	348,838	2	0.9%			
Amazon.com.....	276,725	3				
CSX Transportation.....	227,538	4	0.6%	141,915	8	0.5%
Harbor Point Parcel 2 Holdings.....	223,738	5	0.6%			
SSA Baltimore Holdings, LLC.....	190,786	6	0.5%			
Mirecourt Associates, LLC.....	185,000	7				
100 Pratt St. Ventures LLC.....	170,921	8	0.5%	175,700	4	0.6%
Baltimore Hotel Corporation.....	171,423	9	0.5%	143,906	7	0.5%
Verizon MD.....	169,679	10	0.5%	166,720	5	0.5%
Harbor East Limited - Parcel B.....				234,768	2	0.7%
Baltimore Center Associates.....				188,748	3	0.6%
Canton Crossing Tower LLC.....				165,713	6	0.5%
ABB South Street Associates.....				78,969	9	0.3%
				77,626	10	0.2%
Total.....	\$2,898,399		6.7%	\$2,002,684		6.4%

# 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					
2011	\$ 630,957	\$ 115,600	\$ 42,151	\$ 925	\$ 422,011	\$ 160,930		\$ 63	\$ 1,513,270		\$ 2,885,907	11.01	\$ 4,653		
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	N/A	N/A		
2020	589,054	204,193	13,919		358,518	157,210	4,275		2,578,004	543	3,905,716	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)
2011	\$ 630,957	\$ 36,261	\$ 594,696	1.54	\$ 957.66
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	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.

N/A Information not available

**CITY OF BALTIMORE**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2020**

The City of Baltimore has no Overlapping Debt.

**CITY OF BALTIMORE**  
**Legal Debt Margin Information**  
**June 30, 2020**

The City has no Legal Debt Margin.

**CITY OF BALTIMORE**  
**Pledged Revenue Coverage**  
**June 30, 2020**  
(Expressed in Thousands)

Water Revenue Bonds							Wastewater Revenue Bonds						
Fiscal Year	Water	Less:	Net	Debt Service			Fiscal Year	Wastewater	Less:	Net	Debt Service		
	Utility Revenues	Operating Expenses	Available Revenue	Principal	Interest	Coverage		Utility Revenues	Operating Expenses	Available Revenue	Principal	Interest	Coverage
2011	\$ 129,292	\$ 90,586	\$ 38,706	\$ 8,036	\$ 20,552	1.27	\$ 160,076	\$ 110,131	\$ 49,945	\$ 20,171	\$ 25,031	1.10	
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	

Stormwater Revenue Bonds							Parking Facilities Revenue Bonds						
Fiscal Year	Stormwater	Less:	Net	Debt Service			Fiscal Year	Parking	Less:	Net	Debt Service		
	Utility Revenues	Operating Expenses	Available Revenue	Principal	Interest	Coverage		Facilities Revenues	Operating Expenses	Available Revenue	Principal	Interest	Coverage
2011							\$ 83,040	\$ 10,728	\$ 72,312	\$ 7,250	\$ 8,934	4.47	
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	

Convention Center Revenue Bonds					
Fiscal Year	Convention	Net	Debt Service		
	Center Revenues	Available Revenue	Principal	Interest	Coverage
2011	\$ 4,654	\$ 4,654	\$ 2,770	\$ 1,796	1.02
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

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)
2011	620,792	24,638,760	39,689	264,134	10.6
2012	622,705	25,142,165	40,376	267,128	10.2
2013	623,215	25,597,551	41,073	267,697	9.7
2014	623,711	26,923,439	43,167	269,052	8.6
2015	621,849	28,011,281	45,045	272,019	7.7
2016	614,664	28,913,526	47,040	276,430	6.6
2017	611,648	30,073,681	49,168	281,066	6.1
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	N/A	N/A	N/A	N/A	10.1

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	2020 [1]			2011 [4]		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
<b>Government [2]</b>						
State .....	33,731	1	9.79	41,552	1	12.72 %
Other Government authority (City, School, etc.) .....	24,348	2	7.07	27,844	2	8.52
Federal .....	10,833	3	3.14	10,775	3	3.3
Subtotal Government .....	<u>68,912</u>		<u>20.00 %</u>	<u>80,171</u>		<u>24.54 %</u>
<b>Ten Largest Private Sector Employers [3]</b>						
Johns Hopkins Hospital and Health System .....	20,485	1	5.95	16,552	2	5.07
Johns Hopkins University .....	18,600	2	5.40	22,000	1	6.73
University of Maryland Medical System .....	11,450	3	3.32	9,467	3	2.90
University System of Maryland .....	8,965	4	2.60	8,900	4	2.72
MedStar Health .....	6,175	5	1.79	6,294	5	1.93
LifeBridge Health - Sinai .....	5,315	6	1.54	5,213	6	1.60
Amazon.com .....	4,500	7	1.31			0.00
Mercy Health Services .....	4,030	8	1.17	3,280	7	1.00
St. Agnes HealthCare .....	3,265	9	0.95	3,022	9	0.93
Exelon / Constellation Energy / BGE .....	2,950	10	0.86	3,273	8	1.00
Subtotal Ten Largest Private Sector Employer .....	<u>85,735</u>		<u>24.89 %</u>	<u>78,001</u>		<u>23.88 %</u>
Total Government and Ten Largest Private Sector Employers .....	<u>154,647</u>		<u>44.89 %</u>	<u>158,172</u>		<u>48.42 %</u>

Source:

- [1] For the government and private sectors: Maryland Dept of Commerce.
- [2] Data only available for the first quarter of 2020, Baltimore City Employment Table.
- [3] Data from table, Brief Economic Facts reports (Baltimore City)
- [4] For 2011, City of Baltimore Comprehensive Annual Financial Report for Fiscal Year 2011.

# 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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government .....	1,700	1,754	1,674	1,666	1,700	1,577	1,785	1,858	1,934	1,949
Public safety										
Police.....	3,897	3,892	3,796	3,608	3,444	3,259	3,125	3,243	3,235	3,241
Fire .....	1,795	1,789	1,732	1,699	1,699	1,639	1,731	1,733	1,733	1,733
Other .....	791	721	683	695	700	813	735	751	757	758
Conservation of health .....	875	873	862	719	890	842	800	784	820	814
Public library .....	430	399	399	394	391	389	389	437	450	450
Recreation and parks .....	399	389	368	385	310	327	310	311	312	314
Highways and streets .....	1,458	1,382	1,352	1,331	1,428	1,024	1,079	1,074	1,070	1,070
Public work										
Water .....	875	850	893	857	717	899	810	846	847	847
Wastewater .....	1,012	991	985	1,096	797	694	761	750	751	751
Solid waste .....	856	889	853	705	802	995	880	866	864	864
Other .....	625	579	537	682	504	487	423	438	440	441
Public service .....	67	62	70	260	65	73	65	65	68	68
Economic development .....	563	554	560	461	559	426	382	383	389	394
	15,343	15,124	14,764	14,558	14,006	13,444	13,275	13,539	13,670	13,694

Source: Baltimore City Bureau of Budget and Management Research.

**CITY OF BALTIMORE**  
**Operating Indicators By Function/Program**  
**Last Ten Fiscal Years**

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Police</i>										
Arrests*	56,606	53,169	45,275	44,110	33,462	25,339	24,453	25,841	49,163	16,690
<i>Fire</i>										
Fire Suppression Units Dispatched	121,483	129,977	137,667	140,718	143,889	147,249	163,872	163,959	166,977	154,107
Structural Fires	2,460	2,682	2,401	1,839	2,541	2,377	2,760	2,841	2,898	2,746
EMS Transports	86,901	90,615	94,883	92,225	92,094	97,502	100,894	100,009	100,043	88,910
Inspections	N/A	N/A	N/A	N/A	N/A	24,339	16,505	29,296	18,126	19,818
<i>Solid Waste</i>										
Refuse Collected (tons)	145,345	144,926	142,543	149,137	155,624	149,582	153,793	159,204	125,383	144,402
Recyclables Collected (tons)	25,557	24,929	26,468	25,248	28,979	28,253	29,512	29,632	22,003	26,000
<i>Water/Wastewater</i>										
Number of Accounts	445,335	446,142	450,427	454,008	426,642	407,000	420,681	427,040	427,773	427,422
Average Daily Water Production (MGD)	218	218	218	220	223	193	190	183	194	194
Average Daily Sewage Treatment (MGD)	208	208	208	208	199	205	180	176	232	186
<i>Transportation (DOT)</i>										
Miles Streets Resurfaced/Reconstructed	185.0	189.0	98.0	101.0	122.0	122.0	61	109	109	96
Potholes Repaired	105,731	81,191	74,487	126,432	126,771	122,985	12,466	93,270	118,513	14,040
Traffic Citations Issued**	63	63	63	118	88	140	83	6	12	12
Parking Citations Issued	388,338	355,344	331,067	341,384	380,239	405,721	256,551	310,655	326,361	223,611
Traffic Signals Repaired	5,538	4,751	4,312	4,645	4,450	4,328	4,771	5,582	4,918	3,383
Street Lights Repaired	29,012	29,633	28,096	25,091	24,254	21,311	20,139	22,558	2,758	1,163
<i>Housing</i>										
Number of inspections (housing and code enforcement)	363,720	267,508	270,607	254,871	254,646	196,698	224,727	261,588	271,385	211,192
Number of permits issued	27,600	25,307	24,537	28,351	27,060	30,183	40,718	39,964	35,389	39,529
Property Management Service Requests Completed***	31,987	41,995	60,585	78,824	78,824	44,452	39,645	82,546	79,093	68,865
<i>Recreation and Parks</i>										
Enrollment at Recreation Centers	154,528	169,608	146,598	138,103	144,077	158,483	148,300	162,230	14,893	23,954
Permits Issued for Park Facilities	741	1,518	1,581	1,616	1,894	1,935	1,711	1,929	1,681	988
<i>Library</i>										
Volumes in Collection (millions)	2.6	2.0	2.4	2.2	2.3	2.2	2.2	2.2	2.3	2.4
Volumes Borrowed (millions)	1.7	1.7	1.7	1.3	1.3	1.2	1.1	1.3	1.7	1.8

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Police/Sheriff</i>										
Buildings .....	13	12	16	16	16	16	16	16	16	16
Marked Patrol Units .....	479	373	403	463	576	480	620	680	680	591
Other vehicles .....	616	602	448	311	309	510	538	594	575	555
<i>Fire Stations</i>										
Buildings .....	39	41	61	62	62	62	62	62	62	61
Fire/EMS Apparatus (Tankers/Ladders/Medics) (Fleet) .....	137	122	154	142	138	155	146	115	117	149
Other vehicles .....	176	235	142	217	228	224	218	241	240	220
<i>Recreation and Parks</i>										
Buildings .....	148	148	210	210	210	210	210	210	210	211
Acreage .....	5,827	5,827	5,827	5,827	5,827	4,874	4,874	4,874	4,874	5,617
Vehicles .....	120	119	120	121	120	121	142	129	128	137
Equipment .....	183	157	157	158	151	145	137	104	156	131
<i>Public Works (Transportation, Solid Waste, and General Services)</i>										
Buildings .....	30	82	119	119	119	119	119	121	121	126
Vehicles .....	984	967	942	1,017	987	981	1,055	943	965	1,109
Equipment .....	595	545	552	538	537	534	570	372	499	448
Streets (miles) .....	2,000	2,000	2,000	2,000	2,000	2,000	2,000	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 .....	31	95	221	221	221	221	221	221	221	225
Vehicles .....	632	608	631	641	636	594	481	688	667	716
Equipment .....	495	487	489	482	481	466	605	259	331	283
Water Mains (Miles) .....	3,400	3,400	3,400	3,400	3,669	3,692	3,748	3,748	3,884	3,718
Water Treatment capacity (MGD) .....	360	360	360	360	360	360	360	360	360	360
Sanitary sewers (miles) .....	1,335	1,335	1,335	1,335	1,361	1,380	1,398	1,398	1,416	1,370
Storm sewers (miles) .....	1,100	1,100	1,100	1,100	1,108	1,108	1,180	1,180	1,213	1,112
Wastewater Treatment capacity (MGD) .....	253	253	253	253	253	253	253	253	253	253
<i>Libraries</i>										
Buildings .....	22	30	30	29	24	24	24	24	24	24
Vehicles .....	20	18	16	17	17	16	14	17	17	17
<i>Other-General Government</i>										
Buildings .....	4,250	4,250	132*	132*	132*	132	132	132*	132	133
Vehicles .....	753	907	869	514	175	532	1,643	316	221	223
Equipment .....	249	151	101	72	14	76	191	49	13	12

\* 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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